

School District of Edgefield County

Report on Financial Statements

For the fiscal year ended June 30, 2019

School District of Edgefield County

Members of the Board of Trustees

DR. KEVIN O’GORMAN, SUPERINTENDENT

<u>Name</u>	<u>Term of office</u>	
	<u>From</u>	<u>To</u>
Mrs. Robin Ball, Chairperson	2017	2020
Mrs. Blair Massey, Vice-Chairperson	2017	2020
Mr. Willie Campbell, Secretary	2019	2022
Dr. John Carrol Wates	2019	2022
Mr. Johnny Peterson	2017	2020
Mrs. Deidra Young	2017	2020
Mr. Charles Blackston	2019	2022

School District of Edgefield County

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	<u>Exhibit</u>
Government-wide Financial Statements	
Statement of Net Position.....	1 9
Statement of Activities.....	2 10
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	3 11
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position.....	4 12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	5 13
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	6 14
Statement of Net Position - Proprietary Fund.....	7 15
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	8 16
Statement of Cash Flows - Proprietary Fund.....	9 17
Statement of Fiduciary Assets and Liabilities - Agency Fund.....	10 18
Notes to Financial Statements.....	19-49
Required Supplementary Information	<u>Schedule</u>
Budgetary Comparison Schedule	
General Fund.....	1 50-58
Schedule of the District's Proportionate Share of the Net OPEB Liability.....	2 59
Schedule of the District's Contributions-OPEB.....	3 60
Schedule of the District's Proportionate Share of the Net Pension Liability.....	4 61
Schedule of the District's Contributions-Pension.....	5 62
Supplementary Information	
Governmental Funds	
Special Revenue Fund	
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance.....	A-1 63-67

School District of Edgefield County

Contents, Continued

Supplementary Information, Continued	Schedule	Page
Summary Schedule for Designated Restricted State Grants.....	A-2	68
EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance.....	A-3	69-73
EIA Summary Schedule by Program.....	A-4	74
School Building Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance.....	B	75
Debt Service Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance.....	C	76
Proprietary Fund		
Food Service Fund		
Schedule of Revenues, Expenses and Changes in Net Position.....	D	77
Agency Fund - Student Activities		
Schedule of Receipts, Disbursements and Changes in Due to Student Organizations.....	E	78
Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations by Schools.....	F	79
Detailed Schedule of Due to State Department of Education/ Federal Government.....	G	80
Location Reconciliation Schedule.....	H	81
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 <i>Government Auditing Standards</i>		82-83
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		84-85
Schedule of Expenditures of Federal Awards.....		86
Notes to Schedule of Expenditures of Federal Awards.....		87
Schedule of Findings and Questioned Costs.....		88-91
Summary Schedule of Prior Audit Findings.....		92



Independent Auditor's Report

Board of Trustees
School District of Edgefield County
Edgefield, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Edgefield County (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – general fund, schedule of District's proportionate share of the Net OPEB liability, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial schedules and other supplementary information, including the 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* (Uniform Guidance), 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules and other supplementary information, including the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Greenwood, South Carolina
November 27, 2019

School District of Edgefield County

Management's Discussion and Analysis (MD&A)

Fiscal Year ended June 30, 2019

INTRODUCTION

This discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

The Base Student Cost (BSC) is the main source of state funding. The District's 2018-2019 general fund budget was built based on a BSC of \$2,485. This was an increase from \$2,425 in 2017-2018. However, the BSC was capped at \$2,480 in January 2019. Although the maximum allowed millage increase was 13.68 mills (8.37 banked from the prior years and 5.31 mills for 18-19), the Board only raised the millage by 5.1 mills for the 2018-2019 school year. No dollars from the District's reserves were used as a funding source to balance the budget. The District's net position increased approximately \$279,000 during the fiscal year. The District's liabilities exceeded its assets at June 30, 2019 by approximately \$60.4 million.

The budget increased from \$ 30,510,220 in 2017-18 to \$31,461,635 in 2018-19 primarily because of a step increase for all employees, and a \$250 increase to the local supplement on the teacher salary schedule. The State Health Plan employer cost increased 8.1% and retirement increased 1%. All classified employees received a 1% cost of living increase. Additional funding was added for a contracted psychologist and a Director of Instruction. Despite conservation of general funds, the District was able to continue to deliver quality educational services to all students and maintain favorable student to teacher ratios in the current year.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and accompanying notes. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole school district, presenting both an aggregate view and a longer-term view of our finances. Fund financial statements provide the next level of detail. For government funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column.

Statement of Net Position and Statement of Activities - One of the most important questions asked about the District's finances is, "is the District better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. All of the current year's revenues and expenses are taken into consideration, regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's health is improving or deteriorating. The reader will need to consider property tax laws, funding issues, student enrollment growth or decline, facility conditions and other economic factors in arriving at their conclusion regarding the overall health of the District.

School District of Edgefield County

Management's Discussion and Analysis (MD&A)

Fiscal Year ended June 30, 2019

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State or Federal statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds - governmental, fiduciary and proprietary use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide for a short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds - The District is the trustee, or fiduciary, for its scholarship program and the other items listed as private purpose trusts. It is also responsible for other assets that, due to a trust agreement, can be used only for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Proprietary Funds - Proprietary Funds are used to present financial information about the activities within the organization that operate those funds like a business such as the Food Service program.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's net position increased approximately \$279,000 during the fiscal year. The District's liabilities exceeded its assets at June 30, 2019, by approximately \$60.4 million.

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

The District's financial position is the product of several financial transactions including the net results of operating activities, the acquisition and payment of debt and the acquisition and disposal of capital assets.

School District of Edgefield County
Management's Discussion and Analysis (MD&A)
Fiscal Year ended June 30, 2019

The following table presents a comparative summary of the District's net position for the fiscal year ended June 30, 2019 and 2018.

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Assets and Deferred Outflows of Resources:				
Current assets	\$ 11,288,619	\$ 11,515,172	\$ 37,929	\$ 46,360
Capital assets, net	19,157,480	19,298,808	174,021	138,711
Deferred outflows of resources	<u>8,838,746</u>	<u>10,096,840</u>	<u>516,293</u>	<u>589,865</u>
Total assets and deferred outflows of resources	<u>39,284,845</u>	<u>40,910,820</u>	<u>728,243</u>	<u>774,936</u>
Liabilities and Deferred Inflows of Resources:				
Current liabilities	6,636,741	6,714,066	209,185	59,363
Long-term liabilities	79,706,936	80,127,868	4,498,524	4,450,609
Deferred inflows of resources	<u>5,834,688</u>	<u>7,394,854</u>	<u>340,860</u>	<u>432,001</u>
Total liabilities and deferred inflows of resources	<u>92,178,365</u>	<u>94,236,788</u>	<u>5,048,569</u>	<u>4,941,973</u>
Net Position:				
Net investment in capital assets	16,358,879	15,184,586	174,021	138,711
Restricted	470,617	597,243	-	-
Unrestricted	<u>(69,723,016)</u>	<u>(69,107,797)</u>	<u>(4,494,347)</u>	<u>(4,305,748)</u>
Total net position	<u>(52,893,520)</u>	<u>(53,325,968)</u>	<u>(4,320,326)</u>	<u>(4,167,037)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 39,284,845</u>	<u>\$ 40,910,820</u>	<u>\$ 728,243</u>	<u>\$ 774,936</u>

Comparative information for 2019 and 2018 Statement of Activities is presented in the chart below. The chart shows that in spite of the suppressed funding levels in 2018-2019, the primary mission of the school district was preserved (classroom instruction). 58.24% of District resources went directly into classrooms at our schools (not including instructional support functions).

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Revenues:				
Program revenues:				
Charges for services	\$ 420	\$ 620	\$ 491,099	\$ 462,712
Operating grants and contributions	20,856,758	20,729,472	1,505,656	1,529,031
General revenues:				
Property taxes	12,288,070	11,584,897	-	-
Intergovernmental	6,256,927	6,103,790	-	-
Miscellaneous and transfers	<u>267,558</u>	<u>248,113</u>	<u>224,243</u>	<u>234,482</u>
Total revenues	<u>39,669,733</u>	<u>38,666,892</u>	<u>2,220,998</u>	<u>2,226,225</u>
Expenses:				
Instruction	23,106,860	22,987,855	-	-
Support services	15,704,892	15,916,280	2,374,287	2,513,242
Community services	-	-	-	-
Intergovernmental	345,148	94,842	-	-
Interest and other charges	<u>80,384</u>	<u>140,793</u>	<u>-</u>	<u>-</u>
Total expenses	<u>39,237,284</u>	<u>39,139,770</u>	<u>2,374,287</u>	<u>2,513,242</u>
Increase (decrease) in net position	<u>\$ 432,449</u>	<u>\$ (472,878)</u>	<u>\$ (153,289)</u>	<u>\$ (287,017)</u>

School District of Edgefield County
Management's Discussion and Analysis (MD&A)
Fiscal Year ended June 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5,034,067, a decrease of \$446,051. 100% of general fund balance constitutes unassigned fund balance, which is available for spending at the District's discretion. The administration intends to maintain this balance in order to be assured District operations continue to run smoothly despite unexpected budget cuts and the State Department of Education's failure to make payments in a timely manner, both serious issues in recent years.

The remaining fund balance is nonspendable, restricted, or committed, which indicates that it is not available for spending because it has already been restricted/committed as follows:

- Restricted for debt service - \$385,056

The general fund is the principal operating fund of the District. As the table below illustrates, the largest portions of the general fund expenditures each year are for salary and fringe benefits. 86.35% of the 2018-2019 budget (and portions of other fund transfers accounted for here under miscellaneous) was expended for staffing in the District.

	<u>Fiscal Year</u> <u>2019</u>	<u>2019 % of</u> <u>Actual</u>	<u>Fiscal Year</u> <u>2018</u>
Expenditures by Object			
Salaries and Wages	\$ 18,831,964	61.07%	\$ 18,297,575
Fringe Benefits	7,823,984	25.28%	7,153,675
Purchased Services	2,300,282	7.43%	2,143,396
Supplies	1,549,778	5.01%	1,846,346
Capital Outlay	178,605	.58%	156,652
Miscellaneous	<u>250,867</u>	<u>.81%</u>	<u>229,907</u>
	<u>\$ 30,935,480</u>	<u>100.00%</u>	<u>\$ 29,827,551</u>

Fiduciary funds are used to account for operations that are financial and operated in as a trust. The pupil activity fund is the only fiduciary fund. This fund had revenues in excess of expenditures of \$64,138 and assets totaling \$870,904.

Proprietary funds are used to account for funds that the District operates like a business. The Food Service operation is the only proprietary fund that the District operates. The fund had an end of year net deficit of \$4,320,326.

School District of Edgefield County
Management's Discussion and Analysis (MD&A)
Fiscal Year ended June 30, 2019

BUDGETARY HIGHLIGHTS

Over the course of the year, the District's General Fund expenditure and revenue budgets both traditionally increase slightly over the prior year operations, all things constant, if for no other reason than mandated salary and benefit increases. The District continues to employ strict cost control measures and takes a conservative approach to budgeted revenues in order to combat state funding levels that are comparable to the late 1990s.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in the fund financial statements of this report.

CAPITAL ASSETS

As of June 30, 2019, the District had invested a net amount of \$19,157,480 in governmental capital assets, including school buildings, athletic facilities, buses, vehicles, computers and other equipment. Total depreciation expense for the year was \$1,491,083. Accumulated depreciation is \$30,220,729.

The detailed schedule for 2019 and more information can be located in Note 4 of the notes to the financial statements.

DEBT ADMINISTRATION

At year-end, the District had \$3,877,131 in general obligation bonds and other long-term obligations outstanding, of which \$1,170,983 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2019.

	Principal outstanding June 30, 2018	Additions	Reductions	Principal outstanding June 30, 2019	Amounts due in one year
Governmental activities					
General obligation bonds					
August 14, 2012	\$ 4,190,000	\$ -	\$ 1,025,000	\$ 3,165,000	\$ 1,040,000
Total bonds payable	4,190,000	-	1,025,000	3,165,000	1,040,000
Note payable	623,090	-	185,263	437,827	76,122
Accrued compensated absences	291,883	-	17,579	274,304	54,861
Total governmental activities					
general long-term debt	\$ 5,104,973	\$ -	\$ 1,227,842	\$ 3,877,131	\$ 1,170,983

State statutes currently limit the amount of general obligation debt a District may issue to 8% of its total assessed valuation. The current remaining debt limitation for the District is approximately \$2,900,000. Additional information on the District's long-term debt can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The School District is coextensive with the area and boundaries of Edgefield County, which is located in the southwestern section of South Carolina. It has a land area of 481 square miles and is bordered to the north by Greenwood County, to the northeast by Saluda County, to the south by Aiken County and to the west by McCormick County. The population of Edgefield County, according to the 2010 Census, is 26,985.

In the 2018-2019 school year, the District operated four elementary schools, two middle schools, one high school, and one career center. Kindergarten classes were available for all five-year-olds within the District.

School District of Edgefield County

Management's Discussion and Analysis (MD&A)

Fiscal Year ended June 30, 2019

Enrollment for the 2018-2019 school year was 3,225 average daily membership. For fiscal year 2018-2019, the District employed approximately 252 certified staff and 250 other employees. Assessment rates show a stagnated growth pattern, but the local manufacturing economy has decreased as businesses have left the area. It is predicted that the population of the County will grow as the cyber security center is built at Fort Gordon in Augusta, GA. In addition, vehicle sales remain strong in the County. The unemployment rate compares favorably with the state's rate and the county's top employers and taxpayers have shown stable operations.

Factors under consideration by the District's administration during the process of developing the fiscal year 2018-2019 budget were to address continued suppressed EFA Base Student Cost funding levels that compare to the mid 2000s, balance the budget without using money in the reserve fund, increase the fund balance due to new fiscal accountability laws, improve academic achievement and efforts to recruit and retain the most highly qualified instructional staff. Although state projections are at or above expectations, potential salary increases, increased health costs, increased retirement costs and continued cuts to Federal and State funds will continue to create a challenging budget outlook in 2019-2020.

The District's primary goal is to have a well-run instructional program in a financially sound environment. Conservative budgeting has permitted the District to manage uncertain revenue sources in prior years without negatively impacting programs. Flexibility legislation and a sound fund balance have also eased the impact of unstable funding in prior years on the District. However, there is no doubt the state implementation of Act 388, the overall state of the economy and increased health costs and state infrastructure needs, which compete with education funding, are to blame for the suppressed Base Student Cost funding levels. The majority of state revenues are now dependent upon sales tax collections as opposed to the more stable prior model of dependence on real estate taxes.

All the factors above were considered when adopting the budget for fiscal year 2019-2020. Anticipated budgeted expenditures in the General Fund for fiscal year 2019-2020 will be \$32,340,445. The maximum allowed millage increase was 15.98 mills (8.58 from the prior years that were banked plus 7.40 mills for the current year). The Board raised millage 0.00 mills and approved this budget with 213.32 mills. Balancing the budget without dipping into the reserve fund and increasing the fund balance because of new fiscal accountability laws were two major considerations when the 2019-20 budget was created.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Financial Services Office, Edgefield County School District, 425 Lee Street, Johnston, South Carolina 29832, (Telephone # 803-275-1122).

School District of Edgefield County

Exhibit 1 - Statement of Net Position

June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 7,768,846	\$ 175	\$ 7,769,021
Deposits with Edgefield County Treasurer	1,352,026	-	1,352,026
Accounts receivable	151,302	-	151,302
Property taxes receivable, net	809,966	-	809,966
Due from other governmental units	1,206,479	1,554	1,208,033
Inventories	-	36,200	36,200
Total current assets	11,288,619	37,929	11,326,548
Non-current assets			
Non-depreciable capital assets	1,263,612	-	1,263,612
Depreciable capital assets, net of accumulated depreciation	17,893,868	174,021	18,067,889
Total non-current assets	19,157,480	174,021	19,331,501
Total assets	30,446,099	211,950	30,658,049
Deferred Outflows of Resources			
Deferred outflows - pension	6,944,678	405,637	7,350,315
Deferred outflows - OPEB	1,894,068	110,656	2,004,724
Total deferred outflows of resources	8,838,746	516,293	9,355,039
Total Assets and Deferred Outflows of Resources	\$ 39,284,845	\$ 728,243	\$ 40,013,088
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities			
Accounts payable and accrued expenses	\$ 1,531,196	\$ -	\$ 1,531,196
Unearned revenue	356,605	-	356,605
Accrued salaries and benefits	3,765,970	-	3,765,970
Internal balances	(209,185)	209,185	-
Accrued interest	21,171	-	21,171
Current portion of non-current liabilities:			
Bonds payable	1,040,000	-	1,040,000
Notes payable	76,122	-	76,122
Compensated absences	54,861	-	54,861
Total current liabilities	6,636,740	209,185	6,845,925
Non-current liabilities			
Bonds payable	2,125,000	-	2,125,000
Notes payable	361,705	-	361,705
Compensated absences	219,443	-	219,443
Net pension liability	43,430,164	2,537,256	45,967,420
Net OPEB liability	33,570,624	1,961,268	35,531,892
Total non-current liabilities	79,706,936	4,498,524	84,205,460
Total liabilities	86,343,676	4,707,709	91,051,385
Deferred Inflows of Resources			
Deferred inflows - pension	2,963,891	173,141	3,137,032
Deferred inflows - OPEB	2,870,797	167,719	3,038,516
Total deferred inflows of resources	5,834,688	340,860	6,175,548
Net position (deficit)			
Net investment in capital assets	16,358,879	174,021	16,532,900
Restricted for:			
Debt service	470,617	-	470,617
Unrestricted	(69,723,015)	(4,494,347)	(74,217,362)
Total net position (deficit)	(52,893,519)	(4,320,326)	(57,213,845)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 39,284,845	\$ 728,243	\$ 40,013,088

See Notes to Financial Statements

School District of Edgefield County

Exhibit 2 - Statement of Activities

For the year ended June 30, 2019

Functions and Programs	Expenses	Program revenues		Net revenue (expense) and changes in net position		
		Charges for Sales and Service	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government						
Governmental activities:						
Instruction	\$ 23,106,860	\$ 250	\$ 12,417,223	\$ (10,689,387)		\$ (10,689,387)
Support services	15,704,892	170	8,439,535	(7,265,187)		(7,265,187)
Intergovernmental	345,148	-	-	(345,148)		(345,148)
Interest and other charges	80,384	-	-	(80,384)		(80,384)
Total governmental activities	<u>39,237,284</u>	<u>420</u>	<u>20,856,758</u>	<u>(18,380,106)</u>		<u>(18,380,106)</u>
Business-type activities:						
Food service	<u>2,374,287</u>	<u>491,099</u>	<u>1,505,656</u>		\$ (377,532)	<u>(377,532)</u>
Total business-type activities	<u>2,374,287</u>	<u>491,099</u>	<u>1,505,656</u>		<u>(377,532)</u>	<u>(377,532)</u>
Total primary government	<u>\$ 41,611,571</u>	<u>\$ 491,519</u>	<u>\$ 22,362,414</u>	<u>(18,380,106)</u>	<u>(377,532)</u>	<u>(18,757,638)</u>
General revenues:						
Property taxes levied for:						
General purposes				10,241,123	-	10,241,123
Debt service				2,046,947	-	2,046,947
Federal and state aid not restricted for specific purpose				6,256,927	-	6,256,927
Unrestricted investment earnings				70,656	-	70,656
Miscellaneous				421,145	-	421,145
Transfers				<u>(224,243)</u>	<u>224,243</u>	<u>-</u>
Total general revenues and transfers				<u>18,812,555</u>	<u>224,243</u>	<u>19,036,798</u>
Change in net position				432,449	(153,289)	279,160
Net position (deficit), beginning of year				<u>(53,325,968)</u>	<u>(4,167,037)</u>	<u>(57,493,005)</u>
Net position (deficit), end of year				<u>\$ (52,893,519)</u>	<u>\$ (4,320,326)</u>	<u>\$ (57,213,845)</u>

See Notes to Financial Statements

School District of Edgefield County

Exhibit 3 - Balance Sheet - Governmental Funds

June 30, 2019

	Special Revenue Funds					Total Governmental Funds
	General	Special Revenue - Other	Education Improvement Act	Capital Projects	Debt Service	
Assets						
Cash and investments	\$ 7,768,846	\$ -	\$ -	\$ -	\$ -	\$ 7,768,846
Deposits with Edgefield County Treasurer	600,571	-	-	366,399	385,056	1,352,026
Accounts receivable	151,302	-	-	-	-	151,302
Property taxes receivable, net	703,234	-	-	-	106,732	809,966
Due from other governmental units	346,916	789,755	69,808	-	-	1,206,479
Due from other funds	1,782,816	-	267,792	-	-	2,050,608
Total assets	\$ 11,353,685	\$ 789,755	\$ 337,600	\$ 366,399	\$ 491,788	\$ 13,339,227
Liabilities						
Accounts payable and accrued liabilities	\$ 1,531,196	\$ -	\$ -	\$ -	\$ -	\$ 1,531,196
Unearned revenue, other	-	19,005	337,600	-	-	356,605
Due to other funds	704,274	770,750	-	366,399	-	1,841,423
Accrued salaries and benefits	3,765,970	-	-	-	-	3,765,970
Total liabilities	6,001,440	789,755	337,600	366,399	-	7,495,194
Deferred inflows of resources						
Unavailable revenue - property taxes	703,234	-	-	-	106,732	809,966
Total deferred inflows of resources	703,234	-	-	-	106,732	809,966
Fund balances:						
Restricted for debt service	-	-	-	-	385,056	385,056
Unassigned	4,649,011	-	-	-	-	4,649,011
Total fund balances	4,649,011	-	-	-	385,056	5,034,067
Total liabilities, deferred inflows of resources and fund balances	\$ 11,353,685	\$ 789,755	\$ 337,600	\$ 366,399	\$ 491,788	\$ 13,339,227

See Notes to Financial Statements

School District of Edgefield County

Exhibit 4 - Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2019

Total governmental fund balances	\$	5,034,067
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		19,157,480
A portion of property taxes receivable are not available to pay for current period expenditures and therefore are unavailable in the funds.		809,966
Deferred inflows and outflows of resources are not reported in the funds:		
Deferred outflows related to pension		6,944,678
Deferred outflows related to OPEB		1,894,068
Deferred inflows related to pension		(2,963,891)
Deferred inflows related to OPEB		(2,870,797)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable		(3,165,000)
Notes payable		(437,827)
Net pension liability		(43,430,164)
OPEB liability		(33,570,624)
Compensated absences		(274,304)
Accrued interest		(21,171)
		<hr/>
Net position (deficit) of governmental activities	\$	(52,893,519)

See Notes to Financial Statements

School District of Edgefield County

Exhibit 5 - Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the year ended June 30, 2019

	Special Revenue Funds					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Capital Projects	Debt Service	
REVENUES						
Local						
Property taxes	\$ 9,939,706	\$ -	\$ -	\$ -	\$ 1,762,662	\$ 11,702,368
Investment earnings	49,607	-	-	8,847	12,202	70,656
Other	459,520	184,940	-	-	126,258	770,718
Total local sources	<u>10,448,833</u>	<u>184,940</u>	<u>-</u>	<u>8,847</u>	<u>1,901,122</u>	<u>12,543,742</u>
Intergovernmental	-	39,337	-	-	-	39,337
State	20,090,828	1,020,289	3,200,823	-	158,027	24,469,967
Federal	51,599	2,487,914	-	-	-	2,539,513
Total revenues	<u>30,591,260</u>	<u>3,732,480</u>	<u>3,200,823</u>	<u>8,847</u>	<u>2,059,149</u>	<u>39,592,559</u>
EXPENDITURES						
Current:						
Instruction	18,046,301	2,240,436	1,415,098	-	-	21,701,835
Support services	12,424,242	1,386,309	939,396	-	-	14,749,947
Intergovernmental	86,434	258,714	-	-	-	345,148
Debt service:						
Principal	185,263	-	-	-	1,025,000	1,210,263
Interest	9,346	-	-	-	79,899	89,245
Other	-	-	-	-	264	264
Capital outlay	178,605	-	-	1,539,060	-	1,717,665
Total expenditures	<u>30,930,191</u>	<u>3,885,459</u>	<u>2,354,494</u>	<u>1,539,060</u>	<u>1,105,163</u>	<u>39,814,367</u>
Excess of revenues over (under) expenditures	(338,931)	(152,979)	846,329	(1,530,213)	953,986	(221,808)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	1,036,226	174,477	168,399	1,588,991	-	2,968,093
Operating transfers out	(993,462)	(21,498)	(1,014,728)	(62,648)	(1,100,000)	(3,192,336)
Total other financing sources (uses)	<u>42,764</u>	<u>152,979</u>	<u>(846,329)</u>	<u>1,526,343</u>	<u>(1,100,000)</u>	<u>(224,243)</u>
Net change in fund balances	(296,167)	-	-	(3,870)	(146,014)	(446,051)
FUND BALANCE, beginning of year	<u>4,945,178</u>	<u>-</u>	<u>-</u>	<u>3,870</u>	<u>531,070</u>	<u>5,480,118</u>
FUND BALANCE, end of year	<u>\$ 4,649,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,056</u>	<u>\$ 5,034,067</u>

See Notes to Financial Statements

School District of Edgefield County

Exhibit 6 - Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2019

Total net change in fund balance - governmental funds \$ (446,051)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Details supporting this adjustment are as follows:

Capital outlay	\$ 1,349,755	
Depreciation expense	<u>(1,491,083)</u>	(141,328)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bond principal retirement	1,025,000
Notes payable principal retirement	185,263

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available revenues" and are unavailable in the governmental funds. Unavailable tax revenues changed by this amount this year.

301,417

In the Statement of Activities, certain operating expenses - compensated absences (annual leave), and other post employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated absences	17,579
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Activity related to deferred outflows and inflows of resources related to pension and OPEB is not recorded at the fund level but is included in the Statement of Activities:

Deferred outflows related to pension	(1,985,596)
Deferred outflows related to OPEB	727,502
Deferred inflows related to pension	1,384,558
Deferred inflows related to OPEB	175,608

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The net changes are as follows:

Net pension liability	527,808
OPEB liability	(1,348,436)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

9,125

Change in net position of governmental activities

\$ 432,449

See Notes to Financial Statements

School District of Edgefield County

Exhibit 7 - Statement of Net Position - Proprietary Fund

June 30, 2019

Assets

Current assets

Cash	\$	175
Due from other governments		1,554
Inventories		36,200
Total current assets		<u>37,929</u>

Noncurrent assets

Equipment		456,861
Less: Accumulated depreciation		<u>282,840</u>
Total noncurrent assets		<u>174,021</u>
Total assets		<u>211,950</u>

Deferred Outflows of Resources

Deferred outflows - pension		405,637
Deferred outflows - OPEB		<u>110,656</u>
Total outflows of resources		<u>516,293</u>

Total Assets and Deferred Outflows of Resources

\$ 728,243

Liabilities

Current liabilities

Due to other funds	\$	<u>209,185</u>
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Non-current liabilities

Net pension liability		2,537,256
OPEB liability		<u>1,961,268</u>
Total non-current liabilities		4,498,524

Total liabilities 4,707,709

Deferred Inflows of Resources

Deferred inflows - pension		173,141
Deferred inflows - OPEB		<u>167,719</u>
Total inflows of resources		<u>340,860</u>

Net Position (deficit)

Net investment in capital assets		174,021
Unrestricted		<u>(4,494,347)</u>
Total net position (deficit)		<u>(4,320,326)</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position

\$ 728,243

See Notes to Financial Statements

School District of Edgefield County

Exhibit 8 - Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund

For the year ended June 30, 2019

OPERATING REVENUES	
Meal sales	\$ 462,026
Other operating revenues	29,073
Total operating revenues	<u>491,099</u>
OPERATING EXPENSES	
Food costs	880,428
Salaries and wages	1,183,740
Supplies	125,647
Depreciation	27,339
Other operating costs	116,314
Total operating expenses	<u>2,333,468</u>
Operating loss	<u>(1,842,369)</u>
NON-OPERATING REVENUES	
Interest income	31,403
Commodities received from USDA	142,463
USDA reimbursements	1,331,790
Total non-operating revenues	<u>1,505,656</u>
Loss before operating transfers	<u>(336,713)</u>
Intergovernmental expenditures	
Payments from PEBA nonemployer contributions	(40,819)
OPERATING TRANSFERS IN	
Change in net position	<u>224,243</u>
NET POSITION (DEFICIT), beginning of year	
	<u>(4,167,037)</u>
NET POSITION (DEFICIT), end of year	
	<u><u>\$ (4,320,326)</u></u>

See Notes to Financial Statements

School District of Edgefield County

Exhibit 9 - Statement of Cash Flows - Proprietary Fund For the year ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Received from patrons	\$ 491,099
Payments to employees for services	(754,943)
Payments to employees for benefits	(398,451)
Payments to suppliers for goods and services	(847,822)
Other payments	(116,314)
Net cash used for operating activities	<u>(1,626,431)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Nonoperating grants received	1,331,790
Payments from PEBA nonemployer contributions	(40,819)
Cash in lieu of USDA commodities	142,463
Operating transfers in from general fund	224,243
Net cash received from non-capital financing activities	<u>1,657,677</u>

CASH FLOWS FOR CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(62,649)
Net cash used for capital and related financing activities	<u>(62,649)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	31,403
Net cash received from investing activities	<u>31,403</u>
Net change in cash and cash equivalents	<u>-</u>

CASH AND CASH EQUIVALENTS, JULY 1, 2018

175

CASH AND CASH EQUIVALENTS, JUNE 30, 2019

\$ 175

Reconciliation of operating loss to net cash used for operating activities

Operating loss	\$ (1,842,369)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	27,339
Change in deferred and accrued amounts	
Inventories	833
Due from other governments	7,598
Deferred outflows of resources	73,572
Deferred inflows or resources	(91,141)
Net pension liability	(30,862)
OPEB liability	78,777
Due to/from other funds	149,822
Net cash used for operating activities	<u>\$ (1,626,431)</u>

See Notes to Financial Statements

School District of Edgefield County

Exhibit 10 - Statement of Fiduciary Assets and Liabilities - Agency Fund

June 30, 2019

	<u>Pupil Activity</u>	<u>Strom Thurmond Scholarship</u>	<u>J Carson Scholarship</u>	<u>ART Scholarship</u>	<u>Stamey Scholarship</u>	<u>Broadus Scholarship</u>	<u>Total</u>
ASSETS							
Cash	\$ 624,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 624,227
Investments	-	93,652	55,365	3,835	7,493	86,332	246,677
	<u>\$ 624,227</u>	<u>\$ 93,652</u>	<u>\$ 55,365</u>	<u>\$ 3,835</u>	<u>\$ 7,493</u>	<u>\$ 86,332</u>	<u>\$ 870,904</u>
LIABILITIES							
Accounts payable	\$ 23,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,650
Deferred scholarship	-	93,652	55,365	3,835	7,493	86,332	246,677
Due to student organizations	600,577	-	-	-	-	-	600,577
	<u>\$ 624,227</u>	<u>\$ 93,652</u>	<u>\$ 55,365</u>	<u>\$ 3,835</u>	<u>\$ 7,493</u>	<u>\$ 86,332</u>	<u>\$ 870,904</u>

See Notes to Financial Statements

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District of Edgefield County (the District) is governed by a seven member board of education (the Board). The District provides regular and exceptional education for students in kindergarten through grade twelve.

The financial statements of the 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. The District has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activities and to its proprietary funds. The following is a summary of the more significant policies.

A. Reporting Entity

The District's financial statements include all funds over which the Board is considered to be financially accountable. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by governmental accounting standards. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. The District invests funds and receives property tax revenues through its relationship with Edgefield County.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. The District has no component units.

B. Basis of Presentation

The statements of the District are presented as follows:

Government-wide financial statements - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources management focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation, Continued

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 District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Depreciation expense has been allocated to individual functions in the governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the 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 District.

Fund financial statements - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District has no non-major funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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 position. The statement of cash flows provides information about how the District finances and meets cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the District's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

C. Measurement Focus and Basis of Accounting

Fund accounting

The accounts of the District are organized and operated on the basis of funds during the fiscal year, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The various funds are grouped into the categories governmental, proprietary, and fiduciary.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting, Continued

Governmental Funds

Governmental funds are used to account for all or most of a District's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general capital assets (school building fund), and the servicing of general long-term debt (debt service fund).

General Fund - to account for all financial transactions not properly accounted for in another fund. The District uses this fund to account for expenditures principally for administration, instruction, pupil services, operation, and maintenance of plant and related fixed charges.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted to expenditures for specified purposes. The District has two special revenue funds:

1. The Education Improvement Act (EIA) Fund, a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.
2. Special Revenue - Other, a budgeted fund used to account for financial resources provided by federal, state, and local projects and grants.

Capital Projects (Building) Fund - to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

Debt Service Fund - to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest payments.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to provide sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The District has no internal service funds.

Within proprietary funds, operating revenues and expenses are presented in the Statement of Revenue, Expenses and Changes in Net Position. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Sales for food service represent the operating revenues of the District's proprietary fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds - to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or covered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Food Service Fund is the District's only enterprise fund and is used to account for the United States Department of Agriculture (USDA) approved school breakfast and lunch programs.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting, Continued

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The District's fiduciary funds consist of agency funds which are custodial in nature and do not involve measurement of results of operation. The agency funds are used to account for amounts held for student activity organizations and scholarships.

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. Proprietary and fiduciary funds also use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available/due.

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 District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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 associated with the current fiscal period are considered to be both measurable and available at fiscal year-end: property taxes, interest, tuition, grants, student fees and rentals.

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2019, but which have not met the revenue recognition criteria, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue. On governmental fund financial statements, receivables that will not be collected within the available period (60 days) have also been reported as unavailable revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting, Continued

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.

D. Assets, Liabilities, and Equity or Net Position

Cash and Cash Equivalents and Investments

The District's investments are carried at fair value, except that repurchase agreements and U.S. Government Agencies that have a maturity at the time of purchase of one year or less are shown at amortized cost. The District's cash consists of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Inventories

Under the system of accounting for inventories, materials and supplies are carried in an inventory account at cost using the first-in, first-out method of accounting and are subsequently charged to expense when consumed. Inventories include food, supplies, and commodities. An amount for commodities received from the USDA, but not consumed as of June 30, 2019, has been recorded at fair value as provided by the USDA.

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 both in the business-type activities column of the government-wide statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gains or losses, if any, are reflected in revenue or expenditures/expenses for the year. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities, and Equity or Net Position, Continued

With the exception of land and construction in progress, all reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental activities estimated lives</u>	<u>Business-type activities estimated lives</u>
Land improvements	15 - 40 years	N/A
Buildings and improvements	15 - 50 years	20 years
Furniture and equipment	5 - 20 years	3 - 12 years
Vehicles	5 - 10 years	6 years

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave. A liability for compensated absences is reported on the government-wide financial statements.

In the governmental fund financial statements, the current portion of compensated absences is the amount expected to be paid using expendable available financial resources and is reported as an expenditure and fund liability in the fund that will pay it. The remainder of the compensated absences liability is not reported. In the proprietary fund, compensated absences are recorded as an expense and liability.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Bond premiums and discounts are deferred and amortized over the life of the bonds, using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities, and Equity or Net Position, Continued

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so, will not be recognized as an inflow of resources (revenue) until then.

Fund Balances and Net Position

This Statement defines five classifications of governmental funds balances: nonspendable, restricted, committed, assigned, and unassigned. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

For the government-wide financial statements, the District applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net position are available. For the governmental funds financial statements, the District applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities, and Equity or Net Position, Continued

Interfund 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 balances are eliminated.

Exchange transactions between funds are reported as revenue 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 interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The budgetary data reflected in the financial statements is prepared and adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used in establishing budgetary data:

- The Superintendent submits a proposed budget to the District Board of Education prior to May 1 each year.
- Taxpayers are given the opportunity to comment on the proposed budget in regular open Board meetings.
- The budget is legally adopted prior to June 30.
- Amendments are made during the year as approved by the Board of Education.
- Budgets for certain special revenue funds are adopted through submission and subsequent approval of a project application to the appropriate authorizing agency.
- Budgets are not adopted for the debt service fund or the building fund.
- The budget is used as a management control device during the year for the general and special revenue funds.

Encumbrances represent uncompleted purchase orders, contracts and other commitments outstanding at year end. The District's encumbrances lapse at year end.

III. DETAILED NOTES ON ALL FUNDS

NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH EDGEFIELD COUNTY TREASURER AND INVESTMENTS

The District is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Banks and savings and loan associations to the extent they are guaranteed by the Federal Deposit Insurance Corporation.
4. Deposits in certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH EDGEFIELD COUNTY TREASURER AND INVESTMENTS - (Continued)

5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government-guaranteed securities in accordance with South Carolina State laws).
6. Repurchase agreements.

Custodial Credit Risk - Custodial credit risk is the risk that the District's deposits will not be returned to it. The District has no formal policy regarding custodial credit risk. At June 30, 2019, the carrying amount of the District's deposits was \$2,545,506 and the bank balance was \$2,995,685. At June 30, 2019, 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 District's name or insured by the Federal Deposit Insurance Corporation. Management believes there is no significant custodial risk associated with these deposits. The District held \$376 in petty cash at June 30, 2019. Information was not available regarding the custodial credit risk of deposits with the Edgefield County Treasurer of \$1,352,026.

At June 30, 2019, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair value</u>
Local government investment pool	Various	\$ 5,847,366
Merrill Lynch Mutual Funds (Pupil Activity Fund Scholarship investments)	Various	235,349
First Citizens – Certificates of deposit	Various	<u>11,328</u>
		<u>\$ 6,094,043</u>

Credit Risk - South Carolina statutes authorize investments in certificates of deposit, 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 District has no investment policy that would further restrict its choices.

The Local Government Investment Pool (LGIP) is not rated. The fair value of the District's position in the LGIP approximates the same value of the District's shares. Further information may be obtained from the LGIP's complete financial statements. These financial statements may be obtained by writing to the following address:

Office of the State Treasurer
Local Governmental Investment Pool
Post Office Box 11778
Columbia, South Carolina 29211

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District places no limit on the amount that may be invested in one issuer.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH EDGEFIELD COUNTY TREASURER AND INVESTMENTS - (Continued)

A reconciliation of cash and investments as shown on the Statement of Net Position for the primary government and the Statement of Fiduciary Assets and Liabilities follows:

Deposits	\$	2,545,882
Investments		<u>6,094,043</u>
	\$	<u>8,639,925</u>
Statement of Net Position	\$	7,769,021
Statement of Fiduciary Assets and Liabilities		<u>870,904</u>
	\$	<u>8,639,925</u>

Amounts on Deposit with Edgefield County Treasurer

Amounts on deposit with the Edgefield County Treasurer are not categorized since they cannot be identified by securities that exist in physical or book entry form. These amounts are subject to the same investment authorizations as the District under state law. The carrying values of these investments approximate the fair values. The Edgefield County Treasurer is responsible for maintaining these investments in accordance with state laws.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's recurring fair value measurements as of June 30, 2019 for the investments are valued using quoted market prices (Level 1 inputs).

NOTE 2 - PROPERTY TAXES

Assessed valuation of taxable property for 2018 for the District was approximately \$76,000,000. The tax rate for the District totaled 237.82 mills, of which 213.32 mills were for the general fund and 24.50 mills were for the debt service fund. Taxes receivable of \$703,234 in the general fund and \$106,732 in the debt service fund are net of an allowance for uncollectible taxes.

Property taxes are collected for the District by the Edgefield County Treasurer.

The District's property tax is levied on the assessed value listed as of January 1 for all real and business personal property located in the District's geographical area. Liens attach to the property at the time taxes are levied. Taxes are due without penalty, for real and personal property excluding automobiles, through January 15. After that time, penalties are added depending on the date paid as follows:

January 15 through February 1	3% of tax
February 2 through March 15	10% of tax
March 16 and thereafter	15% of tax

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 3 - RECEIVABLES

Intergovernmental receivables at June 30, 2019 consisted of taxes, intergovernmental grants, reimbursements and interest. All intergovernmental receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

Governmental activities	
Due from state and/or federal government	
General fund	\$ 346,916
EIA	69,808
Special projects	
Title I	342,865
IDEA	204,264
Occupational education	22,188
Adult education	68,430
Other special revenue programs	152,008
Total governmental activities	<u>\$ 1,206,479</u>
Food service fund	\$ 1,554

Receivables for property taxes are reported net of the allowance for uncollectible accounts. Governmental funds report unavailable revenue (deferred inflows of resources) in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2019, unavailable revenue related to property taxes reported in the governmental funds totaled \$703,234 and \$106,732 in the general and debt service funds, respectively.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 420,724	\$ -	\$ -	\$ 420,724
Construction in Process	-	842,888	-	842,888
Total capital assets, not being depreciated	<u>420,724</u>	<u>842,888</u>	<u>-</u>	<u>1,263,612</u>
Capital assets, being depreciated				
Improvements	8,127,170	324,220	-	8,451,390
Buildings	36,681,129	-	-	36,681,129
Equipment	2,799,431	182,647	-	2,982,078
Total capital assets, being depreciated	<u>47,607,730</u>	<u>506,867</u>	<u>-</u>	<u>48,114,597</u>
Total cost	<u>48,028,454</u>	<u>1,349,755</u>	<u>-</u>	<u>49,378,209</u>
Less accumulated depreciation				
Improvements	2,777,186	563,030	-	3,340,216
Buildings	23,568,499	799,027	-	24,367,526
Equipment	2,383,961	129,026	-	2,512,987
Total accumulated depreciation	<u>28,729,646</u>	<u>1,491,083</u>	<u>-</u>	<u>30,220,729</u>
Governmental activities capital assets, net	<u>\$ 19,298,808</u>	<u>\$ (141,328)</u>	<u>\$ -</u>	<u>\$ 19,157,480</u>

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 4 - CAPITAL ASSETS - (Continued)

	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Business-type activities				
Equipment	\$ 394,212	\$ 62,649	\$ -	\$ 456,861
Less accumulated depreciation	<u>255,501</u>	<u>27,339</u>	<u>-</u>	<u>282,840</u>
Business-type activities capital assets, net	<u>\$ 138,711</u>	<u>\$ 35,309</u>	<u>\$ -</u>	<u>\$ 174,021</u>

During the year ended June 30, 2019, the District had depreciation expense of \$1,491,083 for governmental activities. This depreciation expense has been allocated to instruction and support services in the amounts of \$887,727 and \$603,356, respectively.

NOTE 5 - LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2019, were as follows:

	Principal outstanding June 30, 2018	Additions	Reductions	Principal outstanding June 30, 2019	Amounts due in one year
Governmental activities					
General obligation bonds					
August 14, 2012	\$ 4,190,000	\$ -	\$ 1,025,000	\$ 3,165,000	\$ 1,040,000
Total bonds payable	4,190,000	-	1,025,000	3,165,000	1,040,000
Note payable	623,090	-	185,263	437,827	76,122
Accrued compensated absences	<u>291,883</u>	<u>-</u>	<u>17,579</u>	<u>274,304</u>	<u>54,861</u>
Total governmental activities general long-term debt	<u>\$ 5,104,973</u>	<u>\$ -</u>	<u>\$ 1,227,842</u>	<u>\$ 3,877,131</u>	<u>\$ 1,170,983</u>

General obligation bonds consist of the following at June 30, 2019:

Date of Issue	Interest Rates	Payment Dates	Maturity	Original Issue	Outstanding at June 30, 2019
August 14, 2012	1.00 - 1.70	Mar	2022	5,000,000	3,165,000

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2019, including interest payments over the life of the debt are as follows:

Year Ended June 30	Principal	Interest	Total
2020	1,040,000	48,055	1,088,055
2021	1,055,000	34,015	1,089,015
2022	<u>1,070,000</u>	<u>18,190</u>	<u>1,088,190</u>
	<u>\$ 3,165,000</u>	<u>\$ 100,260</u>	<u>\$ 3,265,260</u>

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 5 - LONG-TERM DEBT - (Continued)

Article X, Section 15 of the Constitution of the State of South Carolina, as amended, empowers each School District of the State to incur general obligation debt in such manner and upon such terms and conditions, as the General Assembly shall prescribe by law. After November 30, 1982, each School District may incur general obligation debt, without an election and upon such terms and conditions as the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of such School District.

Bonded indebtedness existing on November 30, 1982, and bonded indebtedness authorized by a majority vote of the qualified electors of the District voting in a referendum will not be considered in the computation of the 8% limitation. As of June 30, 2019, the remaining debt margin available to the District was approximately \$2,900,000.

During the year ended June 30, 2017, the District entered into a \$623,090 loan with the SC ORS-Energy Office for the purpose of constructing a solar farm to power W.E. Parker Elementary. The note is due in 8 yearly installments of \$83,235 starting July 1, 2018, and ending on July 1, 2025. The note bears an annual rate of interest of 1.5%. As of June 30, 2019 the District had drawn \$623,090 from the loan proceeds.

The annual requirements to amortize the note payable including interest payments over the life of the debt are as follows:

Year Ended June 30	Principal	Interest	Total
2020	76,122	7,113	83,235
2021	77,264	5,971	83,235
2022	78,423	4,812	83,235
2023	79,599	3,636	83,235
2024	80,793	2,442	83,235
2025	45,626	1,230	46,856
	<u>\$ 437,827</u>	<u>\$ 25,204</u>	<u>\$ 463,031</u>

NOTE 6 - SHORT TERM OBLIGATIONS

The District issued \$1,100,000 in general obligation bonds, series 2018D, in September 2018, with a coupon rate of 3.5% to fund capital projects. The bond matured on March 1, 2019.

Changes in short-term obligations for the year ended June 30, 2019, were as follows:

	Principal outstanding July 1, 2018	Additions	Reductions	Principal outstanding June 30, 2019
Governmental activities				
General obligation bonds Series 2018D	\$ -	\$ 1,100,000	\$ 1,100,000	\$ -

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 7 - TRANSFERS IN AND OUT/INTERFUND BALANCES

During the course of normal operations, the District has transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers. Total transfers during the year ended June 30, 2019, consisted of the following individual fund amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 1,036,226	\$ 993,462
Special projects	174,477	21,498
Education Improvement Act	168,399	1,014,728
Capital Projects	1,588,991	62,648
Debt Service	-	1,100,000
Food service	<u>224,243</u>	<u>-</u>
	<u>\$ 3,192,336</u>	<u>\$ 3,192,336</u>

As of June 30, 2019, amounts due from (to) other funds related to the District's pooled cash are as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General	\$ 1,782,816	\$ 704,274
Special revenue – Other	-	770,750
Special revenue – EIA	267,792	-
Debt retirement	-	-
Capital projects	-	366,399
Food service	<u>-</u>	<u>209,185</u>
	<u>\$ 2,050,608</u>	<u>\$ 2,050,608</u>

IV. OTHER INFORMATION

NOTE 8 - PENSION PLAN

Pension Plan

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina (the "State"), including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems (the "Systems"); five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of 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 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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

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

Plan 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 allowances and other benefits for employees of the state, its public school districts, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

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

Membership:

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

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

State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with the ORP vendor 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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate.

PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits:

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

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

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

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2019¹</u>	<u>Fiscal Year 2018¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2019¹</u>	<u>Fiscal Year 2018¹</u>
SCRS		
Employer Class Two	14.41%	13.41%
Employer Class Three	14.41%	13.41%
Employer Incidental Death Benefit	.15%	.15%
State ORP		
Employer Contribution ²	14.41%	13.41%
Employer Incidental Death Benefit	.15%	.15%
PORS		
Employer Class Two	16.84%	15.84%
Employer Class Three	16.84%	15.84%
Employer Incidental Death Benefit	.20%	.20%
Employer Incidental Death Program	.20%	.20%

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

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

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Contributions, Continued:

Contributions to the SCRS, ORP and PORS pension plans from the District were \$3,167,122 for the year ended June 30, 2019.

Net Pension Liability:

At June 30, 2019, the District reported a liability of \$45,966,942 and \$478 for its proportionate share of the SCRS and PORS net pension liability ("NPL"), respectively. The NPL was measured as of June 30, 2018, and the total pension liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as July 1, 2017 and projected forward. The District's proportionate share of the NPL was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportionate share of the SCRS and PORS plans were .205147 percent and .000017 percent, respectively.

Non-employer Contributions:

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS and PORS contribution increases for fiscal year 2018 and 2019. The State budget appropriated these funds directly to PEBA and a credit was issued for each employer to use when submitting their quarterly remittances to PEBA. For the year ended June 30, 2018 measurement period, PEBA provided non-employer contributions to the District in the amount of \$214,372 which is shown as a reduction of net pension liability and other grant revenue in the government-wide financial statements the year ended June 30, 2019 which are presented on the economic resources measurement focus and accrual basis of accounting.

Pension expense:

For the year ended June 30, 2019, the District recognized pension expense for the SCRS and PORS plans of \$3,360,065 and \$147, respectively.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Deferred inflows of resources and deferred outflows of resources:

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SCRS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 82,976	\$ 270,503
Changes of assumptions	1,823,711	-
Net difference between projected and actual earnings on pension plan investments	2,276,010	1,545,824
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,320,436
District contributions subsequent to the measurement date	<u>3,166,144</u>	<u>-</u>
Total	<u>\$ 7,348,841</u>	<u>\$ 3,136,763</u>

	<u>PORS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 15	\$ -
Changes of assumptions	31	-
Net difference between projected and actual earnings on pension plan investments	30	20
Changes in proportion and differences between District contributions and proportionate share of contributions	420	249
District contributions subsequent to the measurement date	<u>978</u>	<u>-</u>
Total	<u>\$ 1,474</u>	<u>\$ 269</u>

The \$3,166,144 and \$978 reported as of June 30, 2019 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2020.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

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

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

<u>Year ended June 30:</u>	<u>SCRS</u>
2020	\$ 1,026,257
2021	715,571
2022	(613,629)
2023	<u>(82,265)</u>
	<u>\$ 1,045,934</u>

<u>Year ended June 30:</u>	<u>PORS</u>
2020	\$ 85
2021	13
2022	95
2023	<u>34</u>
	<u>\$ 227</u>

Actuarial assumptions and methods:

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability 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, 2015.

The June 30, 2018, 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, 2017. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return ¹	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹	3.5% to 9.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

¹ Includes inflation at 2.25%

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Actuarial assumptions and methods, continued:

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2018, TPL are as follows.

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

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	54.1%
PORS	7,403,972,673	4,570,430,247	2,833,542,426	61.7%

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the 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.

Long-term expected rate of return:

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

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

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 and is summarized in the table below. For actuarial purposes, the 7.28 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.03 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity:			
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets:			
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic:			
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit:			
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debts	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income:			
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

Discount rate:

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

Sensitivity analysis:

The following table presents the collective NPL of the District calculated using the discount rate of 7.25 percent, as well as what the District's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 58,737,216	\$ 45,966,942	\$ 36,837,419
PORS	\$ 644	\$ 478	\$ 341

Additional Financial and Actuarial Information:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2018 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2018.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General information:

As previously discussed, PEBA is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government (the "State"). The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority ("SFFA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and OPEB.

PEBA issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, the financial information of the OPEB Trust funds is also included in the comprehensive annual financial report of the State.

Plan descriptions:

The OPEB Trusts collectively refers to the SCRHITF and SCLTDITF, and were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan. In accordance with Act 195, the OPEB Trusts are administered by PEBA, Insurance Benefits. 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 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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

Benefits:

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

Contributions:

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to PEBA, Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA, Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by the 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 year ended June 30, 2018 was 5.50 percent. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments.

Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

Contributions to the SCRHITF plan from the District were \$1,340,132 for the year ended June 30, 2019.

OPEB liabilities and OPEB expense:

At June 30, 2019, the District reported a liability of \$35,531,892 for its proportionate share of the SCRHITF net OPEB liability, measured at June 30, 2018. 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. The collective net OPEB liability was determined based upon actuarial valuations performed on June 30, 2017 which were then rolled forward to the June 30, 2018 measurement date. The District's proportion of the collective net OPEB liability was determined using the District's payroll-related contributions over the measurement period.

This method is expected to be reflective of the District's long-term contribution effort, as well as, be transparent to individual employers and their external auditors. At June 30, 2018, the District's proportion share of the SCRHITF plan's net OPEB liability was .250744 percent.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

For the year ended June 30, 2019, the District recognized OPEB expense of \$2,055,489 for the SCRHITF plan.

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

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SCRHITF</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 532,284	\$ 12,380
Changes of assumptions	-	2,893,368
Net difference between projected and actual earnings on OPEB plan investments	136,243	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	132,768
Reduction for implicit subsidy	(3,935)	-
District contributions subsequent to the measurement date	<u>1,340,132</u>	<u>-</u>
Total	<u>\$ 2,004,724</u>	<u>\$ 3,038,516</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,340,132 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020.

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

Years ending June 30:	<u>SCRHITF</u>
2020	\$ (445,642)
2021	(445,642)
2022	(445,642)
2023	(460,231)
2024	(483,350)
Thereafter	<u>(89,481)</u>
	<u>\$ (2,369,988)</u>

Actuarial assumptions:

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.

The total OPEB liabilities were determined by actuarial valuations performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2018. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

Actuarial assumptions, continued:

Additional information as of the latest actuarial valuation for SCRHITF:

SCRHITF:

Valuation Date: June 30, 2017

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

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

Single Discount Rate: 3.62% as of June 30, 2018

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

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

Health Care Trend Rate: Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years

Aging Factors: Based on plan specific experience

Retiree Participation: 79% for retirees who are eligible for funded premiums

59% participation for retirees who are eligible for Partial Fund Premiums

20% participation for retirees who are eligible for Non-Funded Premiums

Notes: There were no benefit changes during the year. The discount rate changed from 3.59% as of June 30, 2017 to 3.62% as of June 30, 2018.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

Actuarial assumptions, continued:

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

This information is summarized in the following table:

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

Discount rate:

The Single Discount Rate of 3.62% 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).

Sensitivity analysis:

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - (Continued)

Sensitivity analysis, continued:

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
SCRHITF Net OPEB Liability	\$ 41,859,982	\$ 35,531,892	\$ 30,430,950

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 29,237,010	\$ 35,531,892	\$ 43,670,007

OPEB plan fiduciary net position:

Detailed information about the OPEB Trusts' fiduciary net position is available in the separately issued PEBA financial report which can be obtained as noted above.

NOTE 10 - DEFERRED COMPENSATION PLAN

The District offers their employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the State of South Carolina. The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Great West Retirement Services - South Carolina Deferred Compensation Program, PO Box 173764, Denver, CO 80217-3764, (under state contract) is the program administrator of the 457 plan as well as the 401k plan, which is also available to District employees at their option.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The District participates in a number of federally assisted programs, which are audited in accordance with the Single Audit Act Amendments of 1996. Audits have not resulted in any material disallowed costs, however, grantor agencies may conduct further examinations based on reported questioned costs. Based on prior experience, the District believes that further examinations would not result in any material disallowed costs.

From time to time, the District is a defendant in various lawsuits arising in the normal course of business. It is the opinion of the District's management, after conferring with legal counsel, that any liability, net of insurance coverage, which may arise from these lawsuits would not have a material adverse effect on the District's financial statements.

The District leases copiers under a non-cancelable operating lease expiring September 2019. The lease includes a per copy charge ranging from \$0.0176 to \$0.0065 per copy. During the year, total lease payments amounted to approximately \$123,000. Approximate remaining payments due under contracts in place at June 30, 2019, are as follows:

<u>Year</u>	<u>Lease payment</u>
2020	\$ 31,000

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 12 - RISK MANAGEMENT

The 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 for which the District carries state or commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The District has had no significant reduction in coverage due to settled claims. Settled claims have not exceeded this coverage in the past three years. The District pays insurance premiums to certain State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. For property losses, the District's deductible is \$2,500.

The District pays premiums to HUB International Insurance which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities, and/or events:

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles;
4. Torts; and
5. Natural disasters

HUB International Insurance is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, cyber liability, and School Board liability insurance. HUB International Insurance's rates are determined actuarially.

The District obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation, up to a maximum of \$100,000. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Prior to July 1, 1978, school districts in South Carolina were exempt from unemployment tax. Legislation was enacted providing that, effective July 1, 1978, these employing units would no longer be excluded by the South Carolina Employment Security Commission (the Commission). In lieu of payment of contributions, the District, as permitted by the Act, elected to be "self-insured," whereby it would reimburse the Commission's unemployment fund for any claims attributable to service in the employ of the District. Payments of claims for reimbursement to the Commission are paid out of the general operating fund. Payments of \$0 were made by the District for this purpose during the current year.

NOTE 13 - FUND BALANCE AND NET POSITION

The fund balances/net position and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Governmental fund financial statements

Fund balances - Nonspendable – balances that by their nature are unable to be spent.

Fund balances - Restricted – balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation.

Fund balances - Committed – balances that can only be used for the specific purpose determined by the District's Board of Trustees. The Board of Trustees must take a formal action during one of its meetings to commit fund balance.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

NOTE 13 - FUND BALANCE AND NET POSITION - (Continued)

Fund balances - Assigned – balances meant to be used for a specific purpose but that do not meet the criteria as restricted or committed. Senior management at the District may assign fund balance.

Fund balances - Unassigned – balances that are spendable amounts not contained in other classifications.

Government-wide and proprietary fund financial statements

Net Investment in capital assets - represents the net cost less accumulated depreciation and outstanding debt attributable to the organization of the capital assets.

Restricted net position - represents net position restricted externally by creditors, grantors, contributors or laws and regulations of other governments; or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - represents the remainder of the District's net position in the government-wide activities.

NOTE 14 - ARBITRAGE REBATE

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount of such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. As of June 30, 2019, the District has determined that there are no amounts outstanding for arbitrage rebates.

Note 15 - TAX ABATEMENT

The County provides tax abatements under one program: Fee-in-Lieu of Tax Program (FILOT).

The Fee-in-Lieu of Tax Program (FILOT) offers individual incentive packages by abating property taxes to attract new business to the County and to retain current businesses. The FILOT program was established by the SC Code Title 12, Chapter 44 and Title 4, Chapter 12. Generally, for taxpayers to be approved for this program they must agree to invest the statutory minimum (A higher amount may be negotiated) during the investment period. The investment period begins on the day in which the property described in the agreement is entered into service and ends at an agreed upon point in time. Once the investment period begins, the taxpayer may receive a reduction of assessed rate, reduction in millage rate and elimination of (or reduction in) the number of times the millage rates change for the property over the length of the agreement. Repayments of any savings in property taxes are required by state law if the taxpayer fails to maintain the conditions set forth in the agreement. Other recapture provisions may be negotiated on a case by case basis.

The District's property tax revenues were reduced by \$190,507 under agreements entered into by Edgefield County as of June 30, 2019.

School District of Edgefield County

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION - (Continued)

Note 16 - SUBSEQUENT EVENTS

In preparing these financial statements, the District's management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, the date the financial statements were available for issuance.

On August 21, 2019 the District issued \$54,670,000 in General Obligation Bonds, Series 2019A. Proceeds from the debt will be used to fund capital projects and matures on September 1, 2044.

School District of Edgefield County

Required Supplementary Information

Schedule 1 - Budgetary Comparison Schedule - General Fund

For the year ended June 30, 2019

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
REVENUES				
1000	Revenue from local sources			
1100	Taxes			
1110	Ad valorem taxes-including delinquent	\$ 10,111,368	\$ 9,939,706	\$ (171,662)
1300	Tuition			
1310	From patrons for regular day school	-	36,637	36,637
1330	From patrons for adult/continuing ed	-	1,318	1,318
1500	Earnings on investments			
1510	Interest on investments	18,000	49,607	31,607
1900	Other revenue from local sources			
1910	Rentals	-	420	420
1999	Revenue from other local sources	-	421,145	421,145
	Total local sources	10,129,368	10,448,833	319,465
3000	Revenue from state sources			
3100	Restricted state funding			
3113	12-month agriculture program	17,000	16,408	(592)
3131	Handicapped transportation	-	641	641
3160	School bus driver's salary	447,000	472,609	25,609
3161	EAA Bus Driver Salary and Fringe	-	6,015	6,015
3162	Transportation workers' compensation	-	27,205	27,205
3180	Fringe benefits employer contributions	4,045,255	3,823,967	(221,288)
3181	Retiree insurance	928,972	947,989	19,017
3199	Other restricted state grants	-	27,250	27,250
3300	Education Finance Act			
3310	Full-time programs			
3311	Kindergarten	537,131	403,852	(133,279)
3312	Primary	1,421,581	1,288,529	(133,052)
3313	Elementary	2,567,801	2,466,951	(100,850)
3314	High school	160,000	160,191	191
3315	Trainable mentally handicapped	47,000	47,201	201
3316	Speech handicapped	407,000	407,670	670
3317	Homebound	1,921	2,496	575
3320	Part-time programs			
3321	Emotionally handicapped	30,000	30,831	831
3322	Educable mentally handicapped	140,000	140,331	331
3323	Learning disabilities	630,000	637,487	7,487
3324	Hearing handicapped	22,000	22,984	984
3326	Orthopedically handicapped	5,482	-	(5,482)
3327	Vocational	1,470,260	1,488,767	18,507
3330	Miscellaneous EFA programs			
3331	Autism	85,000	85,032	32
3332	High Achieving Student	90,000	91,260	1,260
3334	Limited English Proficiency	42,869	48,455	5,586
3351	Academic Assistance	356,000	356,670	670
3352	Pupils in Poverty	849,009	800,223	(48,786)
3353	Dual Credit Enrollment	15,551	17,720	2,169
3392	NBC Excess EFA Formula	-	15,167	15,167

School District of Edgefield County**Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued****For the fiscal year ended June 30, 2019**

	Budgeted Amounts		Variance
	Original and Final	Actual	with Final
			Budget
REVENUES, Continued			
3000 Revenue from state sources, continued			
3800 State revenue in lieu of taxes			
3810 Reimbursement for local property tax relief	1,553,034	1,553,034	-
3820 Homestead exemption	532,741	532,741	-
3825 Reimbursement for property tax relief	3,469,060	3,488,615	19,555
3830 Merchants inventory tax	50,000	49,590	(410)
3840 Manufacturers depreciation reimbursement	200,000	182,418	(17,582)
3890 Other state property tax revenues	150,000	236,157	86,157
3900 Other state revenue			
3993 PEBA on-Behalf	-	214,372	214,372
Total state sources	<u>20,271,667</u>	<u>20,090,828</u>	<u>(180,839)</u>
4000 Revenues from federal sources			
4900 Other federal sources			
4992 U.S. Forest Commission Revenue	43,000	51,599	8,599
Total federal sources	<u>43,000</u>	<u>51,599</u>	<u>8,599</u>
Total revenue all sources	<u>\$ 30,444,035</u>	<u>\$ 30,591,260</u>	<u>\$ 147,225</u>

School District of Edgefield County

Required Supplementary Information

Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued

For the year ended June 30, 2019

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
100	EXPENDITURES			
	INSTRUCTION			
110	General instruction			
111	Kindergarten programs			
100	Salaries	\$ 973,667	\$ 898,086	\$ 75,581
200	Employee benefits	426,266	394,707	31,559
400	Supplies and materials	6,766	6,517	249
		<u>1,406,699</u>	<u>1,299,310</u>	<u>107,389</u>
112	Primary programs			
100	Salaries	2,214,694	2,191,386	23,308
200	Employee benefits	1,062,962	926,863	136,099
400	Supplies and materials	14,298	14,338	(40)
		<u>3,291,954</u>	<u>3,132,587</u>	<u>159,367</u>
113	Elementary programs			
100	Salaries	4,529,270	4,399,022	130,248
200	Employee benefits	1,920,054	1,921,965	(1,911)
300	Purchased services	242,880	247,932	(5,052)
400	Supplies and materials	85,701	123,785	(38,084)
		<u>6,777,905</u>	<u>6,692,704</u>	<u>85,201</u>
114	High school programs			
100	Salaries	1,956,635	1,966,578	(9,943)
200	Employee benefits	925,374	936,773	(11,399)
300	Purchased services	57,193	91,429	(34,236)
400	Supplies and materials	59,335	56,181	3,154
		<u>2,998,537</u>	<u>3,050,961</u>	<u>(52,424)</u>
115	Career and technical programs			
100	Salaries	701,557	727,882	(26,325)
200	Employee benefits	287,486	331,933	(44,447)
300	Purchased services	59,816	9,174	50,642
400	Supplies and materials	33,268	46,386	(13,118)
500	Capital outlay	1,864	-	1,864
		<u>1,083,991</u>	<u>1,115,375</u>	<u>(31,384)</u>
	Total general instruction	<u>15,559,086</u>	<u>15,290,937</u>	<u>268,149</u>
120	Exceptional programs			
121	Educable mentally handicapped			
100	Salaries	130,695	81,882	48,813
200	Employee benefits	39,452	40,771	(1,319)
		<u>170,147</u>	<u>122,653</u>	<u>47,494</u>
122	Trainable mentally handicapped			
100	Salaries	201,070	220,870	(19,800)
200	Employee benefits	105,612	99,834	5,778
		<u>306,682</u>	<u>320,704</u>	<u>(14,022)</u>
123	Orthopedically handicapped			
300	Purchased services	55,000	92,194	(37,194)
		<u>55,000</u>	<u>92,194</u>	<u>(37,194)</u>

School District of Edgefield County

Required Supplementary Information

Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued

For the year ended June 30, 2019

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
EXPENDITURES, Continued				
100	INSTRUCTION, Continued			
120	Exceptional programs, continued			
126	Speech handicapped			
100	Salaries	129,096	152,703	(23,607)
200	Employee benefits	71,365	65,070	6,295
		<u>200,461</u>	<u>217,773</u>	<u>(17,312)</u>
127	Learning disabilities			
100	Salaries	794,550	980,749	(186,199)
200	Employee benefits	374,739	389,267	(14,528)
		<u>1,169,289</u>	<u>1,370,016</u>	<u>(200,727)</u>
128	Emotionally handicapped			
100	Salaries	86,856	43,311	43,545
200	Employee benefits	40,094	17,290	22,804
		<u>126,950</u>	<u>60,601</u>	<u>66,349</u>
	Total exceptional programs	<u>2,028,529</u>	<u>2,183,941</u>	<u>(155,412)</u>
130	Preschool programs			
137	Pre-school handicapped - self contained			
100	Salaries	182,313	102,821	79,492
200	Employee benefits	48,824	46,585	2,239
		<u>231,137</u>	<u>149,406</u>	<u>81,731</u>
	Total preschool programs	<u>231,137</u>	<u>149,406</u>	<u>81,731</u>
140	Special programs			
141	Gifted and talented - academic			
100	Salaries	139,211	109,237	29,974
200	Employee benefits	60,752	48,911	11,841
600	Other objects	256	-	256
		<u>200,219</u>	<u>158,148</u>	<u>42,071</u>
145	Homebound			
100	Salaries	16,000	26,742	(10,742)
200	Employee benefits	3,023	7,558	(4,535)
		<u>19,023</u>	<u>34,300</u>	<u>(15,277)</u>
148	Gifted and Talented Artistic			
100	Salaries	10,526	10,526	-
200	Employee benefits	5,092	5,109	(17)
300	Purchased services	-	21,218	(21,218)
		<u>15,618</u>	<u>36,853</u>	<u>(21,235)</u>
149	Other special programs			
400	Supplies and materials	-	13,250	(13,250)
300	Purchased services	-	14,000	(14,000)
		<u>-</u>	<u>27,250</u>	<u>(27,250)</u>
	Total special programs	<u>234,860</u>	<u>256,551</u>	<u>(21,691)</u>

School District of Edgefield County

Required Supplementary Information

Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued

For the year ended June 30, 2019

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
EXPENDITURES, Continued				
100	INSTRUCTION, Continued			
160	Other exceptional programs			
161	Autism			
100	Salaries	17,272	-	17,272
200	Employee benefits	8,835	-	8,835
		<u>26,107</u>	<u>-</u>	<u>26,107</u>
162	Limited english proficiency			
100	Salaries	48,907	52,257	(3,350)
200	Employee benefits	19,036	20,403	(1,367)
300	Purchased services	4,000	3,691	309
		<u>71,943</u>	<u>76,351</u>	<u>(4,408)</u>
	Total other exceptional programs	<u>98,050</u>	<u>76,351</u>	<u>21,699</u>
170	Summer school program			
175	Instruction programs beyond regular school day			
400	Supplies and materials	-	1,983	(1,983)
		<u>-</u>	<u>1,983</u>	<u>(1,983)</u>
	Total summer school programs	<u>-</u>	<u>1,983</u>	<u>(1,983)</u>
180	Adult/continuing educational programs			
188	Parenting/family literacy			
100	Salaries	59,840	59,840	-
200	Employee benefits	29,357	27,292	2,065
		<u>89,197</u>	<u>87,132</u>	<u>2,065</u>
	Total adult/continuing educational programs	<u>89,197</u>	<u>87,132</u>	<u>2,065</u>
	Total instruction	<u>18,240,859</u>	<u>18,046,301</u>	<u>194,558</u>
200	SUPPORT SERVICES			
210	Pupil services			
211	Attendance and social work services			
100	Salaries	41,397	40,717	680
200	Employee benefits	16,891	14,912	1,979
300	Purchased services	9,384	288	9,096
400	Supplies and materials	58	-	58
600	Other objects	65	-	65
		<u>67,795</u>	<u>55,917</u>	<u>11,878</u>
212	Guidance services			
100	Salaries	497,158	502,741	(5,583)
200	Employee benefits	202,162	209,744	(7,582)
300	Purchased services	3,095	1,645	1,450
400	Supplies and materials	2,854	2,801	53
		<u>705,269</u>	<u>716,931</u>	<u>(11,662)</u>
213	Health services			
100	Salaries	208,833	252,720	(43,887)
200	Employee benefits	91,188	91,776	(588)
300	Purchased services	5,720	1,759	3,961
400	Supplies and materials	13,147	22,661	(9,514)
600	Other objects	2,100	2,531	(431)
		<u>320,988</u>	<u>371,447</u>	<u>(50,459)</u>

School District of Edgefield County

Required Supplementary Information

Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued

For the year ended June 30, 2019

		Budgeted Amounts		Variance
		Original and Final	Actual	with Final
				Budget
EXPENDITURES, Continued				
200	SUPPORT SERVICES, Continued			
210	Pupil services, Continued			
214	Psychological services			
100	Salaries	74,212	68,232	5,980
200	Employee benefits	25,397	26,841	(1,444)
300	Purchased services	114,000	75,600	38,400
400	Supplies and materials	58	-	58
600	Other objects	357	-	357
		<u>214,024</u>	<u>170,673</u>	<u>43,351</u>
217	Career Specialist Services			
100	Salaries	48,649	53,507	(4,858)
200	Employee benefits	21,273	27,438	(6,165)
		<u>69,922</u>	<u>80,945</u>	<u>(11,023)</u>
	Total pupil services	<u>1,377,998</u>	<u>1,395,913</u>	<u>(17,915)</u>
220	Instructional staff services			
221	Improvement of instruction - curriculum development			
100	Salaries	522,011	503,633	18,378
200	Employee benefits	211,029	198,457	12,572
300	Purchased services	14,240	3,962	10,278
400	Supplies and materials	66,091	50,196	15,895
600	Other objects	1,565	2,692	(1,127)
		<u>814,936</u>	<u>758,940</u>	<u>55,996</u>
222	Library and media services			
100	Salaries	398,697	392,638	6,059
200	Employee benefits	165,745	165,104	641
400	Supplies and materials	24,576	23,105	1,471
		<u>589,018</u>	<u>580,847</u>	<u>8,171</u>
223	Supervision of special programs			
100	Salaries	88,223	84,941	3,282
200	Employee benefits	23,142	29,172	(6,030)
		<u>111,365</u>	<u>114,113</u>	<u>(2,748)</u>
224	Improvement of instruction - inservice and staff training			
300	Purchased services	7,252	13,682	(6,430)
400	Supplies and materials	1,339	196	1,143
		<u>8,591</u>	<u>13,878</u>	<u>(5,287)</u>
	Total instructional staff services	<u>1,523,910</u>	<u>1,467,778</u>	<u>56,132</u>
230	General administration services			
231	Board of education			
100	Salaries	8,400	5,600	2,800
200	Employee benefits	14,852	12,823	2,029
300	Purchased services	45,798	61,128	(15,330)
318	Audit services	27,500	17,425	10,075
400	Supplies and materials	580	817	(237)
600	Other objects	145,870	109,545	36,325
		<u>243,000</u>	<u>207,338</u>	<u>35,662</u>

School District of Edgefield County

Required Supplementary Information

Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued

For the year ended June 30, 2019

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
EXPENDITURES, Continued				
200	SUPPORT SERVICES, Continued			
230	General administration services, Continued			
232	Office of the superintendent			
100	Salaries	210,641	216,269	(5,628)
140	Terminal leave	-	10,431	(10,431)
200	Employee benefits	83,920	84,624	(704)
300	Purchased services	31,767	33,548	(1,781)
400	Supplies and materials	15,840	16,742	(902)
600	Other objects	1,140	11,322	(10,182)
		<u>343,308</u>	<u>372,936</u>	<u>(29,628)</u>
233	School administration			
100	Salaries	1,866,604	1,810,157	56,447
200	Employee benefits	743,789	692,991	50,798
300	Purchased services	16,979	14,788	2,191
400	Supplies and materials	27,896	31,019	(3,123)
600	Other objects	10,454	3,059	7,395
		<u>2,665,722</u>	<u>2,552,014</u>	<u>113,708</u>
	Total general administration services	<u>3,252,030</u>	<u>3,132,288</u>	<u>119,742</u>
250	Finance and operations services			
252	Fiscal services			
100	Salaries	211,572	216,659	(5,087)
200	Employee benefits	80,698	79,499	1,199
300	Purchased services	22,950	37,522	(14,572)
400	Supplies and materials	9,142	4,270	4,872
600	Other objects	3,500	1,162	2,338
		<u>327,862</u>	<u>339,112</u>	<u>(11,250)</u>
254	Operation and maintenance of plant			
100	Salaries	1,197,913	1,152,724	45,189
200	Employee benefits	552,775	488,114	64,661
300	Purchased services	909,639	876,843	32,796
321	Public utilities	78,950	83,401	(4,451)
400	Supplies and materials	215,717	299,858	(84,141)
470	Energy	901,091	794,015	107,076
500	Capital outlay	30,000	109,472	(79,472)
		<u>3,886,085</u>	<u>3,804,427</u>	<u>81,658</u>
255	Student transportation			
100	Salaries	813,937	704,300	109,637
200	Employee benefits	226,606	220,323	6,283
300	Purchased services	11,047	9,783	1,264
400	Supplies and materials	807	7,118	(6,311)
500	Capital outlay	2,784	4,678	(1,894)
600	Other objects	27,408	16,973	10,435
		<u>1,082,589</u>	<u>963,175</u>	<u>119,414</u>
258	Security			
300	Purchased services	196,223	216,545	(20,322)
400	Supplies and materials	14,929	13,249	1,680
		<u>211,152</u>	<u>229,794</u>	<u>(18,642)</u>
	Total finance and operation services	<u>5,507,688</u>	<u>5,336,508</u>	<u>171,180</u>

School District of Edgefield County

Required Supplementary Information

Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued

For the year ended June 30, 2019

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
EXPENDITURES, Continued				
200	SUPPORT SERVICES, Continued			
260	Central support services			
263	Information services			
100	Salaries	22,000	14,088	7,912
200	Employee benefits	1,428	4,149	(2,721)
		<u>23,428</u>	<u>18,237</u>	<u>5,191</u>
264	Staff services			
100	Salaries	90,808	90,978	(170)
200	Employee benefits	38,672	39,237	(565)
300	Purchased services	12,339	44,939	(32,600)
400	Supplies and materials	4,909	20,983	(16,074)
600	Other objects	1,124	363	761
		<u>147,852</u>	<u>196,500</u>	<u>(48,648)</u>
266	Technology and data processing services			
100	Salaries	264,604	264,613	(9)
200	Employee benefits	107,121	99,091	8,030
300	Purchased services	68,274	275,138	(206,864)
400	Supplies and materials	16,498	308	16,190
600	Other objects	-	352	(352)
		<u>456,497</u>	<u>639,502</u>	<u>(183,005)</u>
	Total central support services	<u>627,777</u>	<u>854,239</u>	<u>(226,462)</u>
270	Support services pupil activity			
271	Pupil services activities			
100	Salaries	208,792	223,227	(14,435)
200	Employee benefits	47,981	59,357	(11,376)
300	Purchased services	59,600	52,648	6,952
500	Capital outlay	-	64,455	(64,455)
600	Other objects	15,000	16,434	(1,434)
		<u>331,373</u>	<u>416,121</u>	<u>(84,748)</u>
	Total support services pupil activity	<u>331,373</u>	<u>416,121</u>	<u>(84,748)</u>
	Total support services	<u>12,620,776</u>	<u>12,602,847</u>	<u>17,929</u>
410	INTERGOVERNMENTAL EXPENDITURES			
411	Payments to the State Department of Education			
720	Transits	70,000	49,479	20,521
412	Payments to the Other Governmental Units			
720	Transits	-	36,955	(36,955)
	Total intergovernmental expenditures	<u>70,000</u>	<u>86,434</u>	<u>(16,434)</u>
500	DEBT SERVICE			
500	Debt Service			
610	Redemption of principal	-	185,263	(185,263)
620	Interest	-	9,346	(9,346)
	Total debt service expenditures	<u>-</u>	<u>194,609</u>	<u>(194,609)</u>
	Total expenditures	<u>30,931,635</u>	<u>30,930,191</u>	<u>1,444</u>

School District of Edgefield County**Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued****For the year ended June 30, 2019**

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget	
EXPENDITURES, Continued				
OTHER FINANCING SOURCES (USES)				
Interfund transfers, from (to) other funds				
5230	Transfer from special revenue EIA fund	1,098,589	1,014,728	(83,861)
5280	Transfer from other funds indirect cost	20,000	21,498	1,498
421-710	Transfer to special revenue fund	(150,000)	(174,477)	(24,477)
422-710	Transfer to special revenue EIA fund	(110,000)	(168,399)	(58,399)
424-710	Transfer to school building fund	-	(488,991)	(488,991)
425-710	Transfer to food service fund	(230,000)	(161,595)	68,405
	Total other financing sources	<u>628,589</u>	<u>42,764</u>	<u>(585,825)</u>
	Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 140,989</u>	<u>(296,167)</u>	<u>\$ (437,156)</u>
FUND BALANCE, beginning of year			4,945,178	
FUND BALANCE, end of year			<u>\$ 4,649,011</u>	

School District of Edgefield County**Required Supplementary Information****Schedule 2 - Schedule of the District's Proportionate Share of the Net OPEB Liability****For the year ended June 30, 2019**

	SCRHITF	
	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.098602%	0.251791%
District's proportionate share of the net OPEB liability	<u>\$ 35,531,892</u>	<u>\$ 31,104,677</u>
District's covered payroll during the measurement period	<u>\$ 20,635,482</u>	<u>\$ 21,233,111</u>
District's proportionate share of the net pension liability as a percentage of its covered-payroll	172.18833%	146.49138%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.60%

School District of Edgefield County
Required Supplementary Information
Schedule 3 - Schedule of the District's Contributions - OPEB
For the year ended June 30, 2019

	SCRHITF									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,340,132	\$ 1,176,116	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	1,340,132	1,176,116	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered-payroll	\$ 22,150,948	\$ 20,635,482	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-payroll	6.05000%	5.69948%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

School District of Edgefield County

Required Supplementary Information

Schedule 4 - Schedule of the District's Proportionate Share of the Net Pension Liability

For the year ended June 30, 2019

	SCRS				
	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.20515%	0.20668%	0.21360%	0.22017%	0.22957%
District's proportionate share of the net pension liability	\$ 45,966,942	\$ 46,526,090	\$ 45,624,858	\$ 41,756,871	\$ 39,524,515
District's covered payroll during the measurement period	\$ 20,635,482	\$ 21,233,111	\$ 21,023,844	\$ 20,913,294	\$ 21,115,763
District's proportionate share of the net pension liability as a percentage of its covered payroll	222.75681%	219.12046%	217.01482%	199.66664%	187.18014%
Plan fiduciary net position as a percentage of the total pension liability	54.10%	53.34%	52.91%	56.99%	59.92%

	PORS				
	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.000017%	0.00000%	0.00000%	0.00003%	0.00000%
District's proportionate share of the net pension liability	\$ 478	\$ -	\$ -	\$ 719	\$ -
District's covered payroll during the measurement period	\$ -	\$ -	\$ -	\$ 414	\$ -
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00000%	0.00000%	0.00000%	173.67150%	0.00000%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	60.90%	60.44%	64.57%	67.55%

Note: Data unavailable for years prior to 2014

School District of Edgefield County

Required Supplementary Information

Schedule 5 - Schedule of the District's Contributions-Pension

For the year ended June 30, 2019

	SCRS									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 3,166,144	\$ 2,767,218	\$ 2,410,856	\$ 2,287,693	\$ 2,250,182	\$ 2,209,260	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	3,166,144	2,767,218	2,410,856	2,287,693	2,250,182	2,209,260	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll	\$ 22,145,212	\$ 20,635,482	\$ 21,233,111	\$ 21,023,844	\$ 20,913,294	\$ 21,115,763	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	14.29719%	13.41000%	11.35423%	10.88142%	10.75958%	10.46261%	N/A	N/A	N/A	N/A
	PORS									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 978	\$ -	\$ -	\$ -	\$ 56	\$ -	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	978	-	-	-	56	-	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll	\$ 5,736	\$ -	\$ -	\$ -	\$ 414	\$ -	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	17.05021%	0.00000%	0.00000%	0.00000%	13.52657%	0.00000%	N/A	N/A	N/A	N/A

Note: Data unavailable for years prior to 2014

School District of Edgefield County

Schedule A-1 - Special Revenue Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2019

	Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total		
REVENUES										
1000	Revenues from local sources									
1900	Other revenue from local sources									
1930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,940	\$ 184,940		
	Special needs transportation-Medicaid									
	Total local sources							184,940	184,940	
2000	Intergovernmental revenue									
2100	Payments from other government units									
	-	-	-	-	-	34,421	4,916	39,337		
	Total intergovernmental revenue							34,421	4,916	39,337
3000	Revenues from state sources									
3100	Restricted state funding									
3110	Occupational education									
3118	-	-	-	-	-	141,459	-	141,459		
	EEDA career specialists									
3120	General education									
3127	-	-	-	-	-	26,012	-	26,012		
	Student health and fitness									
3130	Special programs									
3135	-	-	-	-	-	259,705	-	259,705		
	Reading coaches									
3136	-	-	-	-	-	116,387	-	116,387		
	Student health and fitness									
3150	Adult education									
3156	-	-	-	-	-	12,131	-	12,131		
	Adult Education									
3190	Miscellaneous restricted state grants									
3193	-	-	-	-	-	769	-	769		
	Education license plates									
3199	-	-	-	-	-	-	588	588		
	Other restricted state grants									
3600	Education lottery act revenue									
3670	-	-	-	-	-	204,524	-	204,524		
	School safety-facility and infrastructure safety upgrades									
3900	Other state revenue									
3994	-	-	-	-	-	258,714	-	258,714		
	PEBA Nonemployer contributions									
	Total state sources							1,019,701	588	1,020,289
4000	Revenues from federal sources									
4200	Occupational education									
4210	-	-	-	57,976	-	-	-	57,976		
	Vocational aid, Title I									
4300	Elementary and Secondary Education Act of 1965									
4310	903,137	-	-	-	-	-	89,617	992,754		
	Title I									
4312	-	-	-	-	-	-	69,735	69,735		
	Rural and low-income school									
4351	-	-	-	-	-	-	125,822	125,822		
	Improving teacher quality									
4353	-	-	-	-	-	-	24,000	24,000		
	Teacher Incentive Fund (TIF) 4									
4400	Adult education									
4410	-	-	-	-	97,289	-	-	97,289		
	Basic adult education									
4500	Programs for children with disabilities									
4510	-	942,276	-	-	-	-	-	942,276		
	IDEA									
4520	-	-	37,768	-	-	-	-	37,768		
	Pre-School Grants									
4900	Other federal sources									
4997	-	-	-	-	-	-	67,251	67,251		
	Title IV SSAE									
4999	-	-	-	-	-	-	73,043	73,043		
	Revenue from other federal sources									
	Total federal sources							449,468	2,487,914	
	Total revenue all sources							1,054,122	3,732,480	

School District of Edgefield County

Schedule A-1 - Special Revenue Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the year ended June 30, 2019

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
EXPENDITURES									
100 INSTRUCTION									
110	General instruction								
112	Primary programs								
100	Salaries	33,530	-	-	-	-	-	54,670	88,200
200	Employee benefits	11,424	-	-	-	-	-	19,700	31,124
113	Elementary programs								
100	Salaries	466,742	-	-	-	-	-	32,364	499,106
200	Employee benefits	161,985	-	-	-	-	26,012	18,951	206,948
300	Purchased services	34,206	-	-	-	-	-	-	34,206
400	Supplies and materials	76,248	-	-	-	-	769	208,537	285,554
114	High school programs								
100	Salaries	-	-	-	-	-	-	133,294	133,294
200	Employee benefits	-	-	-	-	-	-	37,150	37,150
115	Career and technical programs								
300	Purchased services	-	-	-	18,600	-	-	-	18,600
500	Capital outlay	-	-	-	29,292	-	-	-	29,292
120	Exceptional programs								
121	Educable mentally handicapped								
100	Salaries	-	92,389	-	-	-	-	-	92,389
200	Employee benefits	-	37,479	-	-	-	-	-	37,479
400	Supplies and materials	-	-	-	-	-	-	6,425	6,425
122	Trainable mentally handicapped								
100	Salaries	-	66,501	-	-	-	-	-	66,501
200	Employee benefits	-	16,162	-	-	-	-	-	16,162
123	Orthopedically handicapped								
100	Salaries	-	16,379	-	-	-	-	-	16,379
200	Employee benefits	-	12,494	-	-	-	-	-	12,494
126	Speech handicapped								
100	Salaries	-	37,782	-	-	-	-	-	37,782
200	Employee benefits	-	16,538	-	-	-	-	-	16,538
300	Purchased services	-	71,310	-	-	-	-	6,197	77,507
400	Supplies and materials	-	-	-	-	-	-	175	175
127	Learning disabilities								
100	Salaries	-	144,363	-	-	-	-	13,153	157,516
200	Employee benefits	-	79,395	-	-	-	-	18,578	97,973
300	Purchased services	-	-	-	-	-	-	3,155	3,155
400	Supplies and materials	-	-	-	-	-	-	10,503	10,503
128	Emotionally handicapped								
100	Salaries	-	13,358	-	-	-	-	-	13,358
200	Employee benefits	-	3,816	-	-	-	-	-	3,816

School District of Edgefield County

Schedule A-1 - Special Revenue Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the year ended June 30, 2019

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
EXPENDITURES, Continued									
100 INSTRUCTION, Continued									
130	Pre-school programs								
137	Pre-school handicapped - Self-contained								
100	Salaries	-	-	21,749	-	-	-	-	21,749
200	Employee benefits	-	-	16,019	-	-	-	-	16,019
139	Early childhood programs								
100	Salaries	-	-	-	-	-	22,674	-	22,674
200	Employee benefits	-	-	-	-	-	2,276	-	2,276
400	Supplies and materials	-	-	-	-	-	4,240	-	4,240
140	Special programs								
149	Other special programs								
100	Salaries	-	-	-	-	-	-	4,708	4,708
200	Employee benefits	-	-	-	-	-	-	1,292	1,292
300	Purchased services	-	1,705	-	-	-	-	-	1,705
400	Supplies and materials	-	8,664	-	-	-	-	-	8,664
170	Summer school programs								
172	Elementary summer school								
100	Salaries	-	-	-	-	-	-	14,040	14,040
200	Employee benefits	-	-	-	-	-	-	4,107	4,107
175	Instructional programs beyond regular school day								
100	Salaries	-	1,900	-	-	-	-	-	1,900
200	Employee benefits	-	509	-	-	-	-	-	509
180	Adult continuing education programs								
181	Adult basic education programs								
100	Salaries	-	-	-	-	32,696	-	-	32,696
200	Employee benefits	-	-	-	-	4,126	-	-	4,126
300	Purchased services	-	-	-	-	1,540	-	-	1,540
400	Supplies and materials	-	-	-	-	10,449	-	-	10,449
182	Adult secondary education programs								
100	Salaries	-	-	-	-	30,552	-	-	30,552
200	Employee benefits	-	-	-	-	3,001	-	-	3,001
400	Supplies and materials	-	-	-	-	6,485	-	-	6,485
188	Parenting/family literacy								
300	Purchased services	-	-	-	-	5,000	-	-	5,000
400	Supplies and materials	11,163	-	-	-	1,915	-	-	13,078
Total instruction		795,298	620,744	37,768	47,892	95,764	55,971	586,999	2,240,436

School District of Edgefield County

Schedule A-1 - Special Revenue Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the year ended June 30, 2019

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
EXPENDITURES, Continued									
200 SUPPORT SERVICES									
210	Pupil services								
212	Guidance services								
100	Salaries	-	-	-	-	-	101,007	-	101,007
200	Employee benefits	-	-	-	-	-	40,452	-	40,452
213	Health services								
100	Salaries	-	-	-	-	-	68,650	2,500	71,150
200	Employee benefits	-	-	-	-	-	47,737	684	48,421
400	Supplies and materials	-	-	-	-	-	-	114	114
214	Psychological services								
300	Purchased services	-	8,526	-	-	-	-	-	8,526
220	Instructional staff services								
221	Improvement of instruction - curriculum development								
100	Salaries	-	-	-	-	-	235,408	-	235,408
200	Employee benefits	-	-	-	-	-	99,794	-	99,794
300	Purchased services	19,752	-	-	-	525	-	24,000	44,277
400	Supplies and materials	-	-	-	-	-	12,131	-	12,131
223	Supervision of special programs								
100	Salaries	41,905	173,573	-	-	-	-	4,362	219,840
200	Employee benefits	13,967	66,741	-	-	-	-	1,716	82,424
300	Purchased services	5,482	-	-	10,084	1,000	-	10,145	26,711
400	Supplies and materials	4,072	-	-	-	-	-	-	4,072
224	Improvement of instruction - inservice and staff training								
100	Salaries	-	-	-	-	-	-	10,542	10,542
200	Employee benefits	-	-	-	-	-	-	7,864	7,864
300	Purchased services	-	-	-	-	-	-	29,873	29,873
400	Supplies and materials	-	-	-	-	-	-	570	570
250	Finance and operations services								
251	Student transportation								
100	Salaries	-	60,000	-	-	-	-	-	60,000
200	Employee benefits	-	7,997	-	-	-	-	12,559	20,556
300	Purchased services	-	4,695	-	-	-	-	9,478	14,173
255	Student transportation								
100	Salaries	-	-	-	-	-	2,704	28,789	31,493
200	Employee benefits	-	-	-	-	-	379	56	435
300	Purchased services	-	-	-	-	-	3,727	6,925	10,652
260	Central Support Services								
266	Technology and data processing services								
400	Supplies and materials	-	-	-	-	-	204,524	-	204,524
270	Support services - pupil activity								
271	Pupil service activities								
300	Purchased services	1,300	-	-	-	-	-	-	1,300
Total support services		86,478	321,532	-	10,084	1,525	816,513	150,177	1,386,309
Total expenditures		881,776	942,276	37,768	57,976	97,289	872,484	737,176	3,626,745

School District of Edgefield County

Schedule A-1 - Special Revenue Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the year ended June 30, 2019

	Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Adult Education (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
410 INTERGOVERNMENTAL EXPENDITURES:								
419 Payments from PEBA Nonemployer Contributions								
720 Transits	-	-	-	-	-	258,714	-	258,714
Total intergovernmental expenditures	-	-	-	-	-	258,714	-	258,714
OTHER FINANCING SOURCES (USES)								
Interfund transfers from (to) other funds								
5210 Transfer from general fund	-	-	-	-	-	77,076	97,401	174,477
420-710 Transfer to general fund	-	-	-	-	-	-	-	-
5230 Transfer from special revenue EIA fund	-	-	-	-	-	-	-	-
422-710 Transfer to special revenue EIA fund	-	-	-	-	-	-	-	-
431-791 Special revenue indirect costs	(21,361)	-	-	-	-	-	(137)	(21,498)
Total other financing sources (uses)	(21,361)	-	-	-	-	77,076	97,264	152,979
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Listing of LEA subfund codes and titles included in these columns are as follows:

Other Restricted State Grants

- 919 Education license plates
- 928 EEDA Career specialists
- 935 Reading coaches
- 936 Student health and fitness - nurses
- 937 Student health and fitness
- 956 Adult Education
- 963 School safety-facility and infrastructure safety upgrades
- 980 First steps family literacy program

Other Special Revenue Grants

- 210 Title IV SSAE
- 238 Title I support
- 240 Title I direct student services
- 251 Title VI-REAP
- 262 Teacher incentive fund 4
- 264 Title III ESL
- 267 Title II NCLB
- 272 Navy Junior ROTC
- 299 Medicaid

809 Pupil with disabilities

School District of Edgefield County

Schedule A-2 - Special Revenue Fund

Summary Schedule for Designated Restricted State Grants

For the year ended June 30, 2019

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In (Out)</u>	<u>Unearned Revenue</u>
919	3193	Education license plates	\$ 769	\$ 769	\$ -	\$ 619
928	3118	EEDA Career specialists	141,459	141,459	-	-
935	3135	Reading coaches	259,705	335,202	75,497	-
936	3136	Student health and fitness-nurses	116,387	116,387	-	-
937	3127	Student health and fitness	26,012	26,012	-	-
956	3156	Adult Education	12,131	12,131	-	3,577
963	3630	School safety-facility and infrastructure safety upgrades	204,524	204,524	-	-
980	2100	First steps family literacy program	34,421	36,000	1,579	-
994	3994	PEBA nonemployer contributions	258,714	258,714	-	-
			<u>\$ 1,054,122</u>	<u>\$ 1,131,198</u>	<u>\$ 77,076</u>	<u>\$ 4,196</u>

School District of Edgefield County

Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2019

		<u>Total</u>
REVENUES		
3000	Revenue from state sources	
3500	Education Improvement Act:	
3502	Adept	\$ 2,717
3507	Aid to Districts-Technology	49,073
3511	Professional Development	29,737
3518	Formative Assessment	18,589
3519	Grade 10 Assessments	16,314
3526	EIA Science Kit Refurbishment	20,133
3528	Industry Certificates	16,858
3529	Career and Technology Education	96,632
3532	National Board Certification (NBC) Salary Supplement	57,717
3533	Teacher of the year awards	1,077
3538	Students at risk of school failure	547,860
3541	Child development education program (CDEP)	492,960
3550	Teacher salary increase	842,000
3555	School employer contributions	172,728
3556	Adult education	192,129
3557	Summer reading program	10,984
3558	Reading	12,152
3577	Teacher supplies	75,350
3589	Maintenance of state financial support (MES) Tier II	211,299
3594	EEDA supplemental programs	131,096
3595	EEDA homework center awards	3,804
3597	Aid to districts	73,376
3599	Other EIA	126,238
	Total revenue from state sources	<u>3,200,823</u>

School District of Edgefield County

Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the year ended June 30, 2019

EXPENDITURES

100 INSTRUCTION

110	General instruction		
112	Primary programs		
100	Salaries	\$	15,000
200	Employee benefits		4,100
300	Purchased services		229
400	Supplies and materials		20,768
			<u>40,097</u>
113	Elementary programs		
100	Salaries		107,464
200	Employee benefits		35,695
300	Purchased services		3,950
400	Supplies and materials		128,280
600	Other objects		3,000
			<u>278,389</u>
114	High school programs		
100	Salaries		124,051
200	Employee benefits		47,391
300	Purchased services		3,857
400	Supplies and materials		33,763
			<u>209,062</u>
115	Career and technical development		
300	Purchased services		8,123
400	Supplies and materials		87,239
500	Capital Outlay		10,396
			<u>105,758</u>
120	Exceptional programs		
127	Learning disabilities		
400	Supplies and materials		69,545
			<u>69,545</u>
139	Early childhood programs		
200	Employee benefits		1,707
300	Purchased services		337
400	Supplies and materials		69
			<u>2,113</u>
140	Special programs		
147	CDEEP		
100	Salaries		449,625
200	Employee Benefits		204,681
300	Purchased services		397
400	Supplies and materials		6,656
			<u>661,359</u>
149	Other Special Programs		
400	Supplies and materials		15,714
			<u>15,714</u>

School District of Edgefield County

Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the year ended June 30, 2019

EXPENDITURES, Continued		
100 INSTRUCTION, Continued		
160 Other exceptional programs		
162 Limited english proficiency		
300 Purchased services		74
		<u>74</u>
170 Summer school program		
172 Elementary summer school		
100 Salaries		2,512
200 Employee benefits		338
		<u>2,850</u>
180 Adult/ continuing educational programs		
181 Adult basic education programs		
100 Salaries		11,702
200 Employee benefits		10,350
300 Purchased services		946
		<u>22,998</u>
182 Adult secondary education programs		
100 Salaries		2,996
200 Employee benefits		1,660
400 Supplies and materials		95
		<u>4,751</u>
188 Parenting/family literacy		
300 Purchased services		1,604
400 Supplies and materials		784
		<u>2,388</u>
	Total instruction	<u>1,415,098</u>
200 SUPPORT SERVICES		
210 Pupil Services		
211 Attendance and Social Work Services		
100 Salaries		57,174
200 Employee Benefits		21,506
		<u>78,680</u>
212 Guidance Services		
100 Salaries		42,580
200 Employee Benefits		9,202
300 Purchased services		1,305
400 Supplies and materials		2,499
		<u>55,586</u>
213 Health services		
300 Purchased services		24,062
400 Supplies and materials		308
		<u>24,370</u>
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
100 Salaries		66,631
200 Employee benefits		7,987
300 Purchased services		196,131
400 Supplies and materials		31,538
		<u>302,287</u>

School District of Edgefield County

Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the year ended June 30, 2019

EXPENDITURES, Continued

200 SUPPORT SERVICES, Continued

220	Instructional staff services, Continued	
223	Supervision of special programs	
100	Salaries	144,225
200	Employee benefits	55,278
300	Purchased services	2,180
400	Supplies and materials	6,053
		<u>207,736</u>
224	Improvement of instruction - inservice and staff training	
100	Salaries	882
200	Employee benefits	1,375
300	Purchased services	599
		<u>2,856</u>
250	Finance and operation services	
251	Student transportation	
100	Salaries	4,199
200	Employee benefits	1,414
		<u>5,613</u>
254	Operation and maintenance of plant	
100	Salaries	241
		<u>241</u>
250	Finance and operation services, continued	
255	Student transportation (state mandated)	
200	Employee benefits	455
		<u>455</u>
258	Security	
300	Purchased services	16,004
400	Supplies and materials	4,300
		<u>20,304</u>
260	Central support services	
263	Information services	
100	Salaries	900
200	Employee benefits	250
		<u>1,150</u>
266	Technology and Data Processing Services	
400	Supplies and materials	240,118
		<u>240,118</u>
	Total support services	<u>939,396</u>
	Total expenditures	<u>2,354,494</u>

School District of Edgefield County**Schedule A-3 - EIA Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued****For the year ended June 30, 2019**

OTHER FINANCING SOURCES (USES)

Interfund transfers from (to) other funds

5210 Transfer from general fund 168,399

420-710 Transfer to general fund (1,014,728)Total other financing sources/(uses) (846,329)Excess of revenues over expenditures and
other financing uses -**FUND BALANCE, beginning of year** -**FUND BALANCE, end of year** \$ -

School District of Edgefield County

Schedule A-4 - EIA Summary Schedule by Program

For the year ended June 30, 2019

	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In/(Out)</u>	<u>Unearned Revenue</u>
3500 Education Improvement Act				
3502 Adept	\$ 2,717	\$ 2,717	\$ -	\$ -
3507 Aid to districts-technology	49,073	49,073	-	-
3511 Professional development	29,737	29,737	-	-
3518 Formative assessment	18,589	18,589	-	-
3519 Grade 10 assessments	16,314	16,314	-	-
3526 Science kit refurbishment	20,133	20,133	-	19,630
3528 Industry certificates	16,858	16,858	-	27,667
3529 Career and technology education	96,632	96,632	-	1,833
3532 National Board Certification (NBC) Salary Supplement	57,717	57,717	-	-
3533 Teacher of the year awards	1,077	1,077	-	-
3538 Students at risk of school failure	547,860	547,860	-	126,776
3541 Child development education program (CDEP)	492,960	661,359	168,399	-
3550 Teacher salary increase	842,000	-	(842,000)	-
3555 School employer contributions	172,728	-	(172,728)	-
3556 Adult education	192,129	192,129	-	-
3557 Summer reading program	10,984	10,984	-	39,927
3558 Reading	12,152	12,152	-	-
3577 Teacher supplies	75,350	75,350	-	-
3589 Maintenance of state financial support (MES) tier II	211,299	211,299	-	-
3594 EEDA supplemental programs	131,096	131,096	-	-
3595 EEDA homework center awards	3,804	3,804	-	3,369
3597 Aid to districts	73,376	73,376	-	93,398
3599 Other EIA	126,238	126,238	-	25,000
	<u>\$ 3,200,823</u>	<u>\$ 2,354,494</u>	<u>\$ (846,329)</u>	<u>\$ 337,600</u>
Total				

School District of Edgefield County

Schedule B - School Building Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2019

REVENUES		
1000	Revenue from local sources	
1500	Earnings on investments	
	1510 Interest on investments	\$ 8,847
1900	Other revenue from local sources	
	Total local sources	<u>8,847</u>
	Total revenue all sources	<u>8,847</u>
EXPENDITURES		
250	Finance and operations	
251	Student transportation (federal/district mandated):	
	500 Capital outlay	97,383
253	Facilities acquisition and construction services	
	500 Capital outlay	
	520 Construction services	813,414
	530 Improvements other than buildings	62,719
254	Operation and maintenance of plant	
	500 Capital outlay	296,119
258	Security	
	500 Capital outlay	<u>269,425</u>
	Total finance and operations	<u>1,539,060</u>
	Total expenditures	<u>1,539,060</u>
Interfund Transfers, from (to) other funds:		
	5210 Transfer from general fund	488,991
	5240 Transfer from debt service fund	1,100,000
	425-710 Transfer to food service fund	<u>(62,648)</u>
	Total other financing sources	<u>1,526,343</u>
	Excess (deficiency) of revenues over (under) expenditures	(3,870)
	FUND BALANCE, beginning of year	<u>3,870</u>
	FUND BALANCE (Deficit), end of year	<u>\$ -</u>

School District of Edgefield County

Schedule C - Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2019

REVENUES

1000	Revenue from local sources		
1100	Taxes		
1110	Ad valorem taxes, including delinquent taxes	\$	1,762,662
1140	Penalties and interest on taxes		126,258
1500	Earnings on investments		
1510	Interest on investments		12,202
	Total local sources		<u>1,901,122</u>
3000	Revenue from state sources		
3800	State revenue in lieu of taxes		
3820	Homestead exemption		100,265
3830	Merchants inventory tax		6,578
3840	Manufacturer's depreciation reimbursement		23,631
3890	Other state property tax revenues		27,553
	Total state sources		<u>158,027</u>
	Total revenue all sources		<u>2,059,149</u>

EXPENDITURES

500	Debt service		
610	Redemption of principal		1,025,000
620	Interest		79,899
690	Other objects		264
	Total debt service		<u>1,105,163</u>
	Total expenditures		<u>1,105,163</u>

OTHER FINANCING SOURCES

Interfund transfers from (to) other funds

424-710 Transfer to school building fund (1,100,000)

Total other financing sources (1,100,000)

Deficiency of revenues under expenditures (146,014)

FUND BALANCE, beginning of year 531,070

FUND BALANCE, end of year \$ 385,056

School District of Edgefield County

Schedule D - Food Service Fund

Schedule of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2019

REVENUES			
1000	Revenue from local sources		
1500	Earnings on investments		
1510	Interest on investments	\$	31,403
1600	Food services		
1610	Lunch sales to pupils		143,412
1620	Breakfast sales to pupils		35
1630	Special sales to pupils		251,751
1640	Lunch sales to adults		39,374
1650	Breakfast sales to adults		1,616
1660	Special sales to adults		25,838
1900	Other revenue from local sources		
1999	Revenue from other local sources		14,271
	Total local sources		<u>507,700</u>
3000	Revenue from state sources		
3900	Other state revenue		
3994	PEBA Nonemployer contributions		14,802
	Total state sources		<u>14,802</u>
4000	Revenue from federal sources		
4800	USDA reimbursements		
4810	School lunch and after school snacks program		913,058
4830	School breakfast program		367,256
4850	Cash in lieu of USDA commodities		142,463
4860	Fresh fruits and vegetables		28,324
4880	Summer feeding programs (SFSP)		23,152
	Total federal sources		<u>1,474,253</u>
	Total revenue all sources		<u>1,996,755</u>
EXPENDITURES			
250	Finance and operations services		
256	Food service		
100	Salaries		754,943
200	Employee benefits		428,797
300	Purchased services		107,382
400	Supplies and materials		1,006,075
500	Capital outlay		27,339
600	Other		8,932
	Total support services		<u>2,333,468</u>
400 OTHER CHARGES			
419	Payments from PEBA Nonemployer contributions		40,819
	Total intergovernmental expenditures		<u>40,819</u>
	Total expenditures		<u>2,374,287</u>
OTHER FINANCING SOURCES			
Interfund transfers from (to) other funds			
5210	Transfer from general fund		161,595
5250	Transfer from capital projects fund		62,648
			<u>224,243</u>
	Change in net position		(153,289)
	NET POSITION (DEFICIT), beginning of year		<u>(4,167,037)</u>
	NET POSITION (DEFICIT), end of year		<u>\$ (4,320,326)</u>

This schedule is presented in the format prescribed by the South Carolina Department of Education which varies in presentation from Exhibits 7 and 8.

School District of Edgefield County**Schedule E - Agency Funds - Student Activities****Schedule of Receipts, Disbursements and Changes in Due to Student Organizations****For the year ended June 30, 2019**

RECEIPTS

1000	Revenues from local sources	
1700	Pupil activities	
1790	Other	\$ 2,165,509
	Total revenues	<u>2,165,509</u>

DISBURSEMENTS

270	Supporting services pupil activity	
273	Trust and agency activities	
660	Enterprise activities	2,101,371
	Total disbursements	<u>2,101,371</u>
	Excess of receipts over disbursements	64,138

DUE TO STUDENT ORGANIZATIONS, beginning of year 536,439

DUE TO STUDENT ORGANIZATIONS, end of year \$ 600,577

This schedule is presented in the format prescribed by the South Carolina Department of Education.

School District of Edgefield County

Schedule F - Agency Fund - Student Activities

Schedule of Receipts, Disbursements and Changes in Due to Student Organizations by Schools

For the year ended June 30, 2019

	Due to student organizations July 1, 2018	Receipts	Disbursements	Excess of receipts over (under) disbursements	Due to student organizations June 30, 2019
Strom Thurmond High School	\$ 194,671	\$ 992,886	\$ 951,256	\$ 41,630	\$ 236,301
Strom Thurmond Vocational	83,040	262,628	268,650	(6,022)	77,018
J.E.T. Middle	54,013	196,375	174,924	21,451	75,464
Merriwether Middle	36,421	164,736	149,797	14,939	51,360
Johnston Elementary	38,928	78,287	76,573	1,714	40,642
W.E. Parker Elementary	46,013	184,814	183,430	1,384	47,397
Douglas Elementary	11,880	45,474	44,313	1,161	13,041
Merriwether Elementary	71,473	240,309	252,428	(12,119)	59,354
	<u>\$ 536,439</u>	<u>\$ 2,165,509</u>	<u>\$ 2,101,371</u>	<u>\$ 64,138</u>	<u>\$ 600,577</u>

School District of Edgefield County*Schedule G - Detailed Schedule of Due to**State Department of Education/Federal Government**June 30, 2019*

<u>Program</u>	<u>Grant or project number</u>	<u>Revenue code</u>	<u>Amount due</u>	<u>Status of Amount due</u>
None				

School District of Edgefield County

Schedule H - Location Reconciliation Schedule

For the year ended June 30, 2019

01 Districtwide	Non-Schools	Central	\$ 10,196,714
02 Strom Thurmond High School	High Schools	School	7,586,809
03 Douglas Elementary	Elementary Schools	School	3,059,172
05 Johnston Elementary	Elementary Schools	School	4,125,120
07 W.E. Parker Elementary	Elementary Schools	School	4,382,568
08 Merriwether Elementary	Elementary Schools	School	5,569,800
09 J.E.T. Middle	Middle Schools	School	4,226,178
10 Merriwether Middle	Middle Schools	School	3,229,354
95 Strom Thurmond Vocational	Other Schools	Central	1,878,780
			<u>\$ 44,254,495</u>

General Fund	\$ 30,930,191
Special Revenue Fund	3,885,459
Special Revenue EIA Fund	2,354,494
Debt Service Fund	1,105,163
Capital Projects Fund	1,539,060
Proprietary Fund	2,333,468
Trust and Agency Fund	2,101,371
	<u>\$ 44,249,206</u>



**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***

Board of Trustees
School District of Edgefield County
Edgefield, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of School District of Edgefield County (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 27, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control (2019-001), described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-002.

District's response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Manley Gawin, LLC". The signature is written in a cursive style and is positioned above a light gray rectangular box.

Greenwood, South Carolina
November 27, 2019



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

Board of Trustees
School District of Edgefield County
Edgefield, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the School District of Edgefield County's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

A handwritten signature in black ink that reads "Manley Garwin, LLC". The signature is written in a cursive, flowing style.

Greenwood, South Carolina
November 27, 2019

School District of Edgefield County

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

LEA Subfund Code	Federal grantor/ Pass-through grantor/ Program title	Federal CFDA number	Pass through grantor's number	Total expenditures
<u>United States Department of Education</u>				
Passed through South Carolina Department of Education:				
Title I, Part A Cluster				
201	Title I	84.010	H63010100119	\$ 903,137
238	Title I Support	84.010	H63010100119	70,349
240	Title I - Direct Student Services	84.010A	H63010100119	19,268
Total Title I, Part A Cluster				<u>992,754</u>
Special Education Cluster				
203	Individuals with Disabilities Education Act (IDEA)	84.027	H63010100919	942,276
205	IDEA Preschool Grants	84.173	H63010100819	37,768
Total Special Education Cluster				<u>980,044</u>
207	Occupational Education	84.048	H63010107119	57,976
210	Title IV, Part A, Student Support and Academic Enrichment Program	84.424	H63010100319	67,251
243	Adult Education	84.002	H63010101019	97,289
251	Rural Education Achievement Program-REAP, Title VI	84.358	H63010007019	69,735
262	Teacher Incentive Fund (TIF) 4	84.374	H63010013019	24,000
267	Improving Teacher Quality	84.367	H63010006819	125,822
Total State Fiscal Stabilization Cluster				<u>442,073</u>
Total U.S. Department of Education				<u>2,414,871</u>
<u>United States Department of Agriculture</u>				
Passed through South Carolina Department of Education:				
Child Nutrition Cluster				
600	School breakfast program - cash assistance	10.553	N/A	367,256
600	School lunch program - Cash assistance	10.555	N/A	1,078,673
Total Child Nutrition Cluster				<u>1,445,929</u>
600	Fresh Fruits and Vegetables	10.582	N/A	<u>28,324</u>
Direct program				
100	U.S. Forest Commission Revenues	10.666	N/A	<u>51,599</u>
Total U.S. Department of Agriculture				<u>1,525,852</u>
<u>United States Department of Defense</u>				
Direct program				
272	Naval Junior ROTC	12.990	N/A	<u>73,043</u>
Total United States Department of Energy				<u>73,043</u>
Total Other Federal Assistance				<u>73,043</u>
Total Federal Assistance Expended				<u>\$ 4,013,766</u>

See notes to schedule of expenditures of federal awards.

School District of Edgefield County

Notes to Schedule of Expenditures of Federal Awards For the year ended June 30, 2019

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as applicable to governmental funds, except for the expenditures of programs under CFDA numbers 10.553 and 10.555, which are reported under the full accrual basis of accounting as applicable to proprietary funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. LOANS OUTSTANDING

The District had the following loan balances outstanding at June 30, 2019. Loans made during the year are included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
State Energy Program	81.041	\$ 437,827

D. INDIRECT COST RATE

The District used the restricted indirect cost rate for its programs and did not elect to use the 10% de minimis cost rate as covered in 2 CFR Part 200.414.

School District of Edgefield County
Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
 Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program / Cluster Name</u>
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster, IDEA and IDEA Preschool

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

School District of Edgefield County
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2019

Section II. Financial Statement Findings

2019 Financial Statement Findings

2019 – 001: Agency Funds oversight

Condition:	The District office did not review bank reconciliations performed by school bookkeepers resulting in material misstatements of cash in the Agency Funds.
Criteria:	District personnel should review bank reconciliations of the District to ensure proper reporting.
Effect:	Cash accounts were materially misstated.
Cause:	The District's internal control over cash reconciliations and recording of cash did not function to ensure proper recording and reporting.
Recommendation:	We recommend the District review its internal control procedures for cash reconciliations to ensure proper recording and reporting under generally accepted accounting principles.
Response:	We agree with the recommendation and will review internal controls over cash reconciliations and to ensure proper oversight and compliance with generally accepted accounting principles.

School District of Edgefield County
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2019

Section II. Financial Statement Findings

2019 – 002: Investments Compliance

Condition:	South Carolina statutes authorize investments in certificates of deposit, 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.
Criteria:	The District’s investment portfolio at June 30, 2019 included mutual funds and exchange traded funds that held stock of publicly traded companies.
Effect:	Noncompliance with state statutes regarding investments.
Cause:	The District’s internal control over investment portfolio did not function to ensure proper recording and reporting.
Recommendation:	We recommend the District review its internal control procedures for investments to ensure proper recording and reporting per state statutes over investment policy.
Response:	We agree with the recommendation and will review internal controls over investments and to ensure proper oversight and compliance with state statutes over investment policy.

School District of Edgefield County
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2019

Section III. Federal Award Questioned Costs & Findings

None

School District of Edgefield County

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2019

2018 Financial Statement Findings

2018-001: Payroll Accrual

Condition:	The District did not properly record the payroll accrual at year end. The misstatement was material to the financial statements.
Criteria:	Payrolls should be recorded in the year they are earned.
Effect:	Accrued payroll and cash were materially understated.
Cause:	The District's internal control over payroll and recording of payroll accrual did not function to ensure proper recording and reporting.
Recommendation:	We recommend the District review its internal control procedures for payroll to ensure proper recording and reporting under generally accepted accounting principles.
Response:	We agree with the recommendation and will review internal controls over payroll and recording of payroll accruals to ensure all agreements are reviewed in detail to ensure proper recording and reporting under generally accepted accounting principles.
Current Status:	The finding was not repeated in the current year.