



RICHLAND  
SCHOOL DISTRICT  
**TWO**

# ***ANNUAL COMPREHENSIVE FINANCIAL REPORT***

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***FISCAL YEAR ENDED JUNE 30, 2023  
COLUMBIA, SOUTH CAROLINA***

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



**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

*Prepared by:  
Office of Financial Services*

*Nancy J. Gregory  
Interim Superintendent*

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

*Nancy W. Williams  
Chief Financial Officer*

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December 1, 2023

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

South Carolina State law requires that all school districts publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accounting firm within six months of the close of each fiscal year. The Annual Comprehensive Financial Report of Richland School District Two for the fiscal year ended June 30, 2023, is submitted. Responsibility for both the accuracy of the data and the completeness of the information, including all disclosures, rests with the school district. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the school district.

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

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

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

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

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

The District is a political subdivision of the State of South Carolina. The District is located in the northeastern section of Richland County and is bordered on the west by Richland School District One of Richland County, on the east and on the

south by Kershaw County, and on the north by Fairfield County. The City of Columbia, the state capital of South Carolina, is also the business and financial center of the state. The Columbia Metropolitan Statistical Area (MSA) has an estimated population of over 837,000.

The District is the 5<sup>th</sup> largest school district in the State. The District operates a district-wide early childhood development program, twenty elementary schools, seven middle schools, five high schools, four elementary magnet schools, one institute of innovation, a virtual school program, an alternative school, one adult education center and offers numerous magnet opportunities at all grade levels. The average age of schools in the district falls somewhere between 20-30 years and close to half of our schools are less than 20 years old. Richland School District Two is governed by a seven member Board of Trustees elected at large by the voters of the District. Board members are elected to four-year terms. As of June 30, 2023, the District served approximately 28,000 students. The District continues to be one of the fastest growing districts in the state as it has over the past decade. The District is the 1<sup>st</sup> Purple Star District in the Midlands; 13% of the District's students are from military families.

#### **Mission**

In partnership with our community, we develop global citizens of tomorrow- citizens who are prepared to lead and excel in their chosen pathways

#### **Vision**

Richland Two strives to be the premier school district- a learning and working environment where all partners are committed to creating, sustaining and investing in a culture and environment of excellence and where all are afforded the opportunity to maximize their gifts and talents as they pursue their pathways to purpose

#### **Core Values**

Learning Character, Community and Joy

#### **Economic Condition and Outlook**

State and federal payrolls are major sources of employment and income for residents of the County. The state of South Carolina employs nearly 190,000 persons in the County. The County has experienced considerable expansion of Federal, State and County facilities. The headquarters of Blue Cross / Blue Shield of South Carolina is located in the School District where the company employs approximately 10,000 people. There are significant industrial enterprises within the School District including JTEKT Corporation, Spirax Sarco, and FN Manufacturing, Inc.

Fort Jackson, one of the United States Army's largest training installations, is located adjacent to the District and is a major contributor to the economy. More than 3,500 active duty soldiers and their 12,000 family members are assigned to the installation and make this area their home. About one-third of those live in on-post housing. Fort Jackson employs almost 3,500 civilians and provides services for more than 46,000 retirees and their family members.

Richland County's per capita income is estimated to be \$55,582 for 2023. The annual unemployment rate for 2022 for Richland County was 3.4%, which was slightly above the 3.3 % state annual rate.

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

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

The growth in student enrollment is projected to be about 100-200 per year, which will put student enrollment between 28,000-29,000 in the 2023-2024 school year.

### **Financial Position**

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

### **Budgetary Control**

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

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

### **Awards and Acknowledgements for 2022 – 2023**

- 2<sup>nd</sup> in South Carolina and 13<sup>th</sup> in the nation for National Board Certified Teachers
- 2<sup>nd</sup> in the country behind Miami –Dade county schools for the number of magnet programs offered
- 10 National Merit Scholarship finalists- 9 are from Spring Valley High School and 1 is from Richland Northeast High School

- 7 US Presidential Scholars Program candidates- 5 are from Spring Valley High School and 1 each from Richland Northeast and Ridge View high schools
- The Student Innovation Center at R2i2 offers the first Electric Vehicle class in the state, preparing students for the growing EV industry. Students are building an electric vehicle.
- Blythewood High School has garnered national attention for producing biodiesel fuel in the Bengal Biodiesel Lab, only the second of its kind in the country. The students convert used cooking oil into fuel for Richland Two school buses.

### **Acknowledgements**

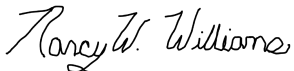
The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated efforts of the entire Business Services office staff. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,



Kim D. Moore  
Superintendent



Nancy W. Williams, CPA  
Senior Chief Financial Officer

# **RICHLAND SCHOOL DISTRICT TWO**

## **Principal Officers 2022-2023**

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

*The Honorable Lindsay Agostini, Chair*

*The Honorable Dr. Monica E. Scott, Vice Chair*

*The Honorable Angela Nash, Secretary*

*The Honorable Joe Trapp*

*The Honorable Tamika Washington*

*The Honorable Niki Porter*

*The Honorable Lashonda McFadden*

### **ADMINISTRATIVE STAFF**

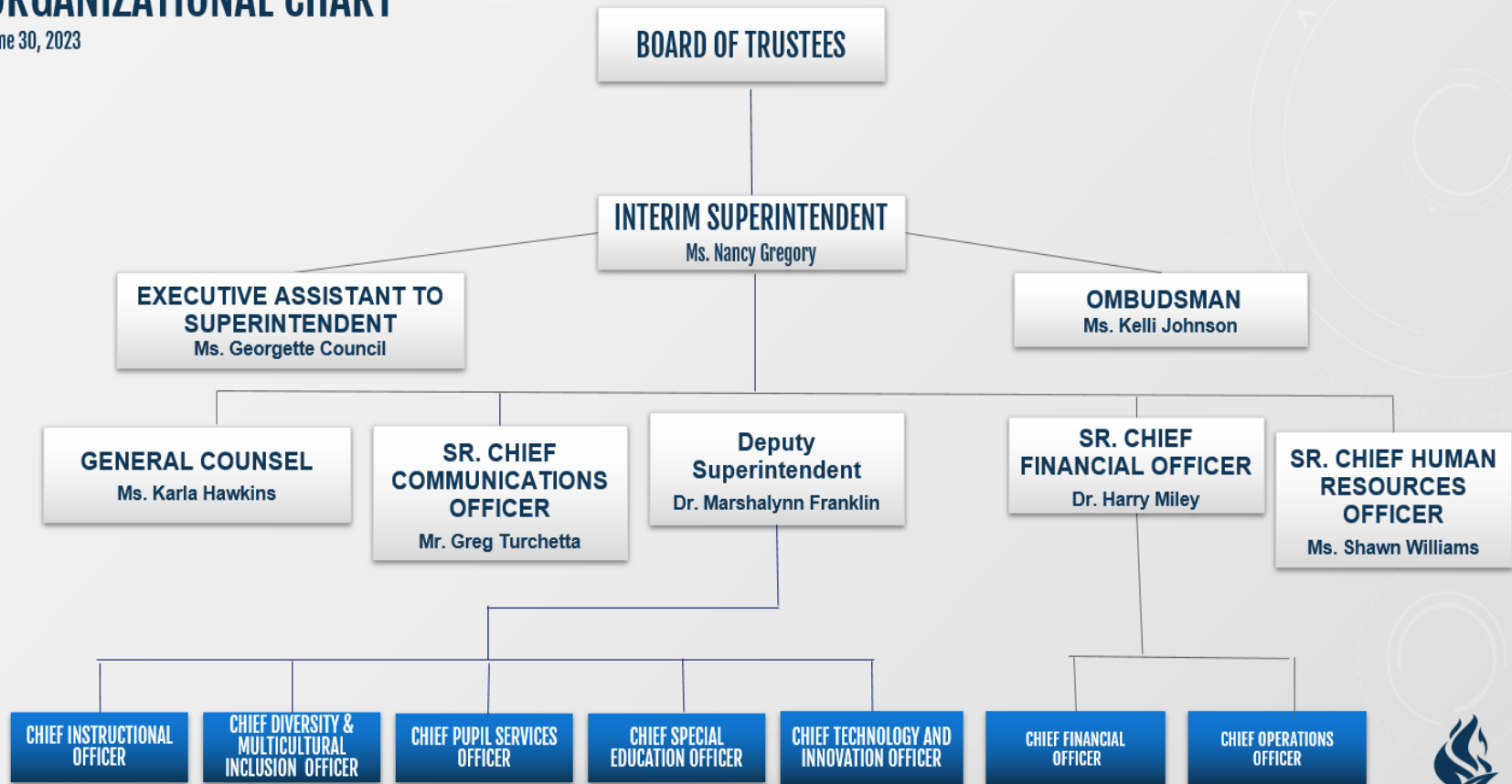
*Nancy J. Gregory  
Interim Superintendent*

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

*Nancy W. Williams  
Chief Financial Officer*

# ORGANIZATIONAL CHART

June 30, 2023





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

## Richland School District Two

for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style and is positioned above a horizontal line.

John W. Hutchison  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style and is positioned above a horizontal line.

Siobhán McMahon, CAE  
Chief Operations Officer/  
Interim Executive Director

**INDEPENDENT AUDITOR'S REPORT**

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

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Richland 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, the business-type activities, and each major fund of Richland School District Two, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

(Continued next page)

### **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 generally accepted auditing standards 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 generally accepted auditing standards 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 the management's discussion and analysis, the budgetary comparison schedule for the General Fund, the pension schedules, and the OPEB schedules, 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 supplementary information 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.

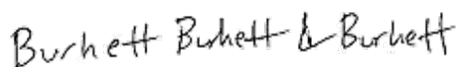
### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **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.



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BURKETT BURKETT & BURKETT  
Certified Public Accountants, P.A.  
West Columbia, South Carolina  
December 1, 2023

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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**INTRODUCTION**

This narrative overview gives an analysis of the financial activities of the School District for the fiscal year ended June 30, 2023. Our purpose is to inform our citizens of the effect of our School District's operations and to present our financial position. We ask our citizens to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as well as the basic financial statements and the associated notes to enhance understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

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

In this, the 16th year under this legislation, Richland School District Two found that the cap allowed for an adequate level of local funding for FY 2022-2023. The School District was also fortunate to maintain its "Aa2" rating from Moody's and "AA" from Standard & Poor's for general obligation debt. Both firms cited the School District's experienced and capable management, satisfactory level of fund balance, long-term capital facilities planning, and stable financial operations in awarding their rating.

The School District's overall financial picture for Governmental Fund activities improved in FY 2022-2023 as revenues exceeded expenditures resulting in an increase in the Governmental Funds year end Fund Balance of over \$121.1 million. As of June 30, 2023, the School District's combined Governmental Funds ending Fund Balance was over \$365.3 million.

Other key financial aspects were as follows:

- **Overall Governmental Fund Activities** – Governmental revenues totaled over \$485.3 million, other financing sources/ (uses) totaled more than \$174.5 million, and expenditures totaled over \$538.7 million for all Governmental Funds at the fund level. This resulted in an increase to the Governmental Fund ending fund balance of \$121.1 million. This increase was largely due to the issuance of debt resulting in proceeds of \$158.4 million in the Capital Project fund and the increase in the General Fund ending fund balance.
- **General Fund/Fund Balance** - Among the major funds, the General Fund had \$340.5 million in revenues and other financing sources and \$323.39 million in expenditures and other financing uses. This increase in fund balance brings the ending balance to \$111.8 million (33.6% of the total School District operating budget), exceeding the range of 7 - 16.7% as preferred in Board Policy.
- **Major Capital Additions** - The School District's net capital assets for governmental activities increased by nearly \$62.8 million or 8.3%. This is largely attributable to the increase in Construction in Progress resulting from the 2018 Bond Referendum projects getting under way during the year to numerous facilities throughout the district.
- **Internal Service Fund** –The Board of Trustees approved for the School District to self-insure for Worker's Compensation beginning in the 2008-2009 fiscal year. To fund the self-insurance program the School District transferred \$1 million in FY 2007-2008 to establish the Internal Service Fund to account for the Workers Compensation Program beginning July 1, 2008. The fund provides workers compensation benefits to School District employees and is a governmental activity. The fund ended the year with an increase in net position of \$84,158 and total net position exceeding \$2.6 million. This increase is a result of funds transferred to cover the cost of reserves projected for outstanding claims.
- **Cash and Investments (Governmental Activities)** - Cash and Investments in the Governmental Funds decreased by over \$63.4 million from June 30, 2022 to June 30, 2023 which is largely attributable to capital outlay expenditures related to the 2018 bond referendum.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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- **Debt (Governmental Activities)** - The School District retired \$45.08 million in principal during the 2022-2023 fiscal year. In addition, the School District borrowed \$158.49 million in General Obligation bonds related to the 2018 bond referendum (additional information can be found in Note 8 of the Notes to the Financial Statements). The Debt Service Fund Balance increased by over \$7.8 million to a total in excess of \$39.7 million.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business. These statements outline functions of the School District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the School District include instruction, support services, community services, and intergovernmental expenditures. The government-wide financial statements include those of the School District (known as the primary government), with no component units.

The government-wide financial statements can be found on pages 22 and 23 of this report.

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near-term financing decisions.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 25 and 27.

The School District maintains its accounting records in conformity with the South Carolina Department of Education's Financial Accounting Handbook. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, Education Improvement Act (EIA), Food Service, Debt Service and Capital Projects Funds, all of which are considered to be major funds. The basic governmental funds financial statements can be found on pages 24 and 26.

**Proprietary Funds** – The School District uses an internal service proprietary fund to account for self-funded workers compensation benefits. Internal services benefit governmental activities and are included within that column in the government-wide financial statements. The School District's internal service fund is also presented in a single column in the proprietary fund financial statements as governmental activities. The basic proprietary fund financial statements can be found on pages 28 through 30 of this report.

**Notes to basic financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 through 65 of this report.

**Supplemental information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. A budgetary comparison statement has been provided for the General Fund, which is legally adopted by the Board, as well as several other pension-related supplementary information schedules required by the State Department of Education. The required supplementary information can be found on pages 67-71 of this report.

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

Net position may serve over time as a useful indicator of a government's financial situation. In the case of the School District as a whole, total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by over \$198.7 million as of June 30, 2023. Overall, the School District's change in net position for the year was over a \$60.4 million increase.

By far the largest portion of the School District's assets, \$817.3 million (65.8% of total assets) reflects its investment in capital assets, net of accumulated depreciation (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress). The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following table presents a summary of the School District's net position at June 30, 2023 compared to June 30, 2022.

	<b>Net Position</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current and Other Assets	\$ 423,484,192	\$ 300,420,614
Capital Assets	817,321,179	754,478,682
<b>Total Assets</b>	<b>1,240,805,371</b>	<b>1,054,899,296</b>
<b>Deferred Outflows of Resources</b>		
Deferred Charges on Bond Refunding	835,134	920,789
Deferred Outflows related to Pension Liability	112,601,211	56,169,500
Deferred Outflows related to OPEB Liability	92,654,451	106,654,259
<b>Total Deferred Outflow of Resources</b>	<b>206,090,796</b>	<b>163,744,548</b>
<b>Liabilities</b>		
Other Liabilities	54,323,689	52,437,171
Long-Term Liabilities	1,389,468,032	1,330,670,160
<b>Total Liabilities</b>	<b>1,443,791,721</b>	<b>1,383,107,331</b>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows related to Net Pension Liability	63,874,990	59,925,414
Deferred Inflows related to Net OPEB Liability	137,968,427	34,806,995
<b>Total Deferred Inflow of Resources</b>	<b>201,843,417</b>	<b>94,732,409</b>
<b>Net Position</b>		
Net Investment in Capital Assets	333,075,816	303,718,257
Restricted	53,032,462	41,434,849
Unrestricted	(584,847,249)	(604,349,002)
<b>Total Net Position</b>	<b>\$ (198,738,971)</b>	<b>\$ (259,195,896)</b>

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following table shows the changes in net position for fiscal years ended June 30, 2023 and 2022 (as restated for the prior period adjustment):

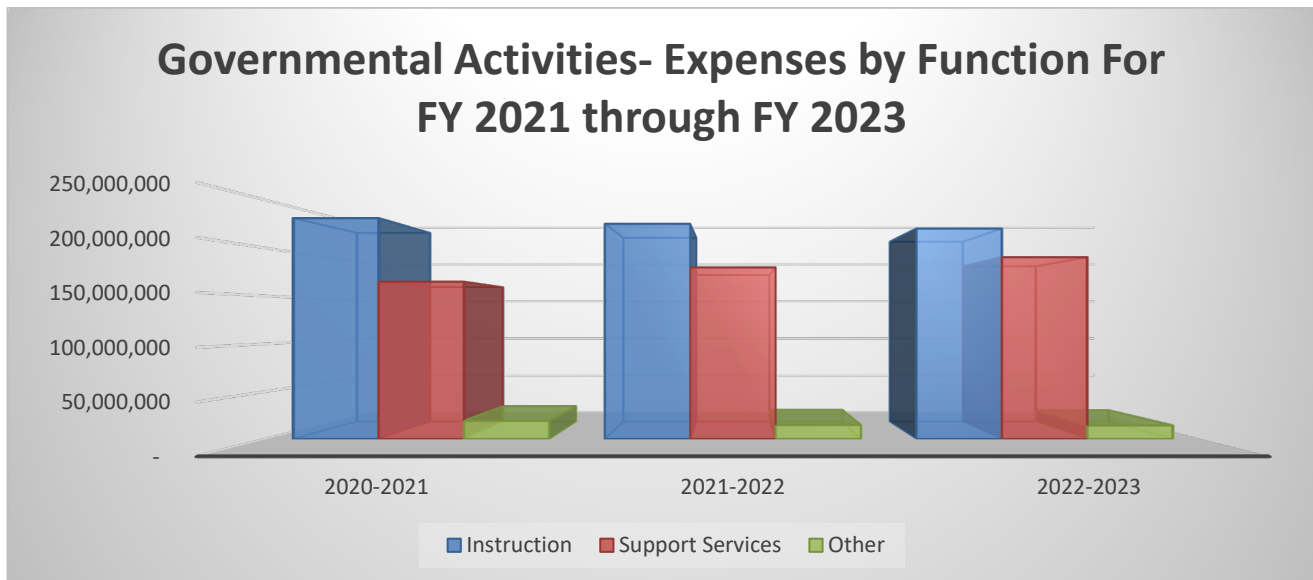
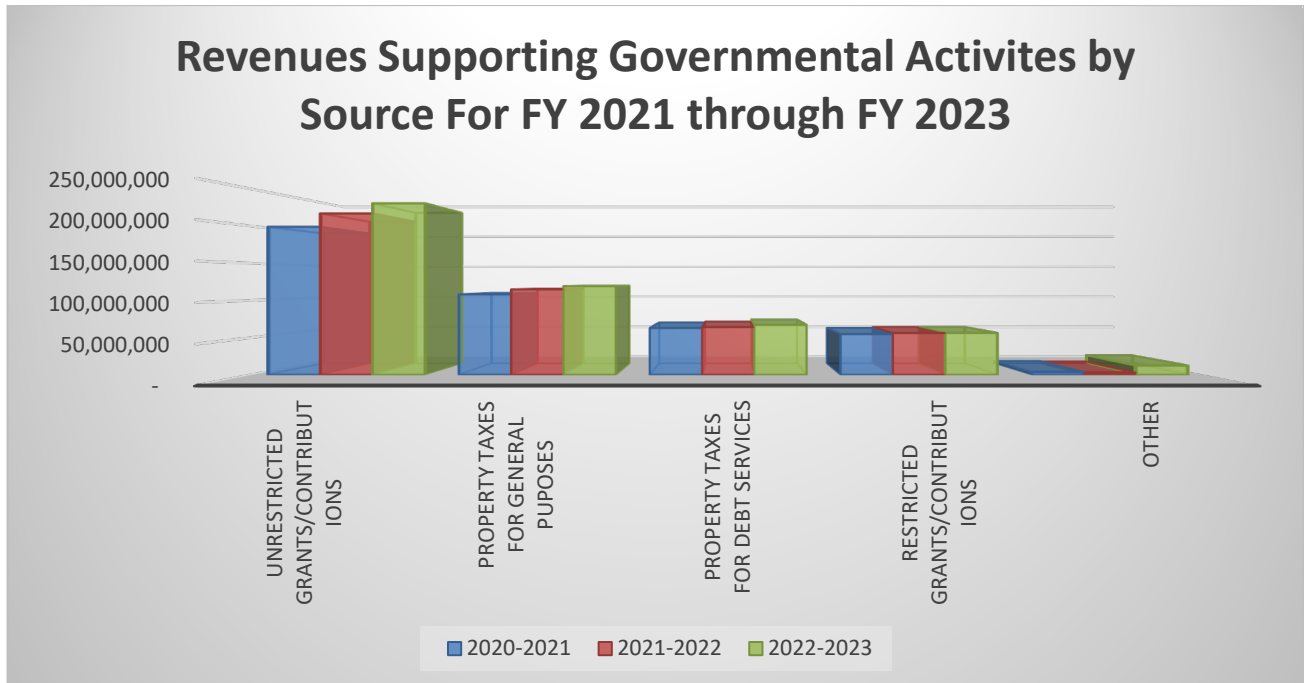
	<b>Changes in Net Position</b>	
	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 2,592,306	\$ 650,356
Operating Grants	230,616,805	216,967,501
General Revenue:		
Property Taxes	186,110,086	178,693,940
Federal and State Aid	56,212,804	56,101,351
Investment Earnings	7,799,804	1,487,350
Other	2,100,020	944,806
<b>Total Revenue</b>	<b>485,431,825</b>	<b>454,845,304</b>
<b>Program Expenses</b>		
Instruction	220,315,695	225,192,106
Supporting Services	190,391,790	179,710,992
Community Services	691,937	1,740,912
Interest and Fiscal Charges	13,575,478	12,975,699
<b>Total Program Expenses</b>	<b>424,974,900</b>	<b>419,619,709</b>
Change in Net Position before Transfers	60,456,925	35,225,595
Transfers	-	-
<b>Change in Net Position</b>	<b>60,456,925</b>	<b>35,225,595</b>
Net Position, Beginning of Year	(259,195,896)	(294,174,261)
Prior Period Adjustment	-	(247,230)
<b>Net Position, End of Year</b>	<b>\$ (198,738,971)</b>	<b>\$ (259,195,896)</b>

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

The School District's revenue for total governmental activities for FY 2023 was over \$485.4 million and exceeded expenses by \$60.4 million. With the passage of Act 388 by the South Carolina General Assembly, the classification of revenues for governmental activities reflects revenue that was formerly classified as Property Tax Revenue to now be classified as State Aid. Act 388 replaces local property taxes for owner occupied homes with funds generated from an additional one cent sales tax collected by the State of South Carolina. Act 388 did not, however, affect property taxes collected for debt service purposes. Overall, the School District's net position for governmental activities increased by approximately \$60.4 million. This increase relates to an increase in state revenues, federal grant revenues, and continued cost savings due to attrition and unfilled positions, primarily seen in the General Fund.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following charts show the breakdown of revenues supporting governmental activities and the net cost of services related to governmental activities for the 2021 fiscal year through 2023 fiscal year:



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

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

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

As the School District completed the year, its governmental funds reported a combined fund balance of \$365.3 million, an increase of a little over \$121.1 million. This increase was due primarily to a continued cost savings in energy costs resulting from a mild climate, combined with salary-related cost savings from attrition and unfilled positions. A significant portion of this increase also related to the increase in the Capital Projects Fund, which resulted from the General Obligation Bonds issued related to the 2018 Bond Referendum. Unassigned fund balance totaling \$111.8 million is available for spending at the School District's discretion. There was \$6.1 million restricted for Special Revenue-Special Projects, \$12.1 million restricted for food service program, \$39.8 million restricted for debt service, \$195.5 million restricted for capital projects. Note 12 of the notes to the basic financial statements provides detail on fund balances for the governmental funds.

The General Fund is the principal operating fund of the School District. The fund balance in the General Fund increased by \$17.1 million, due primarily to additional local revenues and cost savings, related to energy and personnel costs coming in under budget. The Debt Service Fund balance showed an increase of \$7.8 million from the prior year due to an increase in assessed value. The Capital Projects Funds showed a significant fund balance increase of \$92.7 million as a result of debt issuance for the 2018 Bond Referendum projects. As of June 30, 2023, the Food Service fund ended the year with a Fund Balance exceeding \$12 million. The increase in fund balance relates to increased USDA meal reimbursement rates. As of June 30, 2023, the Special Revenue-Special Projects fund ended the year with a fund balance of over \$6.1 million. Over \$5.3 million of the Special Projects fund balance relates to the pupil activity fund.

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

Net position in the Internal Service Fund increased by \$84,158, bringing the ending fund balance to nearly \$2.6 million, which is sufficient to cover anticipated reserves.

**BUDGETARY HIGHLIGHTS**

The most significant budgeted fund is the district's General Fund. The FY 2022-2023 general fund budget was built based on projections of the new State Aid to Classrooms funding formula as provided by the South Carolina Department of Education

Some significant highlights of initiatives funded in the 2022-2023 budget included:

- Maintaining class size ratios and addressing growth needs in Special Education.
- Continuing to maintain, recruit and support quality personnel by providing a salary schedule increase, in addition to a step increase for all eligible employees (of approx. range of 1-2% per step based on current salary schedules).
- Bus driver salary schedule increased by 8% as provided in H.5150 State Appropriations Act
- Addressing safety and security needs that include maintaining the current SRO staffing levels through an annual contract increase.
- Anticipated state increase for the employer portion of state retirement.
- Anticipated state increase for the employer portion of health insurance.
  
- Additional funding to maintain overall staffing standards and to add positions to provide district-wide support for students and other programmatic needs.

The following table shows the Budget to Actual variances for the General Fund as of June 30, 2023:

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance to Final Budget
<b>REVENUES:</b>				
Local Property Tax	\$ 117,109,699	\$ 117,109,699	\$ 118,953,304	\$ 1,843,605
Other Local Revenue	875,000	875,000	4,389,666	3,514,666
Total Revenue from Local Sources	117,984,699	117,984,699	123,342,970	5,358,271
State Sources	191,094,492	191,094,492	191,737,761	643,269
Federal Sources	250,000	250,000	175,895	(74,105)
<b>Total Revenues - All Sources</b>	<b>309,329,191</b>	<b>309,329,191</b>	<b>315,256,626</b>	<b>5,927,435</b>
<b>EXPENDITURES:</b>				
Instruction	173,541,711	181,705,798	177,334,243	4,371,555
Support Services	137,054,954	133,864,595	141,203,686	(7,339,091)
Community Services	391,524	272,000	323,071	(51,071)
Other Charges	505,794	505,000	204,937	300,063
<b>Total Expenditures</b>	<b>311,493,983</b>	<b>316,347,393</b>	<b>319,065,937</b>	<b>(2,718,544)</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(2,164,792)</b>	<b>(7,018,202)</b>	<b>(3,809,311)</b>	<b>3,208,891</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	23,400,579	23,400,579	25,324,009	1,923,430
Transfers Out	(4,419,000)	(4,419,000)	(4,324,129)	94,871
<b>Total Other Financing Sources (Uses)</b>	<b>18,981,579</b>	<b>18,981,579</b>	<b>20,999,880</b>	<b>2,018,301</b>

The District's general fund budget is prepared according to South Carolina law. The District made typical categorical budget amendments during the year to ensure that expenditures were charged to the proper account codes as required by the South Carolina Department of Education. Actual total revenue came in above budget by \$5.9 million as a result of final local revenue allocations exceeding anticipated budget by \$5,358,271 and state revenue exceeding budget by more than \$643,000.

The final amended budgeted expenditures of the District had a positive variance from the actual expenditures of over \$ 2.7 million. Several factors impacted these savings, including the district utilizing substitutes or existing personnel to cover vacated positions. Savings from staff attrition and unfilled vacancies created additional cost reductions.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - The School District's investment in capital assets for governmental activities at June 30, 2023 exceeded \$817.3 million net of accumulated depreciation. This investment in assets includes land, buildings, improvements other than buildings, construction in progress, and equipment. The total net increase exceeded \$62.8 million. The increase in net capital assets is due primarily to the increase in construction projects related to the 2018 Bond Referendum. See the relevant disclosures in the notes to the basic financial statements (Note 5) for more detailed information on capital asset activity.

The table below shows the total capital assets, net of accumulated depreciation, as of June 30, 2023 and 2022:

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 27,340,376	\$ 27,340,376
Buildings and Improvements	751,175,204	750,470,909
Furniture and Equipment	30,775,014	29,176,713
Vehicles	8,263,783	8,091,033
Construction in Progress	349,804,981	269,876,480
<b>Total before accumulated depreciation</b>	<b>1,167,359,358</b>	<b>1,084,955,511</b>
Less accumulated depreciation	(350,038,179)	(330,476,829)
<b>Net Capital Assets</b>	<b>\$ 817,321,179</b>	<b>\$ 754,478,682</b>

**Long-term Debt** - At June 30, 2023, the School District had total general and special obligation debt outstanding of over \$619.7 million. This is an increase of over \$113.3 million from the last fiscal year. The School District retired over \$45 million in principal during the 2022-2023 fiscal year. In addition, the School District borrowed \$158.4 million in General Obligation bonds related to the 2018 bond referendum.

The School District maintains an "Aa2" rating from Moody's and an AA rating from Standard & Poor's for general obligation debt. State statutes currently limit the amount of general obligation debt a school district may issue to 8 percent of its total assessed valuation. As of June 30, 2023, the remaining debt margin available to the School District is just over \$52.9 million. Other long-term obligations include unamortized bond premiums and accrued compensated absences.

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

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

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

Many factors were considered by the School District's administration during the process of developing the FY 2022-2023 budget. The School District's top budget goals are to provide a quality education for all students through student engagement, to manage its growth of an estimated 100 to 200 students annually and to retain and recruit highly qualified certified and classified staff. These matters, along with the district's goals and priorities were considered when adopting the budget for FY 2022-2023. The total approved General Fund 2022-2023 budget exceeded \$332.7 million, a \$16.8 million increase over prior year. Approximately \$4.2 million (25 % of the increase) was funded with increased local tax dollars and the remaining increase related primarily to increases in State funding allocations totaling nearly \$12.1 million. State funding increases were driven largely by additional state revenues provided to fund the increase of \$4,000 per cell approved at the state level to the minimum teacher salary schedule. Some of the additional items incorporated into the FY 2022-2023 budget include increases to the starting salary for teachers and increases to the Transportation Salary Schedules.

**RICHLAND SCHOOL DISTRICT TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

## **BASIC FINANCIAL STATEMENTS**

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<b>PRIMARY GOVERNMENT</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 116,598,288
Deposits with Richland County Treasurer	290,190,613
Taxes Receivable, Net of Allowances	778,237
Prepaid Expenses	273,759
Accrued Intergovernmental Revenue Receivable	675,840
Due From:	
Federal Agencies	14,406,190
State Department of Education	88,860
Other Receivables	472,405
Capital assets:	
Land	27,340,376
Construction in Progress	349,804,981
Buildings, Additions and Improvements	751,175,204
Furniture and Equipment	30,775,014
Vehicles	8,263,783
Less: Accumulated Depreciation	(350,038,179)
<b>TOTAL ASSETS</b>	<b>1,240,805,371</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Charges on Bond Refunding	835,134
Deferred Outflows related to Pension Liability	112,601,211
Deferred Outflows related to OPEB Liability	92,654,451
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>206,090,796</b>
<b>LIABILITIES</b>	
Accounts Payable	15,822,405
Retainage Payable	3,248,847
Due To:	
State Agencies	14,481
Federal Agencies	200
Accrued Salaries and Related Liabilities	28,369,858
Unearned Revenue	6,867,898
Non-current Liabilities:	
Due within One Year	49,342,480
Due in more than One Year	1,340,125,552
<b>TOTAL LIABILITIES</b>	<b>1,443,791,721</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows related to Net Pension Liability	63,874,990
Deferred Inflows related to Net OPEB Liability	137,968,427
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>201,843,417</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	333,075,816
Restricted For:	
Debt Service	34,847,047
Special Projects	6,110,588
Food Service	12,074,827
Unrestricted	(584,847,249)
<b>TOTAL NET POSITION</b>	<b>\$ (198,738,971)</b>

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

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

<b>FUNCTIONS/PROGRAMS</b>	<b>PROGRAM REVENUES</b>			<b>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
Instruction	\$ 220,315,695	\$ 270,739	\$ 185,835,120	\$ (34,209,836)
Supporting Services	190,391,790	2,321,567	44,781,685	(143,288,538)
Community Services	691,937			(691,937)
Interest and Other Charges	13,575,478			(13,575,478)
<b>Total Governmental Activities</b>	<b>424,974,900</b>	<b>2,592,306</b>	<b>230,616,805</b>	<b>(191,765,789)</b>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b>424,974,900</b>	<b>2,592,306</b>	<b>230,616,805</b>	<b>(191,765,789)</b>
<b>General Revenues:</b>				
Property Taxes Levied for General Purposes				118,971,149
Property Taxes Levied for Debt Service				67,138,937
Miscellaneous				2,100,020
Unrestricted Investment Earnings				7,799,804
Federal and State aid not restricted for specific purpose				56,212,804
<b>Total General Revenues and Transfers</b>				<b>252,222,714</b>
<b>CHANGE IN NET POSITION</b>				<b>60,456,925</b>
<b>NET POSITION - Beginning of Year</b>				(259,195,896)
<b>NET POSITION - End of Year</b>				<b>\$ (198,738,971)</b>

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

**RICHLAND SCHOOL DISTRICT TWO  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>GENERAL</u>	<u>SPECIAL REVENUE - SPECIAL PROJECTS</u>	<u>SPECIAL REVENUE - EIA</u>	<u>SPECIAL REVENUE - FOOD SERVICE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>							
Cash and Investments	\$ 67,483,936	\$ 16,554,052	\$	\$ 1,453,621	\$ 28,186,072	\$ 1,237,420	\$ 114,915,101
Deposits with Richland County Treasurer	6,238,411				11,348,926	272,603,276	290,190,613
Taxes Receivable, Net of Allowances	379,582				398,655		778,237
Due From Federal Agencies		14,170,721		235,469			14,406,190
Due From State Department of Education		88,800	60				88,860
Due From:							
General Fund			2,079,061	10,275,360			12,354,421
Special Revenue - Special Projects	18,950,245						18,950,245
Debt Service	21,618						21,618
Capital Projects	65,523,968						65,523,968
Prepaid Items		56,099					56,099
Other Receivables	104,627	44,506		323,272			472,405
<b>TOTAL ASSETS</b>	<b><u>158,702,387</u></b>	<b><u>30,914,178</u></b>	<b><u>2,079,121</u></b>	<b><u>12,287,722</u></b>	<b><u>39,933,653</u></b>	<b><u>273,840,696</u></b>	<b><u>517,757,757</u></b>
<b>LIABILITIES</b>							
Accounts Payable	3,187,202	751,591	17,496	185,093		9,554,058	13,695,440
Retainage Payable						3,248,847	3,248,847
Due To:							
General Fund		18,950,245			21,618	65,523,968	84,495,831
Special Revenue - EIA	2,079,061						2,079,061
Special Revenue - Food Service Fund	10,275,360						10,275,360
Internal Service Fund	2,862,282						2,862,282
Due To State Agencies	4,814	3,122	6,545				14,481
Due To Federal Agencies		200					200
Unearned Revenue		4,784,877	2,055,219	27,802			6,867,898
Accrued Salaries and Related Liabilities	28,056,442	313,555	(139)				28,369,858
<b>TOTAL LIABILITIES</b>	<b><u>46,465,161</u></b>	<b><u>24,803,590</u></b>	<b><u>2,079,121</u></b>	<b><u>212,895</u></b>	<b><u>21,618</u></b>	<b><u>78,326,873</u></b>	<b><u>151,909,258</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Property Taxes	415,413				130,247		545,660
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b><u>415,413</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>130,247</u></b>	<b><u>-</u></b>	<b><u>545,660</u></b>
<b>FUND BALANCES</b>							
Fund Balances							
Nonspendable:							
Prepaid Items		56,099					56,099
Restricted		6,054,489		12,074,827	39,781,788	195,513,823	253,424,927
Unassigned	111,821,813						111,821,813
<b>TOTAL FUND BALANCES</b>	<b><u>111,821,813</u></b>	<b><u>6,110,588</u></b>	<b><u>-</u></b>	<b><u>12,074,827</u></b>	<b><u>39,781,788</u></b>	<b><u>195,513,823</u></b>	<b><u>365,302,839</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 158,702,387</u></b>	<b><u>\$ 30,914,178</u></b>	<b><u>\$ 2,079,121</u></b>	<b><u>\$ 12,287,722</u></b>	<b><u>\$ 39,933,653</u></b>	<b><u>\$ 273,840,696</u></b>	<b><u>\$ 517,757,757</u></b>

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

**RICHLAND SCHOOL DISTRICT TWO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 365,302,839</b>
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$1,167,359,358 and the accumulated depreciation was \$350,038,179.		817,321,179
Deferred charges on refunding are amortized over the lives of the bonds; however, in governmental accounting, deferred charges on refunding are expenditures in the year they are incurred. The deferred charges on refunding have been shown net of accumulated amortization expense.		835,134
The internal service fund is used to fund insurance and risk management of the School District. The assets and liabilities of the internal service fund are included with governmental activities.		2,636,164
Property Taxes Receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds. Unavailable Property Tax at year end consists of:		
General Fund	\$ 415,413	
Debt Service Fund	<u>130,247</u>	545,660
Accrued interest on bonds payable in governmental funds is not due and payable in the current period and is therefore, not reported as a liability in the funds.		(5,740,828)
Unearned bond premiums are unearned in the statement of net position. The net premiums of \$92,161,490 have been amortized by \$31,287,170 with a remaining unamortized net bond discount.		(60,874,320)
Rebatable interest receivable on Build America Bonds in governmental funds is not a current financial resource in the current period and is, therefore, not reported as an asset in the funds.		675,840
The District's proportionate share of the deferred outflows of resources and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		48,726,221
The District's proportionate share of the deferred outflows of resources and deferred inflows of resources related to its participation in the State insurance plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(45,313,976)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:		
General Obligation Bonds Payable	\$ 603,040,000	
Special Obligation Bonds Payable	16,680,000	
Accrued Compensated Absences	4,671,710	
Net Pension Liability	390,939,395	
Net OPEB Liability	<u>307,521,779</u>	(1,322,852,884)
<b>TOTAL NET POSITION - GOVERNMENTAL FUNDS</b>		<b><u>\$ (198,738,971)</u></b>

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

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>GENERAL</b>	<b>SPECIAL REVENUE - PROJECTS</b>	<b>SPECIAL REVENUE - EIA</b>	<b>SPECIAL REVENUE - FOOD SERVICE</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>							
Local Property Tax	\$ 118,953,304				\$ 68,782,127		\$ 187,735,431
Other Local Revenue	1,667,715	9,302,676		1,889,784	15,532	1,036,282	13,911,989
Total Revenue from Local Sources	<u>120,621,019</u>	<u>9,302,676</u>	-	<u>1,889,784</u>	<u>68,797,659</u>	<u>1,036,282</u>	<u>201,647,420</u>
State Sources	191,737,761	3,323,704	31,924,997				226,986,462
Federal Sources	175,895	37,128,301		11,593,085			48,897,281
Interest on Investments	2,721,951			3,968	1,250,447	3,821,756	7,798,122
<b>TOTAL REVENUES ALL SOURCES</b>	<b><u>315,256,626</u></b>	<b><u>49,754,681</u></b>	<b><u>31,924,997</u></b>	<b><u>13,486,837</u></b>	<b><u>70,048,106</u></b>	<b><u>4,858,038</u></b>	<b><u>485,329,285</u></b>
<b>EXPENDITURES</b>							
Current:							
Instruction	177,312,549	20,908,022	7,274,501				205,495,072
Support Services	141,087,121	23,084,362	2,899,838	10,288,214		4,680,022	182,039,557
Community Services	323,071	368,866					691,937
Intergovernmental	204,937	1,510,415					1,715,352
Capital Outlay	138,259	174,909	127,842	594,358		83,477,537	84,512,905
Debt Service:							
Principal Retirement					45,088,000		45,088,000
Interest					18,697,926		18,697,926
Fiscal Charges for Cost of Issuance					10,215	455,441	465,656
<b>TOTAL EXPENDITURES</b>	<b><u>319,065,937</u></b>	<b><u>46,046,574</u></b>	<b><u>10,302,181</u></b>	<b><u>10,882,572</u></b>	<b><u>63,796,141</u></b>	<b><u>88,613,000</u></b>	<b><u>538,706,405</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,809,311)</b>	<b>3,708,107</b>	<b>21,622,816</b>	<b>2,604,265</b>	<b>6,251,965</b>	<b>(83,754,962)</b>	<b>(53,377,120)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of General and Special Obligation Debt						158,415,000	158,415,000
Premium on Bonds Issued						18,040,638	18,040,638
Sale of Capital Assets						45,991	45,991
Transfers In	25,324,009	444,000		247,415	1,632,714		27,648,138
Transfers Out	(4,324,129)	(3,361,386)	(21,622,816)	(339,808)			(29,648,139)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>20,999,880</u></b>	<b><u>(2,917,386)</u></b>	<b><u>(21,622,816)</u></b>	<b><u>(92,393)</u></b>	<b><u>1,632,714</u></b>	<b><u>176,501,629</u></b>	<b><u>174,501,628</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>17,190,569</b>	<b>790,721</b>	<b>-</b>	<b>2,511,872</b>	<b>7,884,679</b>	<b>92,746,667</b>	<b>121,124,508</b>
FUND BALANCES, Beginning of Year	94,631,244	5,319,867	-	9,562,955	31,897,109	102,767,156	244,178,331
<b>FUND BALANCES, End of Year</b>	<b>\$ <u>111,821,813</u></b>	<b>\$ <u>6,110,588</u></b>	<b>\$ -</b>	<b>\$ <u>12,074,827</u></b>	<b>\$ <u>39,781,788</u></b>	<b>\$ <u>195,513,823</u></b>	<b>\$ <u>365,302,839</u></b>

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

**RICHLAND SCHOOL DISTRICT TWO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>121,124,508</b>
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Property tax revenues not considered current financial resources are unavailable in the governmental funds but are not in the statement of activities. Unavailable taxes receivable increased by \$17,845 over the year ended June 30, 2023.		17,845
Rebatable interest receivable on Build America Bonds in governmental funds is not a current financial resource in the current period and is, therefore, not reported as an asset in the funds.		(49,451)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital additions of \$82,554,260 exceeded depreciation expense of \$19,711,763.		62,842,497
Repayment of long-term liabilities, such as Bonds and Notes Payable, is an expenditure in the governmental funds, but merely reduces liabilities in the statement of net position.		45,088,000
Bond premiums are revenues in the year they are received in governmental funds but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the difference between the premiums received during the current year and the amortization of premiums.		(12,818,950)
Deferred charges on refunding are expenditures in the year they are incurred in governmental funds but are amortized over the lives of the bonds in the Statement of Activities. This amount represents amortization for the current year.		(85,655)
The internal service fund is used to fund insurance and risk management of the School District. The net change in net position of the internal service fund is reported with governmental activities.		84,158
Issuing bonds and loans provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period, the school district issued general obligation bonds.		(158,415,000)
Employer pension costs are recognized in the governmental funds only when contributions to the defined benefit plan are paid in cash. However, in the Statement of Activities, the expense is recorded based on the results of an actuarial valuation of the plan. This is the net change for these transactions during the year.		4,739,494
Employer insurance costs are recognized in the governmental funds only when contributions to the defined benefit plan are paid in cash. However, in the Statement of Activities, the expense is recorded based on the results of an actuarial valuation of the plan. This is the net change for these transactions during the year.		(4,151,648)
Interest on long-term debt in the statement of activities differs from the governmental funds because governmental funds recognize interest expense only when it is paid. In the statement of net position, interest expense is recognized as it accrues. Accrued interest payable decreased for the year ended June 30, 2023 by \$455,532.		455,532
The cost of compensated employee absences is recognized in the governmental funds only when actually paid in cash. However, in the statement of net position, the expense is recorded when the employees earn the benefits. The total liability for compensated absences decreased by \$1,625,595 during this fiscal year.		<u>1,625,595</u>
<b>TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>60,456,925</u></b>

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

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023**

		<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>		<u>INTERNAL SERVICE FUND</u>
Current Assets		
Cash and Investments	\$	1,683,187
Prepaid Expense		217,660
Due from General Fund		2,862,282
Total Current Assets		<u>4,763,129</u>
<b>TOTAL ASSETS</b>		<u><u>4,763,129</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		30,385
Claims Payable		2,096,580
Total Current Liabilities		<u>2,126,965</u>
<b>TOTAL LIABILITIES</b>		<u><u>2,126,965</u></u>
<b>NET POSITION</b>		
Unrestricted		<u>2,636,164</u>
<b>TOTAL NET POSITION</b>	\$	<u><u>2,636,164</u></u>

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

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>GOVERNMENTAL ACTIVITIES</b>
	<b>INTERNAL SERVICE FUND</b>
<b>OPERATING REVENUES</b>	
Other Operating Revenue	\$ 83,013
<b>Total Operating Revenues</b>	83,013
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	1,781,638
Other	218,899
<b>Total Operating Expenses</b>	2,000,537
<b>Operating Income (Loss)</b>	(1,917,524)
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
Interest	1,682
<b>Total Non-Operating Revenues</b>	1,682
<b>Income (loss) Before Transfers</b>	(1,915,842)
<b>TRANSFERS IN (OUT)</b>	
Transfer from General Fund	2,000,000
<b>Total Transfers</b>	2,000,000
<b>CHANGE IN NET POSITION</b>	84,158
TOTAL NET POSITION - Beginning of Year	2,552,006
<b>TOTAL NET POSITION - End of Year</b>	\$ 2,636,164

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

**RICHLAND SCHOOL DISTRICT TWO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>GOVERNMENTAL ACTIVITIES</b>
	<b>INTERNAL SERVICE FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Participants	\$ 95,957
Cash Paid to Employees for Services	(1,781,638)
Cash Paid to Suppliers of Goods and Services	(314,319)
	(2,000,000)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from General Fund	2,000,000
	2,000,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	1,683
	1,683
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,683
Cash and Cash Equivalents - Beginning of Year	1,681,504
<b>Cash and Cash Equivalents - End of Year</b>	\$ 1,683,187
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Net Operating Income (Loss)	(1,917,524)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Changes in Assets and Liabilities:	
Decrease (Increase) in Receivables and Due from Others	(468,025)
Decrease (Increase) in Prepaid Expenses	239,118
Increase (Decrease) in Accounts Payable and Due to Others	146,431
	(2,000,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ (2,000,000)

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

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

The statements of the School District are presented as follows:

***Government-Wide Financial Statements*** - The Statement of Net Position and the Statement of Activities report information about the School District as a whole. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. These statements include the financial activities of the School District. The effect of inter-fund activity has been eliminated from the statements in the consolidation process, with the exception of the inter-fund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are clearly identifiable with a specific function or segment.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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Program revenues include; 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the School District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

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

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

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

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

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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***FUND ACCOUNTING***

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

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

**Governmental Fund Types**

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

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

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

1. **The Special Projects Fund**, used to account for financial resources provided by federal, state, local projects and grants. In accordance with GASB 84, the student (pupil) activity fund has been reported in the Special Projects Fund rather than classified as an agency fund. Budgets are prepared on a per project basis, generally with approval of the funding source. These budgets are not a part of the formal budget process approved by the board of trustees.
2. **The Education Improvement Act (EIA) Fund**, used to account for the revenue from the South Carolina Education Improvement Act of 1984, which is legally required by the state to be accounted for as a specific revenue source. Budgets are prepared on a per project basis. These budgets are not part of the formal budget process approved by the board of trustees.
3. **The Food Service Fund**, is used to account for the United States Department of Agriculture's (USDA) approved school breakfast and lunch programs. The principal revenues of the Food Service Fund include charges to students and teachers for breakfast, lunch and special sales and federal reimbursements for meals and commodities. Primary expenditures for the fund includes cost of sales, administrative expenses and depreciation of capital assets. Budgets for the Food Service Fund are not part of the formal budget process approved by the board of trustees.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

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

**Proprietary Fund Types**

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

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

**Internal Service Fund** is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the School District. When services are rendered, charges are made to the users and revenue is accumulated in the Internal Services Fund to cover costs of operations.

The Worker's Compensation Fund is the School District's only Internal Service Fund. This fund accounts for the insurance and risk management services of the School District and services provided are on a cost reimbursement basis. The assets and related liabilities for the Internal Service Fund are included in the governmental activities column on the government-wide Statement of Net Position.

***BASIS OF ACCOUNTING***

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

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

The School District follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions* to account for non-exchange revenues. Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, property tax revenues are recognized in the fiscal year for which they are appropriated by the County. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**RICHLAND SCHOOL DISTRICT TWO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; property taxes, interest, tuition, grants, student fees and rentals.

**Unearned Revenue** arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of the School District's fiscal year-end, but which have not met the revenue recognition criteria, have been recorded as unearned revenue. Grants and entitlements received before revenue recognition requirements are met are also recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

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

**C. Assets, Liabilities and Equity**

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

South Carolina Local Government Investment Pool ("SC Pool" or "LGIP") investments are invested with the South Carolina State Treasurer's Office, which established the LGIP pursuant to Section 6-6-10 of the South Carolina Code. The LGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The LGIP is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the LGIP may be obtained by writing the Office of the State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

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

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

**Interfund Receivables and Payables** – Transactions between funds that represent reimbursement arrangements outstanding at the end of the year are referred to as "due from other funds" or "due to other funds" on the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances". All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

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

**Capital Assets** – General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds.

These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported in both the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

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

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

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

**RICHLAND SCHOOL DISTRICT TWO  
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Depreciation is computed using the straight-line method over the following useful lives:

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

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

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

**Accrued Liabilities and Long-term Obligations** – All payables, accrued liabilities and long-term obligations are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, contractually required pension contributions and special termination benefits, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current expendable, available, financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Typically, the General Fund is used to liquidate any liability related to compensated absences. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

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

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

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

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

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

The School District classifies fund balances as follows:

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

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

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

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

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

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

Net Position

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

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

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

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

**Operating Revenue and Expenses** – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds.

**Use of Accounting Estimates** – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the School District's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value

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

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

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

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

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

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

**Budgetary Accounting**

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

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

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

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

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

The Administration has discretionary authority to make transfers between appropriation accounts. The budget amounts in the financial statements are as amended by Administration. No supplemental appropriations were necessary during the year.

**RICHLAND SCHOOL DISTRICT TWO  
NOTES TO FINANCIAL STATEMENTS  
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**Encumbrances**

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

**2. CASH AND INVESTMENTS**

At June 30, 2023, the carrying amount of the School District’s deposits and investments was \$116,598,288 and the bank balance was \$124,711,708.

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statues of the State of South Carolina. As of June 30, 2023, none of the School District’s bank balances of \$45,945,780, which had a carrying value of \$37,832,360, were exposed to custodial credit risk.

As of June 30, 2023, the School District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>			
	<u>Level</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
SC Local Government Investment Pool	N/A	Various	Unrated	\$ 49,182,788
Certificates of Deposit	Level 1	Various	Unrated	796,061
Regions – Morgan Stanley Liquidity Fund	Level 1	Various	Unrated	601,007
US Bank – Morgan Stanley GIC	Level 1	9/1/2027	Unrated	<u>28,186,072</u>
Total Investments				<u>\$ 78,765,928</u>

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

**Custodial Credit Risk for Investments:** In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of a failure, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The School District’s investment policy operates in conformance with federal, state and other legal requirements, as outlined in the Code of Laws, State of South Carolina, Section 59-69-215. To address the risk that the School District’s deposits will not be returned, the School District will only use instruments that are collateralized by third parties or insured by the Federal Deposit Insurance Corporation. As of June 30, 2023, all of the District’s deposits were collateralized with securities held by the pledging financial institution’s trust department or its agent, and in the School District’s name or insured by the Federal Deposit Insurance Corporation. Information was not available regarding the custodial credit risk of deposits with the Richland County Treasurer of \$290,190,613.

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

The SC Local Government Investment Pools is not rated.

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

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

<b>Basic Financial Statements</b>		<b>Notes to Financials</b>	
Cash and Investments:		Carrying Amount of	
Governmental Funds	\$ 114,915,101	Deposits:	\$ 37,832,360
Internal Service Fund	<u>1,683,187</u>	Fair Value of	
		Investments:	<u>78,765,928</u>
	<u>\$ 116,598,288</u>		<u>\$ 116,598,288</u>

**3. PROPERTY TAXES AND OTHER RECEIVABLES**

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

Penalties are added to taxes when paid after January 15 depending on the period of time the tax is delinquent. Property taxes are levied and billed on an assessed value of a little over \$661.5 million at tax rates of 331.7 mills for the general fund and 104.0 mills for the debt service fund.

Current year real and personal property taxes become delinquent on April 1. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Taxes levied for the 2022-2023 fiscal year totaled approximately \$175.2 million, for the General Fund and Debt Service Fund. Of this total amount levied, over \$168.3 million was collected during the fiscal year, representing 96.1% collection of the total levied for the year ending June 30, 2023. Collections for delinquent taxes for both funds totaled approximately \$6 million. In addition, fees in lieu of taxes collected totaled over \$5.9 million for both funds.

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

Taxes receivable in the government funds, including general fund and debt service fund, are \$778,237 net of allowances for uncollectible at June 30, 2023.

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

**RICHLAND SCHOOL DISTRICT TWO  
NOTES TO FINANCIAL STATEMENTS  
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At June 30, 2023, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<b>General Fund</b>	<b>Special Revenue Special Projects Fund</b>	<b>Special Revenue- EIA Fund</b>	<b>Special Revenue- Food Service</b>	<b>Debt Service Fund</b>	<b>Total</b>
Unavailable Revenue-						
Property Taxes	\$415,413	\$ -	\$ -	\$ -	\$ 130,247	\$ 545,660
Unearned Revenue		4,784,877	2,055,219	27,802		6,867,898
<b>Total</b>	<b>\$415,413</b>	<b>\$ 4,784,877</b>	<b>\$2,055,219</b>	<b>\$ 27,802</b>	<b>\$ 130,247</b>	<b>\$ 7,413,558</b>

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

The Due from State Department of Education and Federal Agencies represents amounts due for state and federal revenues that had been earned as of June 30, 2023, but had not been received as of June 30, 2023. The total amount Due to the State Department as of June 30, 2023 was \$14,681.

**RICHLAND SCHOOL DISTRICT TWO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**5. CAPITAL ASSETS**

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

**Governmental Activities**

	Balance as of June 30, 2022	Additions	Disposals/ Transfers	Balance as of June 30, 2023
<b>Non-depreciable Assets:</b>				
Land	\$ 27,340,376			\$ 27,340,376
Construction in Progress	269,876,480	79,928,501		349,804,981
Total Non-depreciable	297,216,856	79,928,501	-	377,145,357
<b>Depreciable Assets:</b>				
Buildings and Improvements	750,470,909	704,295		751,175,204
Vehicles	8,091,033	283,163	(110,413)	8,263,783
Furniture & Equipment	29,176,713	1,598,301		30,775,014
Total Depreciable Assets	787,738,655	2,585,759	(110,413)	790,214,001
<b>Total All Assets</b>	1,084,955,511	82,514,260	(110,413)	1,167,359,358
Less: Accumulated Depreciation				
Buildings and Improvements	(296,977,577)	(18,366,262)		(315,343,839)
Vehicles	(6,193,481)	(685,870)	110,413	(6,768,938)
Furniture & Equipment	(27,265,771)	(659,631)		(27,925,402)
Total Accumulated Depreciation	(330,436,829)	(19,711,763)	110,413	(350,038,179)
<b>Governmental Activities Capital Assets, Net</b>	\$ 754,518,682	\$ 62,802,497	\$ -	\$ 817,321,179

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 13,601,117
Supporting Services	6,110,646
Total Depreciation Expense – governmental activities	<u>\$ 19,711,763</u>

**Intangible Right-to-Use Assets**

During the year ended June 30, 2022, the School District implemented the guidance in GASBS No. 87, Leases for accounting and reporting leases that had previously been reported as operating leases. As of June 30, 2023, the School District had lease agreements in place for copiers/printers. The minimum future lease obligation as of June 30, 2023 was \$837,030. The School District has determined that the intangible right-to-use assets are not material and no such assets have been recognized as of June 30, 2023.

During the year ended June 30, 2023, the School District implemented the guidance in GASBS No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This GASB pronouncement had no effect on beginning net position/fund balance. As of June 30, 2023, the School District had entered into SBITA contracts related to its computer operating system, time-clock system, website hosting, and its food service point of sale system. The minimum future obligation as of June 30, 2023 was \$1,008,233. The School District has determined that the intangible right-to-use IT asset was not material and no such assets have been recognized as of June 30, 2023.

**RICHLAND SCHOOL DISTRICT TWO  
NOTES TO FINANCIAL STATEMENTS  
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**6. INTER-FUND RECEIVABLES AND PAYABLES**

Inter-fund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
<b>General Fund:</b>		
Due from Special Revenue – Special Projects	\$ 8,312,011	
Due to Special Revenue - EIA		2,079,061
Due from Special Revenue – Pupil Activity	10,638,234	
Due from Debt Service	21,618	
Due From Capital Projects Fund	65,523,968	
Due to Special Revenue Fund – Food Service		10,275,360
Due to Enterprise Fund – Internal Service Fund		2,862,282
<b>Total</b>	<b>84,495,831</b>	<b>15,216,703</b>
<b>Special Revenue – Special Projects</b>		
Due to General Fund		8,312,011
<b>Special Revenue – EIA</b>		
Due from General Fund	2,079,061	
<b>Special Revenue – Pupil Activity</b>		
Due to General Fund		10,638,234
<b>Debt Service</b>		
Due to General Fund		21,618
<b>Capital Projects</b>		
Due to General Fund		65,523,968
<b>Special Revenue Fund – Food Service</b>		
Due from General Fund	10,275,360	
<b>Enterprise Fund – Internal Service Fund</b>		
Due from General Fund	2,862,282	
<b>Totals</b>	<b>\$ 99,712,534</b>	<b>\$ 99,712,534</b>

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

**RICHLAND SCHOOL DISTRICT TWO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**7. TRANSFERS IN AND OUT**

Transfers between the various funds of the School District for the year ending on June 30, 2023 are as follows:

<b>Fund</b>	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
<b>General Fund:</b>		
Special Revenue – Special Projects	\$	\$ 444,000
Special Revenue – Special Projects	88,800	
Special Revenue – Special Projects Indirect Cost	3,272,585	
Special Revenue – EIA	21,622,816	
Special Revenue – Food Service Fund		280,129
Special Revenue – Food Service Fund Indirect Cost	339,808	
Debt Service Fund		1,600,000
Enterprise – Internal Service Fund		2,000,000
	_____	_____
<b>Total</b>	<b>25,324,009</b>	<b>4,324,129</b>
 <b>Special Revenue – EIA</b>		
General Fund		21,622,816
 <b>Special Revenue – Special Projects</b>		
General Fund	444,000	
General Fund		88,800
General Fund – Indirect Cost		3,272,585
 <b>Debt Service Fund</b>		
General Fund	1,600,000	
 <b>Enterprise – Internal Service Fund</b>		
General Fund	2,000,000	
 <b>Special Revenue Funds – Food Service Fund</b>		
General Fund	280,129	
General Fund – Indirect Cost		339,808
	_____	_____
<b>Total All Funds</b>	<b>\$ 29,648,138</b>	<b>\$ 29,648,138</b>

During the 2022-2023 fiscal year transfers were made from Special Revenue-Special Project Funds to the general fund for indirect cost and transfers from the General Fund into Special Revenue – Special Projects reflect amounts allocated as discretionary funds for athletic programs. Annual transfers are done from the Special Revenue – EIA fund into the General fund for State revenues provided for State Aid to Classrooms. Amounts were transferred from the Food Service fund for indirect costs paid to the General fund and a transfer was made from the General Fund into the Food Service Fund to allocate state fringe benefits reimbursement funds applicable to the Food Service Program. Transfers were made from Special Revenue – EIA and Special Revenue Funds for previously allocated funds not spent by year-end under a Board-approved Funding Flexibility request under Proviso 1.24.

In addition, funds were transferred from the General Fund to the Internal Service Fund for \$2 million in order to cover the cost associated with the Self-insured Workers' Compensation program and the required reserves at June 30, 2023.

**RICHLAND SCHOOL DISTRICT TWO**  
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**8. LONG TERM OBLIGATIONS**

The following summarizes the changes in long-term debt obligations for the year ended June 30, 2023:

<u>Governmental Activities</u>		<u>Principal Outstanding July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2023</u>	<u>Amounts Due in One Year</u>
General Obligation Bonds:						
May 25, 2010 (A)	2010A/QSCB	\$ 5,375,000		(1,075,000)	4,300,000	\$ 1,075,000
September 8, 2010	2010D/QSCB	42,620,000			42,620,000	
April 25, 2013	2013B	4,000,000		(4,000,000)	-	
May 21, 2014	2014A	2,080,000		(2,080,000)	-	
March 10, 2015	2015A REF	22,510,000		(22,510,000)	-	
November 30, 2017	2017B (Refunding)	36,510,000		(4,355,000)	32,155,000	3,890,000
September 26, 2019	2019	84,700,000		(100,000)	84,600,000	3,720,000
May 1, 2020	2020 (Refunding)	26,915,000		(8,475,000)	18,440,000	5,010,000
October 14, 2020	2020A	147,945,000		(500,000)	147,445,000	10,480,000
October 27, 2021	2021A	74,495,000		(500,000)	73,995,000	2,340,000
March 9, 2022	2022A (Refunding)	41,501,000		(431,000)	41,070,000	4,393,000
June 28, 2023	2023A	-	158,415,000		158,415,000	12,075,000
Total General Obligation Bonds		<u>488,651,000</u>	<u>158,415,000</u>	<u>(44,026,000)</u>	<u>603,040,000</u>	<u>42,983,000</u>
Special Obligation Bonds:						
July 26, 2016	2016 ACQ	317,000		(317,000)	-	-
June 9, 2020	2020 SOB	17,425,000		(745,000)	16,680,000	830,000
Total Special Obligation Bonds		<u>17,742,000</u>	<u>-</u>	<u>(1,062,000)</u>	<u>16,680,000</u>	<u>830,000</u>
Unamortized Bond Premiums		48,055,370	18,040,638	(5,221,688)	60,874,320	4,718,845
Accrued Compensated Absences		6,297,305	148,639	(1,774,234)	4,671,710	810,635
		<u>\$ 560,745,675</u>	<u>\$ 176,604,277</u>	<u>\$ (52,083,922)</u>	<u>\$ 685,266,030</u>	<u>\$ 49,342,480</u>

During the 2022-2023 fiscal year, the School District issued \$158,415,000 in General Obligation Bonds to continue annual projects approved under the 2018 Bond Referendum. The referendum consists of safety upgrades and improvements, facility upgrades and additions and numerous improvements throughout the district.

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**General and Special Obligations**

General and Special obligations primarily consist of obligations related to general obligation bonds as of June 30, 2023. The following table outlines the debt outstanding at June 30, 2023:

Issue	Date of Issue	Interest Rates	Payment Dates	Maturity	Original Issue	Outstanding at June 30, 2023
2010A/QSCB <sub>1</sub>	May 25, 2010	.75%-5.20%	May/Nov	2027	18,235,000	4,300,000
2010D/QSCB <sub>1</sub>	September 8, 2010	1.00%-5.00%	Mar/Sept	2028	42,625,000	42,620,000
2013B <sub>1</sub>	April 25, 2013	2.9%-5%	Nov/May	2033	55,140,000	-
2014 <sub>2</sub>	May 21, 2014	5.00%	Nov/May	2023	10,950,000	-
2015A (Refunding) <sub>3</sub>	March 10, 2015	2.00% - 5.00%	Feb/Aug	2023	60,010,000	-
2016 ACQ <sub>4</sub>	July 26, 2016	1.118%	Dec	2022	2,100,000	-
2017B (Refunding) <sub>3</sub>	November 30, 2017	2.00% - 5.00%	Mar/Sept	2031	40,880,000	32,155,000
2019 <sub>5</sub>	September 26, 2019	3.00% - 5.00%	Mar/Sept	2039	85,000,000	84,600,000
2020 (Refunding) <sub>3</sub>	May 1, 2020	5.00%	Mar/Sept	2028	49,235,000	18,440,000
2020 SOB <sub>6</sub>	June 9, 2020	2.00% - 5.00%	Dec/Mar	2035	18,390,000	16,680,000
2020A <sub>5</sub>	October 14, 2020	1.750%-5.00%	Mar/Sept	2039	149,995,000	147,445,000
2021A <sub>5</sub>	October 27, 2021	1.780%	Mar/Sept	2039	74,995,000	73,995,000
2022A (Refunding) <sub>3</sub>	March 9, 2022	1.720%	Nov/May	2033	42,180,000	41,070,000
2023A <sub>5</sub>	June 28, 2023	3.363%	Mar/Sept	2039	158,415,000	158,415,000
					<u>\$808,150,000</u>	<u>\$619,720,000</u>

General obligations at June 30, 2023 consist of primarily general obligation bonds payable, issued under the approved 2008 referendum, the 2018 referendum and several obligations issued under the legal 8% debt limit for technology equipment and recurring facility capital needs. Of these, the Series 2010A and 2010D were issued as Taxable Qualified School Construction Bonds under the provisions of the State of South Carolina Federal Education Tax-Credit Bond Implementation Act of 2009. A refundable tax credit must be applied for each time an interest payment is due for these bonds. These issues provided federal subsidy for future interest payments due each year for the life of the bonds; however, following federal sequestration the District projects a 7-9% reduction to the subsidy for future years.

The remaining outstanding debt issued (2014) was issued under the legal 8% debt limit for technology equipment and facilities recurring capital needs.

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

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

*3 Issues relate to Refunded debt. The 2015A Refunding relates to a partial refunding of 2008A and 2009A original issues. The 2017B Refunding relates to a partial refunding of 2011B. The 2021 Refunding relates to defeasance of the 2009C, 2010C and 2010E (QSCB) original issues. The 2022A Refunding relates to a partial refunding of 2013B original issues.*

*4 Issue relates to an equipment acquisition to purchase solar panels for the new R2i2 facility.*

*5 Issues relate to the November 2018 Bond Referendum approved for \$468 million, which was approved for construction projects throughout the District, significant safety and security upgrades to all District facilities, renovation and replacement of several existing schools and new facility needs.*

*6 Issue relates to Special Obligation Bonds for equipment acquisition on energy saving performance contracts.*

**RICHLAND SCHOOL DISTRICT TWO  
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The annual requirements to amortize the General Obligation Bonds outstanding at June 30, 2023, including interest payments of \$171,534,099 are as follows:

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 43,813,000	\$ 21,820,654	\$ 65,633,654
2025	43,897,000	22,349,412	66,246,412
2026	44,018,000	20,295,833	64,313,833
2027	44,176,000	18,233,028	62,409,028
2028	74,014,000	15,120,846	89,134,846
2029-2033	164,357,000	50,378,162	214,735,162
2034-2038	169,290,000	22,156,164	191,446,164
2039	36,155,000	1,180,000	37,335,000
<b>Total</b>	<b>\$ 619,720,000</b>	<b>\$ 171,534,099</b>	<b>\$ 791,254,099</b>

The School District has satisfied all sinking fund requirements. There is an annual tax millage, currently 104.0 mills, to repay this General Obligation debt. Details on the Bonds Payable are presented as schedules.

Compensated Absences

The School District estimates that the compensated absences amount to be considered as the current portion due within one year to be \$810,635 for the Governmental Funds.

Lease Liabilities

As stated in Note 5, Capital Assets, during the year ended June 30, 2022, the School District implemented the guidance in GASBS No. 87, Leases for accounting and reporting leases that had previously been reported as operating leases. As of June 30, 2023, the School District had lease agreements in place for copiers/printers (see Note 5 for additional information). The minimum future lease obligation under these lease agreements as of June 30, 2023 was \$837,030. The School District has determined that the lease liability is not material, and no such amount has been recognized on the Statement of Net Position as of June 30, 2023.

Also as stated in Note 5, during the year ended June 30, 2023, the School District implemented the guidance in GASBS No. 96, Subscription-Based Information Technology Arrangements (SBITAs). As of June 30, 2023, the School District had entered into SBITA contracts related to its computer operating system, time-clock system, website hosting, and its food service point of sale system. The minimum future obligation as of June 30, 2023 was \$1,008,233. The School District has determined that the intangible right-to-use IT asset was not material and no such assets have been recognized as of June 30, 2023 on the Statement of Net Position.

**RICHLAND SCHOOL DISTRICT TWO**  
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**Accrued Salary and Related Liabilities**

Included in the Accrued Salaries and Related Liabilities of \$28,369,858 outstanding as of June 30, 2023 is a penalty payment to the Department of Treasury for \$340,568. This relates to a late third quarter payroll tax filing. The penalty payment was made on October 30, 2023.

**9. EMPLOYEE RETIREMENT**

The School District participates in the South Carolina Retirement System (SCRS), and the South Carolina Police Officers Retirement System (PORS). The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs of the state of South Carolina, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the systems and the assets of the trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the South Carolina Retirement Systems (Systems).

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 through PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the annual comprehensive financial report of the state.

**Plan Descriptions**

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement 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.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain 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. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

**Plan 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, certain 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 to 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.

**Plan 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 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.

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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.

**Plan 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. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. 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.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

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

	SCRS and State ORP Rates			PORS Rates		
	2021	2022	2023	2021	2022	2023
Employer Contribution Rate: <sup>^</sup>						
Retirement*	15.41%	16.41%	17.41%	17.84%	18.84%	19.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>15.56%</u>	<u>16.56%</u>	<u>17.56%</u>	<u>18.24%</u>	<u>19.24%</u>	<u>20.24%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.75%</u>	<u>9.75%</u>	<u>9.75%</u>

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

\* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The required contributions and percentages of amounts contributed by the District to the Plans for the past five years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed	Required	% Contributed
2023	\$ 30,243,753	100%	\$ 3,571,193	100%	\$ 83,476	100%
2022	28,086,156	100%	3,287,069	100%	100,599	100%
2021	24,835,219	100%	2,987,406	100%	75,100	100%
2020	24,764,149	100%	2,986,519	100%	88,701	100%
2019	\$ 22,439,956	100%	\$ 2,625,975	100%	\$ 84,273	100%

Eligible payrolls of the District covered under the Plans for the past five years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	PORS Payroll	Total Payroll
2023	\$ 172,230,942	\$ 28,433,065	\$ 416,547	\$ 201,080,554
2022	169,602,389	28,434,850	528,358	198,565,597
2021	159,609,379	28,289,828	416,296	188,315,503
2020	159,152,632	28,281,434	491,691	187,925,757
2019	\$ 154,101,103	\$ 27,450,469	\$ 494,559	\$ 182,046,131

**Actuarial Assumptions and Methods**

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

The June 30, 2022, total pension liability (TPL), net pension liability (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 total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles.

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

	<b>SCRS</b>	<b>PORS</b>
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	7%	7%
Projected salary increases	3.0%-11.0% (varies by service)	3.5%-10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. 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.

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

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
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%

**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 return represent assumptions developed using an arithmetical building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the 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 following table. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

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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	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	<b>12.0%</b>		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total Expected Real Return	<u>100.0%</u>		<u>4.79%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u>7.04%</u>

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2022, for SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's 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 total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement 67 in the System's notes to the financial statements and required supplementary information. 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 School District reported liabilities of \$389,930,924 and \$1,008,471 for its proportionate share of the SCRS and PORS net pension liability, respectively. The School District's total net pension liability at June 30, 2023 was \$390,939,395. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 projected forward to June 30, 2022. The School District's proportionate share of the net pension liability was calculated on the basis of historical employer contributions to the pension plan relative to historical contributions of all participating employers. As of the June 30, 2022 measurement date, the School District's proportionate share of the SCRS plan was 1.608483%, which was an increase of 0.025966% from its proportion measured as of June 30, 2021. As of the June 30, 2022 measurement date, the School District's proportionate share of the PORS plan was 0.033627%, which was an increase of 0.00565% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$29,096,886 and \$62,042 for SCRS and PORS, respectively, for a total pension expense of \$29,158,928. In prior years, the School District has used General Fund resources to liquidate pension liabilities.

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

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

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><u>South Carolina Retirement System</u></b>		
Contributions subsequent to the measurement date	\$ 33,814,946	\$ -
Changes in assumptions	12,506,001	-
Differences between expected and actual experience	3,387,772	1,699,306
Net difference between projected and actual earnings on pension plan investments	57,364,292	56,762,940
Deferred amounts from changes in proportionate share	5,046,365	5,086,393
Total SCRS	<u>\$ 112,119,376</u>	<u>\$ 63,548,639</u>
<b><u>Police Officers Retirement System</u></b>		
Contributions subsequent to the measurement date	\$ 83,476	\$ -
Changes in assumptions	41,994	-
Differences between expected and actual experience	16,920	19,936
Net difference between projected and actual earnings on pension plan investments	218,830	215,785
Deferred amounts from changes in proportionate share	120,615	90,630
Total PORS	<u>\$ 481,835</u>	<u>\$ 326,351</u>
Total SCRS and PORS	<u>\$ 112,601,211</u>	<u>\$ 63,874,990</u>

The \$33,814,946 and \$83,476 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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.

Year Ended June 30,	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2023	\$ 7,326,733	\$ 14,014	\$ 7,340,747
2024	5,253,385	22,486	5,275,871
2025	(7,993,478)	(3,690)	(7,997,168)
2026	10,169,151	39,198	10,208,349
2027	-	-	-
Thereafter	-	-	-
Total	<u>\$ 14,755,791</u>	<u>\$ 72,008</u>	<u>\$ 14,827,799</u>

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

The discount rate used to measure the total pension liability was 7.00 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, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

<b>System</b>	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
SCRS	\$ 499,939,557	\$ 389,930,924	\$ 298,473,035
PORS	\$ 1,406,252	\$ 1,008,471	\$ 682,850

**Pension Plan Fiduciary Net Position**

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for SCRS. The ACFR of the Pension Trust Funds is publicly available on PEBA’s Retirement Benefits’ website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC, 29223.

**10. OTHER POSTEMPLOYMENT BENEFITS**

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

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

**Plan Descriptions**

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective 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.

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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 plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

**Plan Benefits**

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

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

**Plan Contributions and Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the 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.

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 years ended June 30, 2023, 2022 and 2021 were 6.25 percent, 6.25 percent and 6.25 percent, respectively. 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 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. It 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, 2023. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

**RICHLAND SCHOOL DISTRICT TWO**  
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**Actuarial Assumptions and Methods**

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

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

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date: June 30, 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 improvements.

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.

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

**RICHLAND SCHOOL DISTRICT TWO  
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Disability Incidence: The 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.

**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 tables:

**SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

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

**SOUTH CAROLINA LONG-TERM DISABILITY INSURANCE TRUST FUND**

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

**RICHLAND SCHOOL DISTRICT TWO  
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**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 \$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.

The following table presents the School District's proportionate share of the net OPEB liability of the SCRHITF calculated using a Single Discount Rate of 3.69 percent, as well as what the School District's proportionate share of the net OPEB liability of the SCRHITF would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of the SCRHITF Net OPEB Liability to Changes in the Discount Rate		
1.00% Decrease (2.69%)	Current Discount Rate (3.69%)	1.00% Increase (4.69%)
\$ 363,363,179	\$ 307,343,538	\$ 262,324,133

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

Sensitivity of the SCRHITF Net OPEB Liability to Changes in the Healthcare Cost Trend Rates		
1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ 252,760,018	\$ 307,343,538	\$ 371,072,770

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

Sensitivity of the SCLTDITF Net OPEB Liability to Changes in the Discount Rate		
1.00% Decrease (2.41%)	Current Discount Rate (3.41%)	1.00% Increase (4.41%)
\$ 206,558	\$ 178,241	\$ 150,855

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

The Net OPEB Liability is calculated separately for each OPEB Trust Fund and represents that particular Trust's total OPEB liability determined in accordance with GASB No. 74 less that Trust's fiduciary net position.

Net OPEB liability totals, as of June 30, 2022 measurement date, for the SCRHITF and SCLTDITF are presented in the following table:

System	Total OPEB Liability	Plan Fiduciary Net Position	Employer's Net OPEB Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 16,835,502,593	\$ 1,623,661,403	\$ 15,211,841,190	9.64%
SCLTDITF	\$ 46,410,320	\$ 34,824,847	\$ 11,585,473	75.04%

The total OPEB liability is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. 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 liabilities of \$307,343,538 and \$178,241 for its proportionate share of the net OPEB liabilities for the SCRHITF and SCLTDITF, respectively. The School District's total net OPEB liability at June 30, 2023 was \$307,521,779. The net OPEB liabilities were measured as of June 30, 2022, and the total OPEB liabilities for the OPEB Trusts used to calculate the net OPEB liabilities were determined based on the most recent actuarial valuation report as of July 1, 2021 that was projected forward to the measurement date. The District's proportion of the net OPEB liabilities were based on an allocation of the District's share of payroll-related contributions to the OPEB Trusts relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2022 measurement date, the District's SCRHITF proportion was 2.020423 percent, which was .001126 percent more than its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, the District's SCLTDITF proportion was 1.538491 percent, which was .019323 percent less than its proportion measured as of June 30, 2021.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. For the year ended June 30, 2023, the District recognized \$47,991 and \$0 for the SCRHITF and SCLTDITF, respectively, for a total of \$47,991 of revenues from state sources and intergovernmental expenditures in the District's special revenue funds. In prior years, the School District has used General Fund resources to liquidate OPEB liabilities.

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For the year ended June 30, 2023, the District recognized OPEB expense of \$16,685,431 and \$147,669 for the SCRHITF and SCLTDITF, respectively, for a total OPEB expense of \$16,833,100. At June 30, 2023, the District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRHITF</b>		
Differences Between Expected and Actual Experience	\$ 6,596,756	\$27,024,141
Changes in Assumptions	69,298,046	98,794,261
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,032,446	615,831
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	880,676	11,448,861
The School District's Contributions Subsequent to the Measurement Date	<u>12,567,535</u>	<u>-</u>
Total SCRHITF	<u>92,375,459</u>	<u>137,883,094</u>
<b>SCLTDITF</b>		
Differences Between Expected and Actual Experience	47,239	31,708
Changes in Assumptions	35,651	25,348
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	81,959	23,082
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	226	5,195
The School District's Contributions Subsequent to the Measurement Date	<u>113,917</u>	<u>-</u>
Total SCLTDITF	<u>278,992</u>	<u>85,333</u>
Total SCRHITF and SCLTDITF	<u>\$ 92,654,451</u>	<u>\$137,968,427</u>

\$12,567,535 and \$113,917 that were reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRHITF and SCLTDITF, respectively, will be recognized as a reduction of the net OPEB liabilities in the year ended June 30, 2024.

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

Year Ended June 30,	SCRHITF	SC LTDITF:	Total
2023	\$ (9,892,010)	\$ 9,427	\$ (9,882,583)
2024	(6,659,496)	14,143	(6,645,353)
2025	(5,366,652)	23,326	(5,343,326)
2026	(6,145,663)	18,922	(6,126,741)
2027	(12,768,001)	2,095	(12,765,906)
Thereafter	(17,243,348)	11,829	(17,231,519)
	<u>\$ (58,075,170)</u>	<u>\$ 79,742</u>	<u>\$ (57,995,428)</u>

**RICHLAND SCHOOL DISTRICT TWO  
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**11. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the 2022-2023 fiscal year, the School District obtained its general liability and property insurance through Surry of NC.

The School District has operated a self-insured Workers Compensation program since July 1, 2008. Activity related to the Workers Compensation program is reported in an Internal Service Fund. The School District has also hired a third party administrator to handle claim processing related to the program. The School District has purchased excess workers compensation insurance that covers losses exceeding \$700k per occurrence, with no aggregate requirement. At June 30, 2023, the School District has recognized a liability for claims payable in the Internal Service fund for \$2,096,580 related to estimated future claim payments.

Unpaid Claims – Beginning of Year	\$ 1,980,534
Current Year Claims and Changes in Estimates	\$ 1,498,194
Claim Payments	\$ (1,382,148)
Unpaid Claims – End of Year	\$ 2,096,580

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in coverage during the year ended June 30, 2023.

**12. FUND BALANCE CLASSIFICATIONS**

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

Nonspendable:	
<i>Prepaid Items –Special Projects</i>	\$ 56,099
Restricted Fund Balance:	
<i>Restricted for Special Projects</i>	6,054,489
<i>Restricted for Food Service</i>	12,074,827
<i>Restricted for Debt Service</i>	39,781,788
<i>Restricted for Capital Projects</i>	195,513,823
Unassigned Fund Balance	111,821,813
Total Governmental Fund Balance	\$ 365,302,839

**13. CONTINGENT LIABILITIES**

**Litigation**

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

**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.

**RICHLAND SCHOOL DISTRICT TWO  
NOTES TO FINANCIAL STATEMENTS  
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**14. TAX ABATEMENTS**

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

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

For tax year 2022, the gross dollar amount by which the School District’s property tax revenues were abated pursuant to tax abatement agreements entered into by the County under each of the programs described above is as follows:

FILOT Program: \$5,356,881  
SSRC Program: \$112,858<sup>1</sup>  
MCIP: \$540,438

For tax year 2022, the gross dollar amount of property tax revenues the School District received pursuant to the tax abatement agreements entered into by the County under each of the programs described above is as follows:

FILOT Program: \$5,817,085  
SSRC Program: \$112,387<sup>1</sup>  
MCIP: \$4,115,576

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

**15. COMMITMENTS**

The School District had capital projects still in process as of June 30, 2023, primarily related to safety and security projects approved in the 2018 Bond Referendum. The School District has entered into contracts for these projects totaling nearly \$207.02 million, of which approximately \$70.2 million had not been expended as of June 30, 2023.

**16. SUBSEQUENT EVENTS**

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**RICHLAND COUNTY SCHOOL DISTRICT TWO**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget</u>
<b>REVENUES:</b>				
Local Property Tax	\$ 117,109,699	\$ 117,109,699	\$ 118,953,304	\$ 1,843,605
Other Local Revenue	875,000	875,000	4,389,666	3,514,666
Total Revenue from Local Sources	<u>117,984,699</u>	<u>117,984,699</u>	<u>123,342,970</u>	<u>5,358,271</u>
State Sources	191,094,492	191,094,492	191,737,761	643,269
Federal Sources	<u>250,000</u>	<u>250,000</u>	<u>175,895</u>	<u>(74,105)</u>
<b>Total Revenues - All Sources</b>	<u>309,329,191</u>	<u>309,329,191</u>	<u>315,256,626</u>	<u>5,927,435</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	173,541,711	181,705,798	177,334,243	4,371,555
Support Services	137,054,954	133,864,595	141,203,686	(7,339,091)
Community Services	391,524	272,000	323,071	(51,071)
Other Charges	<u>505,794</u>	<u>505,000</u>	<u>204,937</u>	<u>300,063</u>
<b>Total Expenditures</b>	<u>311,493,983</u>	<u>316,347,393</u>	<u>319,065,937</u>	<u>(2,718,544)</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(2,164,792)</u>	<u>(7,018,202)</u>	<u>(3,809,311)</u>	<u>3,208,891</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Capital Assets			-	-
Transfers In	23,400,579	23,400,579	25,324,009	1,923,430
Transfers Out	<u>(4,419,000)</u>	<u>(4,419,000)</u>	<u>(4,324,129)</u>	<u>94,871</u>
<b>Total Other Financing Sources (Uses)</b>	<u>18,981,579</u>	<u>18,981,579</u>	<u>20,999,880</u>	<u>2,018,301</u>
<b>Excess / (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)</b>	<u>\$ 16,816,787</u>	<u>\$ 11,963,377</u>	17,190,569	<u>\$ 5,227,192</u>
Fund Balance, Beginning of Year			<u>94,631,244</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 111,821,813</u>	

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

**RICHLAND COUNTY SCHOOL DISTRICT TWO**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**YEAR ENDED JUNE 30, 2023**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>South Carolina Retirement System (SCRS)</b>										
Proportionate Share of Net Liability as a Percentage	1.608483%	1.582518%	1.610312%	1.628133%	1.664207%	1.682357%	1.691729%	1.702456%	1.681826%	1.681826%
Proportionate Share of Net Liability as an Amount	389,930,924	342,476,936	411,463,295	371,770,218	372,895,862	378,725,617	361,350,817	322,878,988	289,562,351	289,562,351
Covered Payroll During the Measurement Period	169,602,389	187,899,207	187,434,066	181,551,571	182,982,634	180,793,991	150,233,153	146,596,583	140,953,599	140,953,599
Proportionate Share of the Net Liability as a Percentage of its Covered Payroll	229.91%	182.27%	219.52%	204.77%	203.79%	209.48%	240.53%	220.25%	205.43%	205.43%
System Plan Fiduciary Net Position as a Percentage of the Total System Pension Liability	57.06%	60.70%	50.70%	54.40%	54.11%	53.34%	52.91%	56.99%	59.92%	56.39%
<b>Police Officers Retirement System (PORS)</b>										
Proportionate Share of Net Liability as a Percentage	0.033627%	0.027977%	0.032754%	0.034431%	0.039786%	0.041180%	0.036550%	0.040650%	0.042410%	0.042410%
Proportionate Share of Net Liability as an Amount	1,008,471	719,818	1,086,190	986,769	1,127,346	1,128,261	927,208	886,031	812,351	812,351
Covered Payroll During the Measurement Period	528,358	416,296	491,691	494,559	553,219	554,188	506,235	510,602	477,238	477,238
Proportionate Share of the Net Liability as a Percentage of its Covered Payroll	190.87%	172.91%	220.91%	199.53%	203.78%	203.59%	183.16%	173.53%	170.22%	170.22%
System Plan Fiduciary Net Position as a Percentage of the Total System Pension Liability	66.45%	70.40%	58.80%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

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

Note: The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

**RICHLAND COUNTY SCHOOL DISTRICT TWO  
SCHEDULE OF CONTRIBUTIONS TO SCRS AND PORS  
YEAR ENDED JUNE 30, 2023**

**SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)**

	<u>Statutorily Required Contributions</u>	<u>Contributions Recognized by the Plan</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2023	\$ 30,243,753	\$ 30,243,753	\$ -	\$ 172,230,942	17.56%
2022	\$ 28,086,156	\$ 28,086,156	\$ -	\$ 169,602,389	16.56%
2021	\$ 24,835,219	\$ 24,835,219	\$ -	\$ 159,609,379	15.56%
2020	\$ 24,764,149	\$ 24,764,149	\$ -	\$ 159,152,632	15.56%
2019	\$ 22,439,956	\$ 22,439,956	\$ -	\$ 154,101,103	14.56%
2018	\$ 21,202,441	\$ 21,202,441	\$ -	\$ 156,344,741	13.56%
2017	\$ 17,941,197	\$ 17,941,197	\$ -	\$ 162,135,155	11.07%
2016	\$ 16,618,723	\$ 16,618,723	\$ -	\$ 150,233,153	11.06%
2015	\$ 17,378,471	\$ 17,378,471	\$ -	\$ 146,596,583	11.85%
2014	\$ 16,173,481	\$ 16,173,481	\$ -	\$ 140,953,599	11.47%

**POLICE OFFICER RETIREMENT SYSTEM (PORS)**

	<u>Statutorily Required Contributions</u>	<u>Contributions Recognized by the Plan</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2023	\$ 83,476	\$ 83,476	\$ -	\$ 416,547	20.04%
2022	\$ 100,599	\$ 100,599	\$ -	\$ 528,358	19.04%
2021	\$ 75,100	\$ 75,100	\$ -	\$ 416,296	18.04%
2020	\$ 88,701	\$ 88,701	\$ -	\$ 491,691	18.04%
2019	\$ 84,273	\$ 84,273	\$ -	\$ 494,559	17.04%
2018	\$ 88,736	\$ 88,736	\$ -	\$ 553,219	16.04%
2017	\$ 77,814	\$ 77,814	\$ -	\$ 554,188	14.04%
2016	\$ 68,544	\$ 68,544	\$ -	\$ 506,235	13.54%
2015	\$ 67,450	\$ 67,450	\$ -	\$ 510,602	13.21%
2014	\$ 60,322	\$ 60,322	\$ -	\$ 477,238	12.64%

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

**RICHLAND COUNTY SCHOOL DISTRICT TWO  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
YEAR ENDED JUNE 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>South Carolina Retiree Health Insurance Trust Fund (SCRHITF)</b>							
Proportionate Share of Net Liability as a Percentage	2.020423%	2.019297%	2.043911%	2.081519%	2.128269%	2.150499%	2.150499%
Proportionate Share of Net Liability as an Amount	307,343,538	420,481,869	368,955,500	314,757,407	301,588,167	291,281,567	311,147,763
Covered Payroll During the Measurement Period	198,565,597	187,899,207	187,925,757	182,046,130	183,535,853	181,348,179	181,348,179
Proportionate Share of the Net Liability as a Percentage of its Covered Payroll	154.78%	223.78%	196.33%	172.90%	164.32%	160.62%	171.57%
System Plan Fiduciary Net Position as a Percentage of the Total System OPEB Liability	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%	7.60%
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)</b>							
Proportionate Share of Net Liability as a Percentage	1.538491%	1.557811%	1.548313%	1.582827%	1.614178%	0.411800%	0.036550%
Proportionate Share of Net Liability as an Amount	178,241	49,502	4,695	31,154	49,414	1,128,261	927,208
Covered Payroll During the Measurement Period**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Proportionate Share of the Net Liability as a Percentage of its Covered Payroll**	N/A	N/A	N/A	N/A	N/A	N/A	N/A
System Plan Fiduciary Net Position as a Percentage of the Total System OPEB Liability	75.04%	92.84%	99.29%	95.17%	92.20%	95.29%	95.29%

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

Note: The amounts presented for each fiscal year were determined as of June 30th of the preceding year. As of June 30, 2023, only seven years of data were available. Additional years' information will be included as it becomes available.

\*\* Because contributions for the plan are not based on a measure of pay, covered payroll for the measurement period is not presented.

**RICHLAND COUNTY SCHOOL DISTRICT TWO  
SCHEDULE OF CONTRIBUTIONS TO SCRHTF AND SCLTDITF  
YEAR ENDED JUNE 30, 2023**

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

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	<u>Statutorily Required Contributions</u>	<u>Contributions Recognized by the Plan</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2023	\$ 12,567,535	\$ 12,567,535	\$ -	\$ 201,080,554	6.25%
2022	\$ 12,410,350	\$ 12,410,350	\$ -	\$ 198,565,597	6.25%
2021	\$ 11,743,700	\$ 11,743,700	\$ -	\$ 187,899,207	6.25%
2020	\$ 11,745,360	\$ 11,745,360	\$ -	\$ 187,925,757	6.25%
2019	\$ 11,013,791	\$ 11,013,791	\$ -	\$ 182,046,130	6.05%
2018	\$ 10,094,472	\$ 10,094,472	\$ -	\$ 183,535,853	5.50%
2017	\$ 9,665,858	\$ 9,665,858	\$ -	\$ 181,348,179	5.33%

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

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	<u>Statutorily Required Contributions</u>	<u>Contributions Recognized by the Plan</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll**</u>	<u>Contributions as a % of Covered Payroll**</u>
2023	\$ 113,917	\$ 113,917	\$ -	N/A	N/A
2022	\$ 116,483	\$ 116,483	\$ -	N/A	N/A
2021	\$ 118,016	\$ 118,016	\$ -	N/A	N/A
2020	\$ 117,021	\$ 117,021	\$ -	N/A	N/A
2019	\$ 125,931	\$ 125,931	\$ -	N/A	N/A
2018	\$ 126,955	\$ 126,955	\$ -	N/A	N/A
2017	\$ 117,150	\$ 117,150	\$ -	N/A	N/A

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

Note: As of June 30, 2023, only seven years of data were available. Additional years' information will be included as it becomes available.

\*\* Because contributions for the plan are not based on a measure of pay, covered payroll for the measurement period is not presented.

## **OTHER SUPPLEMENTAL INFORMATION**

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













































































































**RICHLAND SCHOOL DISTRICT TWO**

**DIRECT AND OVERLAPPING DEBT**

June 30, 2023

	Debt Outstanding	Assessed Value Related to Debt	Percentage Applicable to District	District Share of Debt
<b>Overlapping Debt</b>				
City of Columbia	\$ 137,502,614	\$ 650,186,101	10.17%	\$ 13,984,016
Richland County	99,680,000	1,888,461,770	35.03%	34,917,904
Recreation District	25,268,000	1,238,275,669	48.09%	12,151,381
Richland/Lexington Riverbank Park District	25,225,000	1,888,461,770	35.03%	8,836,318
East Richland County Public Sewer District	8,696,697	259,310,624	72.32%	6,289,451
Richland/Lexington Airport District	3,480,000	1,888,461,770	35.03%	1,219,044
<b>Total Overlapping Debt</b>	<u>299,852,311</u>			<u>77,398,114</u>
<b>Direct</b>				
Richland School District Two	<u>619,720,000</u>	661,557,899	100.00%	<u>619,720,000</u>
<b>Total Direct Debt</b>	<u>619,720,000</u>			<u>619,720,000</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 919,572,311</u>			<u>\$ 697,118,114</u>

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

*Note: The percentage of overlapping debt applicable to the School District is estimated using the taxable assessed property values. The County Auditor calculates the applicable percentages based on the assessed values of each overlapping entity. Debt and % information reflects the most recent information provided by Richland County. The County does not include unamortized bond premiums in the information reported, therefore, for comparative and analytical purposes the district's debt outstanding does not include premiums.*

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

<b>Calendar Year</b>	<b>Population (a)</b>	<b>County Per Capita Income (b)</b>	<b>County Personal Income (b)</b>	<b>Unemployment Rate (c)</b>
2014	400,688	\$ 40,103	\$ 16,068,690	6.0%
2015	406,455	\$ 41,764	\$ 16,975,172	5.7%
2016	409,569	\$ 42,391	\$ 17,361,967	4.8%
2017	412,492	\$ 43,951	\$ 18,129,473	3.9%
2018	415,159	\$ 45,001	\$ 18,868,559	3.3%
2019	417,027	\$ 46,806	\$ 19,519,574	1.8%
2020	419,051	\$ 49,678	\$ 20,817,446	5.3%
2021	421,085	\$ 52,980	\$ 22,730,168	3.6%
2022	422,475	\$ 56,159	\$ 23,725,689	3.4%
2023	423,190	\$ 55,582	\$ 23,249,388	3.2%

(a) 2012 to 2022, US Bureau of Economic Analysis;

(b) US Bureau of Economic Analysis, US Department of Commerce; 2022 estimated

(c) State Agency for Workforce Innovation, Office of Workforce Information Services, Labor Market Statistics; October data for 2021 and 2022

**RICHLAND SCHOOL DISTRICT TWO**

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND 2014**

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Prisma Health Midlands <sup>1</sup>	14,000 - 15,000	1	8.0%	9,000 - 10,000	1	5.7%
Blue Cross-Blue Shield of SC	10,000 - 11,000	2	5.2%	6,000 - 7,000	2	3.9%
University of South Carolina	6,000 - 7,000	3	3.4%	5,000 - 6,000	3	2.3%
Richland School District One	4,000 - 5,000	4	2.3%	4,000 - 5,000	4	2.3%
Richland School District Two	3,000 - 4,000	5	1.9%	3,000 - 4,000	6	2.0%
Dominion Energy <sup>2</sup>	3,000 - 4,000	6	1.3%	2,000 - 3,000	8	1.7%
City of Columbia	2,000 - 3,000	7	1.1%	2,000 - 3,000	10	1.7%
AT&T	2,000 - 3,000	8	1.0%	2,000 - 3,000	7	1.7%
Richland County	1,000 - 2,000	9	0.8%			
Dorn VA Medical Ctr	1,000 - 2,000	10	0.5%			
Department of Defense				3,000 - 4,000	5	2.0%
Humana Tricare				2,000 - 3,000	9	1.7%
<b>Total</b>	<b>46,000 - 56,000</b>			<b>30,000 - 40,000</b>		

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

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

<sup>1</sup> Formerly Palmetto Health

<sup>2</sup> Formerly SC Electric & Gas/SCANA

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Instruction</b>										
Teaching Faculty	1,942	1,993	2,015	2,037	2,059	2,019	2,114	2,119	2,009	1,972
Other	520	593	572	556	565	626	614	619	640	604
<b>Total Instruction</b>	2,462	2,586	2,587	2,593	2,624	2,645	2,728	2,738	2,649	2,576
<b>Support Services</b>										
Principals	36	37	36	36	37	36	36	36	35	35
Assistant Principals	83	83	82	83	85	84	80	80	80	80
Other Administration & Support	920	922	984	993	995	997	965	964	1,004	1,041
<b>Total Support Services</b>	1,039	1,042	1,102	1,112	1,117	1,117	1,081	1,080	1,119	1,156
<b>Total</b>	<u><u>3,501</u></u>	<u><u>3,628</u></u>	<u><u>3,689</u></u>	<u><u>3,705</u></u>	<u><u>3,741</u></u>	<u><u>3,762</u></u>	<u><u>3,809</u></u>	<u><u>3,818</u></u>	<u><u>3,768</u></u>	<u><u>3,732</u></u>

**Source:** District Records

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

Table 18

**RICHLAND SCHOOL DISTRICT TWO**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended	Modified Accrual Basis of Accounting				Accrual Basis of Accounting			Teaching Staff	Percentage of Students Receiving Free or Reduced-Price Meals
	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change		
2014	26,877	\$ 265,696,185	\$ 9,886	1.60%	\$ 305,296,139	\$ 11,359	-3.50%	1,942	49%
2015	27,325	\$ 277,572,407	\$ 10,158	2.76%	\$ 329,946,694	\$ 12,075	6.30%	1,993	49%
2016	27,607	\$ 280,354,533	\$ 10,155	-0.03%	\$ 319,055,114	\$ 11,557	-4.29%	2,015	49%
2017	27,872	\$ 313,809,532	\$ 11,259	10.87%	\$ 338,399,029	\$ 12,141	5.05%	2,037	49%
2018	28,056	\$ 305,170,305	\$ 10,877	-3.39%	\$ 361,588,104	\$ 12,888	6.15%	2,059	50%
2019	28,359	\$ 320,471,431	\$ 11,301	3.89%	\$ 370,397,768	\$ 13,061	1.34%	2,019	50%
2020	28,549	\$ 359,864,748	\$ 12,605	11.54%	\$ 389,702,998	\$ 13,650	4.51%	2,114	49%
2021	27,873	\$ 348,549,100	\$ 12,505	-0.80%	\$ 415,224,363	\$ 14,897	9.13%	2,119	49%
2022	28,406	\$ 373,742,038	\$ 13,157	5.22%	\$ 419,619,709	\$ 14,772	-0.84%	2,009	56%
2023	28,534	\$ 389,941,918	\$ 13,666	3.87%	\$ 424,974,900	\$ 14,894	0.82%	1,972	59%

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

*Note: Operating expenditures are total expenditures in the governmental funds less debt service and capital outlay expenditures.*

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Anna Boyd School</b>										
Square Feet	13,500	13,500	13,500	-	-	-	-	-	-	-
Capacity (Students)	200	200	200	-	-	-	-	-	-	-
Enrollment	40	40	40	-	-	-	-	-	-	-
<b>Bethel-Hanberry Elementary School</b>										
Square Feet	128,369	128,369	128,369	128,369	128,369	128,369	128,369	128,369	137,322	137,322
Capacity (Students)	634	634	634	634	634	634	634	634	800	800
Enrollment	668	674	720	720	705	722	804	799	755	759
<b>Bookman Road Elementary School</b>										
Square Feet	81,670	81,670	81,670	81,670	81,670	81,670	81,670	81,670	81,670	81,670
Capacity (Students)	740	740	740	740	740	740	740	740	740	740
Enrollment	517	509	494	477	461	424	420	487	513	512
<b>Blythewood Academy</b>										
Square Feet	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity (Students)	150	150	150	150	150	150	150	150	150	150
Enrollment	95	95	95	95	95	95	95	95	59	75
<b>Bridge Creek Elementary School</b>										
Square Feet	95,105	95,105	95,105	95,105	95,105	95,105	95,105	95,105	95,105	95,105
Capacity (Students)	705	705	705	705	705	705	705	705	705	705
Enrollment	612	607	593	583	554	593	570	605	563	565
<b>Catawba Trail Elementary</b>										
Square Feet	110,771	110,771	110,771	110,771	110,771	110,771	110,771	110,771	110,771	110,771
Capacity (Students)	747	747	747	747	747	747	747	747	747	747
Enrollment	504	527	589	609	603	611	672	525	613	614
<b>Conder Elementary School</b>										
Square Feet	80,047	80,047	80,047	80,047	80,047	80,047	80,047	80,047	80,047	80,047
Capacity (Students)	648	648	648	648	648	648	648	648	648	648
Enrollment	802	800	848	864	566	546	552	519	460	463
<b>Forest Lake Elementary School</b>										
Square Feet	76,245	76,245	76,245	76,245	76,245	76,245	76,245	76,245	162,279	162,279
Capacity (Students)	623	623	623	623	623	623	623	623	800	800
Enrollment	617	597	577	580	599	606	605	594	611	611
<b>Jackson Creek Elementary School</b>										
Square Feet	N/A	N/A	N/A	N/A	125,000	125,000	125,000	125,000	126,338	126,338
Capacity (Students)	N/A	N/A	N/A	N/A	747	747	747	747	747	747
Enrollment	N/A	N/A	N/A	N/A	645	704	650	531	552	553

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Joseph Keels Elementary School										
Square Feet	78,558	78,558	78,558	78,558	78,558	78,558	78,558	78,558	81,724	81,724
Capacity (Students)	688	688	688	688	688	688	688	688	688	688
Enrollment	691	670	699	674	551	518	505	432	448	451
Killian Elementary School										
Square Feet	81,429	81,429	81,429	81,429	81,429	81,429	81,429	81,429	81,429	81,429
Capacity (Students)	740	740	740	740	740	740	740	740	740	740
Enrollment	769	759	759	790	730	687	697	669	749	752
Lake Carolina Elementary School - Lower Campus										
Square Feet	91,635	91,635	91,635	91,635	91,635	91,635	91,635	91,635	91,635	91,635
Capacity (Students)	637	637	637	637	637	637	637	637	637	637
Enrollment	801	460	473	480	472	466	450	419	490	489
Lake Carolina Elementary School - Upper Campus										
Square Feet	N/A	128,656	128,656	128,656	128,656	128,656	128,656	128,656	128,656	128,656
Capacity (Students)	N/A	747	747	747	747	747	747	747	747	747
Enrollment	N/A	491	478	494	480	512	501	457	545	544
Langford Elementary										
Square Feet	110,771	110,771	110,771	110,771	110,771	110,771	110,771	110,771	110,771	110,771
Capacity (Students)	747	747	747	747	747	747	747	747	747	747
Enrollment	525	489	501	473	453	475	478	489	616	617
Lonnie B. Nelson Elementary School										
Square Feet	100,495	100,495	100,495	100,495	100,495	100,495	100,495	100,495	100,495	100,495
Capacity (Students)	608	608	608	608	608	608	608	608	608	608
Enrollment	563	580	588	592	587	617	618	559	578	579
North Springs Elementary School										
Square Feet	101,448	101,448	101,448	101,448	101,448	101,448	101,448	101,448	101,448	101,448
Capacity (Students)	834	834	834	834	834	834	834	834	834	834
Enrollment	745	761	758	734	763	710	736	664	707	710
Polo Road Elementary School										
Square Feet	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830
Capacity (Students)	705	705	705	705	705	705	705	705	705	705
Enrollment	616	646	677	691	686	686	648	602	612	614
Pontiac Elementary School										
Square Feet	89,296	89,296	89,296	89,296	89,296	89,296	89,296	89,296	89,296	89,296
Capacity (Students)	796	796	796	796	796	796	796	796	796	796
Enrollment	696	735	700	691	722	693	696	714	741	736
Rice Creek Elementary School										
Square Feet	90,016	90,016	90,016	90,016	90,016	90,016	90,016	90,016	90,016	90,016
Capacity (Students)	796	796	796	796	796	796	796	796	796	796
Enrollment	729	733	753	723	742	758	752	720	746	744
Round Top Elementary School										

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Square Feet	97,360	97,360	97,360	97,360	97,360	97,360	97,360	97,360	97,360	97,360
Capacity (Students)	637	637	637	637	637	637	637	637	637	637
Enrollment	657	575	579	570	560	615	610	628	671	670
<b>Sandlapper Elementary School</b>										
Square Feet	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830	94,830
Capacity (Students)	705	705	705	705	705	705	705	705	705	705
Enrollment	711	674	684	659	653	696	655	628	668	665
<b>Windsor Elementary School</b>										
Square Feet	98,973	98,973	98,973	98,973	98,973	98,973	98,973	98,973	98,973	98,973
Capacity (Students)	800	800	800	800	800	800	800	800	800	800
Enrollment	688	744	764	745	608	574	535	530	536	534
<b>Blythewood Middle School</b>										
Square Feet	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300	127,300
Capacity (Students)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	699	785	764	830	833	805	838	846	794	800
<b>Dent Middle School</b>										
Square Feet	198,853	198,853	198,853	198,853	198,853	198,853	198,853	198,853	198,853	198,853
Capacity (Students)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	1,257	1,200	1,217	1,234	1,246	1,272	1,274	1,187	994	1,006
<b>Kelly Mill Middle School</b>										
Square Feet	170,546	170,546	170,546	170,546	170,546	170,546	170,546	170,546	170,546	170,546
Capacity (Students)	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120
Enrollment	917	922	921	912	880	897	984	1,014	983	977
CFA Enrollment	93	112	103	100	87	87	73	58	69	83
<b>Long Leaf Middle School</b>										
Square Feet	150,646	150,646	150,646	150,646	150,646	150,646	150,646	150,646	150,646	150,646
Capacity (Students)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	665	675	720	785	772	841	865	921	795	806
<b>Muller Road Middle</b>										
Square Feet	176,532	176,532	176,532	176,532	176,532	176,532	176,532	176,532	176,532	176,532
Capacity (Students)	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Enrollment	725	696	717	793	810	872	911	902	987	995
CFK North Enrollment	96	141	193	235	260	260	257	250	256	257
<b>Summit Parkway Middle School</b>										
Square Feet	149,132	149,132	149,132	149,132	149,132	149,132	149,132	149,132	149,132	149,132
Capacity (Students)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Enrollment	877	934	976	958	987	933	902	895	901	916
CFI Enrollment	260	252	275	250	250	250	252	246	235	235

**RICHLAND SCHOOL DISTRICT TWO**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>E. L. Wright Middle School</b>										
Square Feet	211,982	211,982	211,982	211,982	211,982	211,982	211,982	211,982	211,982	215,000
Capacity (Students)	1,489	1,489	1,489	1,489	1,489	1,489	1,489	1,489	1,489	1,489
Enrollment	1,088	1,081	1,066	1,078	1,092	1,114	1,092	1,112	1,072	1,090
CFK Enrollment	265	261	280	267	267	267	260	258	250	250
<b>Blythewood High School</b>										
Square Feet	299,000	299,000	299,000	299,000	299,000	299,000	299,000	299,000	376,673	376,673
Capacity (Students)	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	2,000	2,000
Enrollment	1,664	1,820	1,924	1,987	1,987	1,920	1,886	1,855	2,061	2,085
<b>Richland Northeast High School</b>										
Square Feet	302,413	302,413	302,413	302,413	302,413	302,413	302,413	302,413	302,413	302,413
Capacity (Students)	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750
Enrollment	1,451	1,447	1,410	1,423	1,359	1,410	1,446	1,399	1,304	1,342
<b>Ridge View High School</b>										
Square Feet	238,755	238,755	238,755	238,755	238,755	238,755	238,755	238,755	291,084	291,084
Capacity (Students)	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	1,524	1,473	1,357	1,343	1,442	1,507	1,593	1,654	1,683	1,712
<b>Spring Valley High School</b>										
Square Feet	458,812	458,812	458,812	458,812	458,812	458,812	458,812	458,812	458,812	458,812
Capacity (Students)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Enrollment	1,947	2,014	1,970	2,079	2,077	2,152	2,201	2,106	2,138	2,175
<b>Westwood High School</b>										
Square Feet	328,874	328,874	328,874	328,874	328,874	328,874	328,874	328,874	328,874	328,874
Capacity (Students)	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	1,303	1,346	1,345	1,354	1,472	1,464	1,466	1,504	1,651	1,683
<b>Total</b>										
<b>Square Feet</b>	<b>4,568,193</b>	<b>4,696,849</b>	<b>4,696,849</b>	<b>4,683,349</b>	<b>4,808,349</b>	<b>4,808,349</b>	<b>4,808,349</b>	<b>4,808,349</b>	<b>5,037,842</b>	<b>5,040,860</b>
<b>Capacity (Students)</b>	<b>30,149</b>	<b>30,896</b>	<b>30,896</b>	<b>30,696</b>	<b>31,443</b>	<b>31,443</b>	<b>31,443</b>	<b>31,443</b>	<b>32,086</b>	<b>32,086</b>
<b>Enrollment</b>	<b>26,877</b>	<b>27,325</b>	<b>27,607</b>	<b>27,872</b>	<b>28,056</b>	<b>28,359</b>	<b>28,549</b>	<b>27,873</b>	<b>28,406</b>	<b>28,669</b>
<b>Component Unit - Charter High School:</b>										
<i>Charter High School</i>										
<i>Square Feet</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>13,500</i>	<i>13,500</i>	<i>13,500</i>	<i>13,500</i>	<i>13,500</i>	<i>N/A</i>	<i>N/A</i>
<i>Capacity (Students)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>200</i>	<i>N/A</i>	<i>N/A</i>
<i>Enrollment</i>	<i>78</i>	<i>98</i>	<i>102</i>	<i>108</i>	<i>114</i>	<i>114</i>	<i>81</i>	<i>39</i>	<i>N/A</i>	<i>N/A</i>

Source: District Records

**RICHLAND SCHOOL DISTRICT TWO**

**TEACHER BASE SALARIES**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Minimum Salary (1)</u>	<u>Maximum Salary (1)</u>	<u>Statewide Average Salary (2)</u>
2014	\$ 35,210	\$ 76,598	\$ 48,340
2015	\$ 35,210	\$ 76,598	\$ 48,892
2016	\$ 35,210	\$ 76,598	\$ 48,769
2017	\$ 36,094	\$ 78,129	\$ 50,050
2018	\$ 36,094	\$ 78,130	\$ 50,182
2019	\$ 36,455	\$ 78,911	\$ 50,882
2020	\$ 37,193	\$ 82,067	\$ 53,329
2021	\$ 37,193	\$ 82,067	\$ 53,185
2022	\$ 41,000	\$ 84,708	\$ 54,814
2023	\$ 41,821	\$ 86,403	\$ 57,737

Source: (1) District records

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

## **SINGLE AUDIT SECTION**

**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***

To the Board of Trustees  
Richland School District Two  
Columbia, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Richland 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 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.

(Continued next page)

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Burkett Burkett & Burkett*

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BURKETT BURKETT & BURKETT  
Certified Public Accountants, P.A.  
West Columbia, South Carolina  
December 1, 2023



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

To the Board of Trustees  
Richland School District Two  
Columbia, South Carolina

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

**Opinion on Each Major Federal Program**

We have audited Richland School District Two (“the School District”)’s 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.

(Continued next page)

### **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.

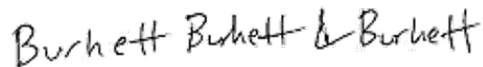
### **Report on Internal Control over Compliance**

*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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.



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BURKETT BURKETT & BURKETT  
Certified Public Accountants, P.A.  
West Columbia, South Carolina  
December 1, 2023









**RICHLAND SCHOOL DISTRICT TWO  
COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**2022 - 001: Payroll-Related Prior Period Adjustment and Accrual**

Condition/Criteria:	This finding was a material weakness stating that the School District overstated general fund expenditures, understated accrued salaries, and overstated beginning fund balance, due to retroactive payments to teachers not being properly reflected in the annual comprehensive financial report in the appropriate period.
Recommendation:	The auditor recommended that the School District take steps to ensure that its processes and controls included following up on regular teacher payroll audits to ensure that any required retroactive payments are properly recorded in the School District's general ledger and financial statements. The District concurred with the recommendation and indicated that the procedures would be implemented.
Current Status:	The recommendation was adopted during fiscal year 2023. No similar findings were noted in the fiscal year 2023 audit.