

School District of Edgefield County

Report on Financial Statements

For the fiscal year ended June 30, 2021

School District of Edgefield County

Members of the Board of Trustees

DR. KEVIN O’GORMAN, SUPERINTENDENT

Name	Term of office	
	From	To
Mrs. Robin Ball, Chairperson	2021	2024
Mrs. Blair Massey, Vice-Chairperson	2021	2024
Mr. Willie Campbell, Secretary	2019	2022
Dr. John Carrol Wates	2019	2022
Mr. Johnny Peterson	2021	2024
Mrs. Deidra Young	2021	2024
Mr. Erik Drylie	2019	2022

School District of Edgefield County

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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, 2021, 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, 2021, 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.

Implementation of New Accounting Standard

As discussed in Note 17 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities effective July 1, 2020. Our opinion is not modified with respect to this matter.

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 29, 2021 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 29, 2021

School District of Edgefield County

Management's Discussion and Analysis (MD&A)

Fiscal Year ended June 30, 2021

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, 2021.

FINANCIAL HIGHLIGHTS

The Base Student Cost (BSC) is the main source of state funding. The District operated on a continuing resolution of the 2019-2020 budget in the 2020-2021 school year due to the COVID-19 pandemic. Although the maximum allowed millage increase was 20.17 mills (15.31 banked from the prior years and 4.86 mills for 20-21), the Board did not raise millage for the 2020-2021 school year. The District's net position decreased approximately \$2.1 million during the fiscal year. The District's liabilities exceeded its assets at June 30, 2021 by approximately \$60.0 million.

On May 18, 2020 Governor McMaster signed into law H.3411. This continuing resolution allowed the state to operate on the 2019-2020 budget after the year ended on June 30, 2020. On June 9, 2020 the Edgefield County School District Board signed a continuing resolution that allowed the District to do the same.

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, 2021

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 decreased approximately \$2,056,000 during the fiscal year. The District's liabilities exceeded its assets at June 30, 2021, by approximately \$60.0 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, 2021

The following table presents a comparative summary of the District's net position for the fiscal year ended June 30, 2021 and 2020.

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Assets and Deferred Outflows of Resources:				
Current assets	\$ 39,619,246	\$ 61,384,915	\$ 115,547	\$ 157,125
Capital assets, net	51,153,081	28,347,683	125,942	145,929
Deferred outflows of resources	<u>16,713,627</u>	<u>10,183,786</u>	<u>975,512</u>	<u>593,712</u>
Total assets and deferred outflows of resources	<u>107,485,954</u>	<u>99,916,384</u>	<u>1,217,001</u>	<u>896,766</u>
Liabilities and Deferred Inflows of Resources:				
Current liabilities	10,330,565	9,201,691	323,652	292,965
Long-term liabilities	148,174,625	139,670,506	5,311,390	4,705,111
Deferred inflows of resources	<u>4,450,706</u>	<u>5,409,707</u>	<u>259,585</u>	<u>315,987</u>
Total liabilities and deferred inflows of resources	<u>162,955,896</u>	<u>154,281,904</u>	<u>5,894,627</u>	<u>5,314,063</u>
Net Position:				
Net investment in capital assets	16,492,857	16,823,043	125,942	145,929
Restricted	2,137,203	712,420	-	-
Unrestricted	<u>(74,100,002)</u>	<u>(71,900,983)</u>	<u>(4,803,568)</u>	<u>(4,563,226)</u>
Total net position	<u>(55,469,942)</u>	<u>(54,365,520)</u>	<u>(4,677,626)</u>	<u>(4,417,297)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 107,485,954</u>	<u>\$ 99,916,384</u>	<u>\$ 1,217,001</u>	<u>\$ 896,766</u>

Comparative information for 2021 and 2020 Statement of Activities is presented in the chart below. The chart shows that in spite of the suppressed funding levels in 2020-2021, the primary mission of the school district was preserved (classroom instruction). 57% of District resources went directly into classrooms at our schools (not including instructional support functions).

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Revenues:				
Program revenues:				
Charges for services	\$ -	\$ 550	\$ 195,790	\$ 391,454
Operating grants and contributions	23,409,468	20,653,365	1,331,325	1,786,975
General revenues:				
Property taxes	16,097,734	14,848,935	-	-
Intergovernmental	6,536,326	6,230,029	-	-
Miscellaneous and transfers	<u>(25,474)</u>	<u>931,110</u>	<u>207,078</u>	<u>297,924</u>
Total revenues	<u>46,018,054</u>	<u>42,663,989</u>	<u>1,734,193</u>	<u>2,476,353</u>
Expenses:				
Instruction	27,089,139	24,325,845	-	-
Support services	18,821,227	17,259,349	1,994,522	2,573,324
Community services	16,814	-	-	-
Intergovernmental	42,077	383,794	-	-
Interest and other charges	<u>1,844,700</u>	<u>2,167,002</u>	<u>-</u>	<u>-</u>
Total expenses	<u>47,813,957</u>	<u>44,135,990</u>	<u>1,994,522</u>	<u>2,573,324</u>
Increase (decrease) in net position	<u>\$ (1,795,903)</u>	<u>\$ (1,472,001)</u>	<u>\$ (260,329)</u>	<u>\$ (96,971)</u>

School District of Edgefield County
Management's Discussion and Analysis (MD&A)
Fiscal Year ended June 30, 2021

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 \$31,196,000, a decrease of \$23,404,363. 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 - \$2,083,628
- Restricted for capital projects - \$21,708,194

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. 88% of the 2020-2021 budget (and portions of other fund transfers accounted for here under miscellaneous) was expended for staffing in the District.

	<u>Fiscal Year</u> <u>2021</u>	<u>2021 % of</u> <u>Actual</u>	<u>Fiscal Year</u> <u>2020</u>
Expenditures by Object			
Salaries and Wages	\$ 19,144,130	61.38%	\$ 19,888,455
Fringe Benefits	8,427,566	27.02%	8,012,024
Purchased Services	1,929,492	6.19%	2,085,434
Supplies	1,383,999	4.44%	1,509,836
Capital Outlay	10,898	.03%	44,062
Miscellaneous	293,531	.94%	264,914
	<u>\$ 31,189,616</u>	<u>100.00%</u>	<u>\$ 31,804,725</u>

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 \$4,677,626.

School District of Edgefield County
Management's Discussion and Analysis (MD&A)
Fiscal Year ended June 30, 2021

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, 2021, the District had invested a net amount of \$51,153,081 in governmental capital assets, including school buildings, athletic facilities, buses, vehicles, computers and other equipment. Total depreciation expense for the year was \$1,188,292. Accumulated depreciation is \$32,518,149.

The detailed schedule for 2021 and more information can be located in Note 4 of the notes to the financial statements.

DEBT ADMINISTRATION

At year-end, the District had \$58,680,846 in general obligation bonds and other long-term obligations outstanding, of which \$1,851,491 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, 2021.

	Principal outstanding June 30, 2020	Additions	Reductions	Principal outstanding June 30, 2021	Amounts due in one year
Governmental activities					
General obligation bonds	\$ 60,326,979	\$ 1,118,000	\$ 2,764,133	\$ 58,680,846	\$ 1,681,132
Note payable	265,075	-	155,419	109,656	109,656
Accrued compensated absences	297,819	5,698	-	303,517	60,703
Total governmental activities					
general long-term debt	<u>\$ 60,889,873</u>	<u>\$ 1,123,698</u>	<u>\$ 2,919,552</u>	<u>\$ 59,094,019</u>	<u>\$ 1,851,491</u>

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 \$5,033,000. 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.

School District of Edgefield County

Management's Discussion and Analysis (MD&A)

Fiscal Year ended June 30, 2021

In the 2020-2021 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. Enrollment for the 2020-2021 school year was 3,106 average daily membership. For fiscal year 2020-2021, the District employed approximately 252 certified staff and 250 other employees. Despite the COVID-19 pandemic, assessment rates show a steady growth pattern. In addition, local manufacturing grew with the addition of Generac Power Systems, a leading global power and energy technology company, expanding operations in Edgefield County which will create 300 new jobs. It is predicted that the population of the County will continue to grow, especially in the Merriwether area, from the new cyber security center at Fort Gordon and as people in general are moving into parts of the county adjacent to Augusta, Georgia. 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.

On May 18, 2020 Governor McMaster signed into law H. 3411. This continuing resolution allowed the state to operate on the 2019-2020 budget after the year ended on June 30, 2020. On June 9, 2020 the Edgefield County School District Board signed a continuing resolution that allowed the District to continue operating on the 2019-2020 budget. Therefore, the District is operating on the 2019-2020 budget for the 2020-2021 school year. The COVID-19 pandemic will potentially create a challenging budget outlook in 2021-2022.

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.

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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and investments	\$ 9,092,142	\$ 175	\$ 9,092,317
Deposits with Edgefield County Treasurer	27,233,555	-	27,233,555
Accounts receivable	348,335	-	348,335
Property taxes receivable, net	842,584	-	842,584
Due from other governmental units	2,102,630	71,868	2,174,498
Inventories	-	43,504	43,504
Total current assets	39,619,246	115,547	39,734,793
Non-current assets			
Non-depreciable capital assets	31,206,347	-	31,206,347
Depreciable capital assets, net of accumulated depreciation	19,946,734	125,942	20,072,676
Total non-current assets	51,153,081	125,942	51,279,023
Total assets	90,772,327	241,489	91,013,816
Deferred Outflows of Resources			
Deferred outflows - pension	7,608,609	443,577	8,052,186
Deferred outflows - OPEB	9,105,018	531,935	9,636,953
Total deferred outflows of resources	16,713,627	975,512	17,689,139
Total Assets and Deferred Outflows of Resources	\$ 107,485,954	\$ 1,217,001	\$ 108,702,955
Liabilities, Deferred Inflows of Resources and Net Position			
Current liabilities			
Accounts payable and accrued expenses	\$ 2,636,189	\$ -	\$ 2,636,189
Unearned revenue	220,543	-	220,543
Accrued salaries and benefits	5,047,582	-	5,047,582
Internal balances	(323,652)	323,652	-
Accrued interest	898,412	-	898,412
Current portion of non-current liabilities:			
Bonds payable	1,681,132	-	1,681,132
Notes payable	109,656	-	109,656
Compensated absences	60,703	-	60,703
Total current liabilities	10,330,565	323,652	10,654,217
Non-current liabilities			
Bonds payable	56,999,714	-	56,999,714
Compensated absences	242,814	-	242,814
Net pension liability	48,649,037	2,841,123	51,490,160
Net OPEB liability	42,283,060	2,470,267	44,753,327
Total non-current liabilities	148,174,625	5,311,390	153,486,015
Total liabilities	158,505,190	5,635,042	164,140,232
Deferred Inflows of Resources			
Deferred inflows - pension	947,041	54,893	1,001,934
Deferred inflows - OPEB	3,503,665	204,692	3,708,357
Total deferred inflows of resources	4,450,706	259,585	4,710,291
Net position (deficit)			
Net investment in capital assets	16,492,857	125,942	16,618,799
Restricted for:			
Debt service	1,376,068	-	1,376,068
Special revenue	761,135	-	761,135
Unrestricted	(74,100,002)	(4,803,568)	(78,903,570)
Total net position (deficit)	(55,469,942)	(4,677,626)	(60,147,568)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 107,485,954	\$ 1,217,001	\$ 108,702,955

See Notes to Financial Statements

School District of Edgefield County

Exhibit 2 - Statement of Activities

For the year ended June 30, 2021

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		Total
				Governmental Activities	Business-Type Activities	
Primary Government						
Governmental activities:						
Instruction	\$ 27,089,139	\$ -	\$ 13,778,438	\$ (13,310,701)		\$ (13,310,701)
Support services	18,821,227	-	9,573,103	(9,248,124)		(9,248,124)
Community services	16,814	-	-	(16,814)		(16,814)
Intergovernmental	42,077	-	57,927	15,850		15,850
Interest and other charges	1,844,700	-	-	(1,844,700)		(1,844,700)
Total governmental activities	47,813,957	-	23,409,468	(24,404,489)		(24,404,489)
Business-type activities:						
Food service	1,994,522	195,790	1,331,325		\$ (467,407)	(467,407)
Total business-type activities	1,994,522	195,790	1,331,325		(467,407)	(467,407)
Total primary government	<u>\$ 49,808,479</u>	<u>\$ 195,790</u>	<u>\$ 24,740,793</u>	(24,404,489)	(467,407)	(24,871,896)
General revenues:						
Property taxes levied for:						
General purposes				10,998,670	-	10,998,670
Debt service				5,099,064	-	5,099,064
Federal and state aid not restricted for specific purpose				6,536,326	-	6,536,326
Unrestricted investment earnings				86,102	-	86,102
Miscellaneous				95,502	-	95,502
Transfers				(207,078)	207,078	-
Total general revenues and transfers				22,608,586	207,078	22,815,664
Change in net position				(1,795,903)	(260,329)	(2,056,232)
Net position (deficit), beginning of year				(54,365,520)	(4,417,297)	(58,782,817)
Restatement, see note 17				691,481	-	691,481
Net position (deficit), beginning of year as restated				(53,674,039)	(4,417,297)	(58,091,336)
Net position (deficit), end of year				<u>\$ (55,469,942)</u>	<u>\$ (4,677,626)</u>	<u>\$ (60,147,568)</u>

See Notes to Financial Statements

School District of Edgefield County

Exhibit 3 - Balance Sheet - Governmental Funds

June 30, 2021

	Special Revenue Funds					Total Governmental Funds
	General	Special Revenue - Other	Education Improvement Act	Capital Projects	Debt Service	
Assets						
Cash and investments	\$ 8,333,804	\$ 758,338	\$ -	\$ -	\$ -	\$ 9,092,142
Deposits with Edgefield County Treasurer	1,129,233	-	-	24,020,622	2,083,700	27,233,555
Accounts receivable	331,304	17,031	-	-	-	348,335
Property taxes receivable, net	651,732	-	-	-	190,852	842,584
Due from other governmental units	80,209	1,970,998	51,423	-	-	2,102,630
Due from other funds	4,673,504	24,834	144,634	-	-	4,842,972
Total assets	\$ 15,199,786	\$ 2,771,201	\$ 196,057	\$ 24,020,622	\$ 2,274,552	\$ 44,462,218
Liabilities						
Accounts payable and accrued liabilities	\$ 2,621,646	\$ 14,543	\$ -	\$ -	\$ -	\$ 2,636,189
Unearned revenue, other	-	24,486	196,057	-	-	220,543
Due to other funds	235,783	1,971,037	-	2,312,428	72	4,519,320
Accrued salaries and benefits	5,047,582	-	-	-	-	5,047,582
Total liabilities	7,905,011	2,010,066	196,057	2,312,428	72	12,423,634
Deferred inflows of resources						
Unavailable revenue - property taxes	651,732	-	-	-	190,852	842,584
Total deferred inflows of resources	651,732	-	-	-	190,852	842,584
Fund balances:						
Restricted for special revenue purposes	-	761,135	-	-	-	761,135
Restricted for debt service	-	-	-	-	2,083,628	2,083,628
Restricted for capital projects	-	-	-	21,708,194	-	21,708,194
Unassigned	6,643,043	-	-	-	-	6,643,043
Total fund balances	6,643,043	761,135	-	21,708,194	2,083,628	31,196,000
Total liabilities, deferred inflows of resources and fund balances	\$ 15,199,786	\$ 2,771,201	\$ 196,057	\$ 24,020,622	\$ 2,274,552	\$ 44,462,218

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, 2021

Total governmental fund balances	\$	31,196,000
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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.	51,153,081
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A portion of property taxes receivable are not available to pay for current period expenditures and therefore are unavailable in the funds.	842,584
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Deferred inflows and outflows of resources are not reported in the funds:

Deferred outflows related to pension	7,608,609
Deferred outflows related to OPEB	9,105,018
Deferred inflows related to pension	(947,041)
Deferred inflows related to OPEB	(3,503,665)

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	(58,680,846)
Notes payable	(109,656)
Net pension liability	(48,649,037)
OPEB liability	(42,283,060)
Compensated absences	(303,517)
Accrued interest	(898,412)

Net position (deficit) of governmental activities	\$	<u>(55,469,942)</u>
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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, 2021

	General	Special Revenue Funds			Debt Service	Total Governmental Funds
		Special Revenue - Other	Education Improvement Act	Capital Projects		
REVENUES						
Local						
Property taxes	\$ 11,125,014	\$ -	\$ -	\$ -	\$ 4,399,117	\$ 15,524,131
Investment earnings	2,917	-	-	81,133	2,052	86,102
Other	124,259	1,183,219	-	-	280,558	1,588,036
Total local sources	11,252,190	1,183,219	-	81,133	4,681,727	17,198,269
Intergovernmental	10,000	47,927	-	-	-	57,927
State	20,920,661	1,366,447	2,520,723	-	419,389	25,227,220
Federal	47,134	3,820,926	-	-	-	3,868,060
Total revenues	32,229,985	6,418,519	2,520,723	81,133	5,101,116	46,351,476
EXPENDITURES						
Current:						
Instruction	18,147,292	3,752,899	1,210,946	-	-	23,111,137
Support services	12,861,583	2,619,640	576,133	-	-	16,057,356
Community services	-	14,345	-	-	-	14,345
Intergovernmental	14,424	27,653	-	-	-	42,077
Debt service:						
Principal	155,419	-	-	-	2,578,000	2,733,419
Interest	-	-	-	-	1,855,976	1,855,976
Other	-	-	-	2,808	272	3,080
Capital outlay	10,898	51,284	18,706	26,768,483	-	26,849,371
Total expenditures	31,189,616	6,465,821	1,805,785	26,771,291	4,434,248	70,666,761
Excess of revenues over (under) expenditures	1,040,369	(47,302)	714,938	(26,690,158)	666,868	(24,315,285)
OTHER FINANCING SOURCES (USES)						
Proceeds from bonds	-	-	-	1,118,000	-	1,118,000
Operating transfers in	1,023,143	156,074	269,087	-	-	1,448,304
Operating transfers out	(632,239)	(39,118)	(984,025)	-	-	(1,655,382)
Total other financing sources (uses)	390,904	116,956	(714,938)	1,118,000	-	910,922
Net change in fund balances	1,431,273	69,654	-	(25,572,158)	666,868	(23,404,363)
FUND BALANCE, beginning of year as previously reported	5,211,770	-	-	47,280,352	1,416,760	53,908,882
Restatement, see Note 17	-	691,481	-	-	-	691,481
FUND BALANCE, beginning of year as restated	5,211,770	691,481	-	47,280,352	1,416,760	54,600,363
FUND BALANCE, end of year	<u>\$ 6,643,043</u>	<u>\$ 761,135</u>	<u>\$ -</u>	<u>\$ 21,708,194</u>	<u>\$ 2,083,628</u>	<u>\$ 31,196,000</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, 2021

Total net change in fund balance - governmental funds \$ (23,404,363)

**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	\$ 23,993,691	
Depreciation expense	<u>(1,188,292)</u>	
		22,805,399

Proceeds from debt provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period, proceeds were received from:

Proceeds from bonds	(1,118,000)
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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	2,578,000
Notes payable principal retirement	155,419
Bond premium amortization	186,132

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.

(126,344)

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	(5,698)
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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	1,903,655
Deferred outflows related to OPEB	4,626,186
Deferred inflows related to pension	888,786
Deferred inflows related to OPEB	70,215

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	(4,271,477)
OPEB liability	(6,098,169)

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.

14,356

Change in net position of governmental activities	<u>\$ (1,795,903)</u>
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See Notes to Financial Statements

School District of Edgefield County

Exhibit 7 - Statement of Net Position - Proprietary Fund

June 30, 2021

Assets

Current assets

Cash	\$ 175
Due from other governments	71,868
Inventories	43,504
Total current assets	115,547

Noncurrent assets

Equipment	432,609
Less: Accumulated depreciation	306,667
Total noncurrent assets	125,942
Total assets	241,489

Deferred Outflows of Resources

Deferred outflows - pension	443,577
Deferred outflows - OPEB	531,935
Total outflows of resources	975,512

Total Assets and Deferred Outflows of Resources

\$ 1,217,001

Liabilities

Current liabilities

Due to other funds	\$ 323,652
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Non-current liabilities

Net pension liability	2,841,123
OPEB liability	2,470,267
Total non-current liabilities	5,311,390
Total liabilities	5,635,042

Deferred Inflows of Resources

Deferred inflows - pension	54,893
Deferred inflows - OPEB	204,692
Total inflows of resources	259,585

Net Position (deficit)

Net investment in capital assets	125,942
Unrestricted	(4,803,568)
Total net position (deficit)	(4,677,626)

Total Liabilities, Deferred Inflows of Resources, and Net Position

\$ 1,217,001

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, 2021*

OPERATING REVENUES

Meal sales	\$ 164,010
Other operating revenues	31,780
Total operating revenues	<u>195,790</u>

OPERATING EXPENSES

Food costs	585,886
Salaries and wages	1,088,837
Supplies	78,952
Depreciation	25,312
Other operating costs	115,391
Total operating expenses	<u>1,894,378</u>
Operating loss	<u>(1,698,588)</u>

NON-OPERATING REVENUES

Interest income	1,171
Commodities received from USDA	121,147
USDA reimbursements	1,209,007
Total non-operating revenues	<u>1,331,325</u>
Loss before operating transfers	<u>(367,263)</u>

Intergovernmental expenditures

Payments from PEBA nonemployer contributions	(100,144)
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OPERATING TRANSFERS IN

	207,078
Change in net position	<u>(260,329)</u>

NET POSITION (DEFICIT), beginning of year

(4,417,297)

NET POSITION (DEFICIT), end of year

\$ (4,677,626)

School District of Edgefield County

Exhibit 9 - Statement of Cash Flows - Proprietary Fund

For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Received from patrons	\$ 195,790
Payments to employees for services	(625,510)
Payments to employees for benefits	(295,250)
Payments to suppliers for goods and services	(592,573)
Other payments	(115,391)
Net cash used for operating activities	(1,432,934)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Nonoperating grants received	1,209,007
Payments from PEBA nonemployer contributions	(100,144)
Cash in lieu of USDA commodities	121,147
Operating transfers in from general fund	207,078
Net cash received from non-capital financing activities	1,437,088

CASH FLOWS FOR CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(5,325)
Net cash used for capital and related financing activities	(5,325)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	1,171
Net cash received from investing activities	1,171
Net change in cash and cash equivalents	-

CASH AND CASH EQUIVALENTS, JULY 1, 2020

CASH AND CASH EQUIVALENTS, JUNE 30, 2021

Reconciliation of operating loss to net cash used for operating activities

Operating loss	\$ (1,698,588)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	25,312
Change in deferred and accrued amounts	
Inventories	28,108
Due from other governments	13,470
Deferred outflows of resources	(381,800)
Deferred inflows or resources	(56,402)
Net pension liability	250,011
OPEB liability	356,268
Due to/from other funds	30,687
Net cash used for operating activities	\$ (1,432,934)

See Notes to Financial Statements

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

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, 2021

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 Center and for each function or program of the Center'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 Center, 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 Center.

Fund financial statements - Fund financial statements report detailed information about the Center. 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 Center has no non-major funds.

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 Center finances and meets cash flow needs of its proprietary activities.

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 Center'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 Center 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, 2021

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, local projects and grants and student activity funds.

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

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, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting, Continued

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, 2021, 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.

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, 2021, 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.

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

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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.

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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.

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

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.
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, 2021, the carrying amount of the District's deposits was \$9,092,015 and the bank balance was \$7,865,963. At June 30, 2021, 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 \$302 in petty cash at June 30, 2021. Information was not available regarding the custodial credit risk of deposits with the Edgefield County Treasurer of \$27,233,555.

At June 30, 2021, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair value</u>
Local government investment pool	Various	\$ 4,399,800

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, 2021

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 follows:

Deposits/petty cash	\$	4,692,517
Investments		4,399,800
	\$	<u>9,092,317</u>
Statement of Net Position	\$	<u>9,092,317</u>
	\$	<u>9,092,317</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, 2021 for the investments are valued using quoted market prices (Level 1 inputs).

NOTE 2 - PROPERTY TAXES

Assessed valuation of taxable property for 2021 for the District was approximately \$76,000,000. The tax rate for the District totaled 263.32 mills, of which 213.32 mills were for the general fund and 50 mills were for the debt service fund. Taxes receivable of \$651,732 in the general fund and \$190,852 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, 2021

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 3 - RECEIVABLES

Intergovernmental receivables at June 30, 2021 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	\$ 80,209
EIA	51,423
Special projects	
Title I	320,878
IDEA	343,444
Occupational education	25,689
Adult education	71,643
Other special revenue programs	1,209,344
Total governmental activities	<u>\$ 2,102,630</u>
Food service fund	\$ 71,868

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, 2021, unavailable revenue related to property taxes reported in the governmental funds totaled \$651,732 and \$190,852 in the general and debt service funds, respectively.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 420,724	\$ -	\$ -	\$ 420,724
Construction in Process	7,424,477	23,849,392	488,246	30,785,623
Total capital assets, not being depreciated	<u>7,845,201</u>	<u>23,849,392</u>	<u>488,246</u>	<u>31,206,347</u>
Capital assets, being depreciated				
Improvements	12,142,806	331,004	-	12,473,810
Buildings	36,681,129	162,812	-	36,843,941
Equipment	3,008,404	138,728	-	3,147,132
Total capital assets, being depreciated	<u>51,832,339</u>	<u>632,544</u>	<u>-</u>	<u>52,464,883</u>
Total cost	<u>59,677,540</u>	<u>24,481,936</u>	<u>488,246</u>	<u>83,671,230</u>
Less accumulated depreciation				
Improvements	3,888,636	657,756	-	4,546,392
Buildings	24,818,367	458,950	-	25,277,317
Equipment	2,622,854	71,586	-	2,694,440
Total accumulated depreciation	<u>31,329,857</u>	<u>1,188,292</u>	<u>-</u>	<u>32,518,149</u>
Governmental activities capital assets, net	<u>\$ 28,347,683</u>	<u>\$ 23,293,644</u>	<u>\$ 488,246</u>	<u>\$ 51,153,081</u>

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 4 - CAPITAL ASSETS - (Continued)

	Balance June 30, 2020	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2021
Business-type activities				
Equipment	\$ 456,861	\$ 5,325	\$ 29,574	\$ 432,612
Less accumulated depreciation	310,932	24,767	29,029	306,670
Business-type activities capital assets, net	<u>\$ 145,929</u>	<u>\$ (19,442)</u>	<u>\$ 545</u>	<u>\$ 125,942</u>

During the year ended June 30, 2021, the District had depreciation expense of \$1,188,292 for governmental activities. This depreciation expense has been allocated to instruction, support services and community services in the amounts of \$700,888, \$486,969 and \$ 435, respectively.

NOTE 5 - LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2021, were as follows:

	Principal outstanding June 30, 2020	Additions	Reductions	Principal outstanding June 30, 2021	Amounts due in one year
Governmental activities					
General obligation bonds	\$ 60,326,979	\$ 1,118,000	\$ 2,764,133	\$ 58,680,846	\$ 1,681,132
Note payable	265,075	-	155,419	109,656	109,656
Accrued compensated absences	297,819	5,698	-	303,517	60,703
Total governmental activities					
general long-term debt	<u>\$ 60,889,873</u>	<u>\$ 1,123,698</u>	<u>\$ 2,919,552</u>	<u>\$ 59,094,019</u>	<u>\$ 1,851,491</u>

General obligation bonds consist of the following at June 30, 2021:

Date of Issue	Interest Rates	Payment Dates	Maturity	Original Issue	Outstanding at June 30, 2021
August 14, 2012	1.00 - 1.70	Mar	2022	5,000,000	1,070,000
August 21, 2019	2.13 – 5.00	Mar	2044	54,670,000	53,485,000
					54,555,000
				Add unamortized bond premium	4,125,846
					58,680,846

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2021, including interest payments over the life of the debt are as follows:

Year Ended June 30	Principal	Interest	Total
2022	1,681,132	1,809,714	3,490,846
2023	1,741,132	1,770,274	3,511,406
2024	1,821,132	1,692,524	3,513,656
2025	1,906,132	1,610,774	3,516,906
2026	1,991,132	1,524,774	3,515,906
2027-2031	11,405,660	6,195,570	17,601,230
2032-2036	13,330,660	4,170,842	17,501,502
2037-2041	14,975,660	2,567,922	17,543,582
2042-2044	9,828,206	571,050	10,399,256
	<u>\$ 58,680,846</u>	<u>\$ 21,913,444</u>	<u>\$ 80,594,290</u>

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

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, 2021, the remaining debt margin available to the District was approximately \$5,033,000.

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, 2021 the outstanding principal amount was \$109,656. The principal balance was paid in full in July 2021 therefore the entire balance at year end was considered due within 1 year and no future amortization is presented.

NOTE 6 - SHORT TERM OBLIGATIONS

The District issued \$1,118,000 in general obligation bonds, series 2020C, in September 2020, with a coupon rate of 2.0% to fund capital projects. The bond matured on March 1, 2021.

Changes in short-term obligations for the year ended June 30, 2021, were as follows:

	Principal outstanding <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Principal outstanding <u>June 30, 2021</u>
Governmental activities				
General obligation bonds				
Series 2020C	\$ -	\$ 1,118,000	\$ 1,118,000	\$ -

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, 2021, consisted of the following individual fund amounts:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 1,023,143	\$ 632,239
Special projects	156,074	39,118
Education Improvement Act	269,087	984,025
Capital Projects	-	-
Food service	207,078	-
	<u>\$ 1,655,382</u>	<u>\$ 1,655,382</u>

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 7 - TRANSFERS IN AND OUT/INTERFUND BALANCES, Continued

As of June 30, 2021, 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	\$ 4,673,504	\$ 235,783
Special revenue – Other	24,834	1,971,037
Special revenue – EIA	144,634	-
Capital projects	-	2,312,428
Debt service	-	72
Food service	-	323,652
	<u>\$ 4,842,972</u>	<u>\$ 4,842,972</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.

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Plan descriptions:

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. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

In addition to the plans above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

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.

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Benefits:

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

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:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a 10-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Contributions, continued:

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. 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 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 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 85 percent, then effective on the following July 1, 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 85 percent.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2021¹</u>	<u>Fiscal Year 2020¹</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 2021¹</u>	<u>Fiscal Year 2020¹</u>
SCRS		
Employer Class Two	15.41%	14.41%
Employer Class Three	15.41%	14.41%
Employer Incidental Death Benefit	.15%	.15%
State ORP		
Employer Contribution ²	15.41%	14.41%
Employer Incidental Death Benefit	.15%	.15%
PORS		
Employer Class Two	17.84%	16.84%
Employer Class Three	17.84%	16.84%
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.

Contributions to the SCRS, ORP and PORS pension plans from the District were \$3,549,872 for the year ended June 30, 2021.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Net Pension Liability:

At June 30, 2021, the District reported a liability of \$51,472,041 and \$18,119 for its proportionate share of the SCRS and PORS net pension liability ("NPL"), respectively. The NPL was measured as of June 30, 2020, and the total pension liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as July 1, 2018 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, 2020, the District's proportionate share of the SCRS and PORS plans were .201442 percent and .000546 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 2020 and 2021. 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, 2020 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, 2021 which are presented on the economic resources measurement focus and accrual basis of accounting.

Pension expense:

For the year ended June 30, 2021, the District recognized pension expense for the SCRS and PORS plans of \$5,107,390 and \$5,571, respectively.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Deferred inflows of resources and deferred outflows of resources:

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SCRS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 593,919	\$ 194,638
Changes of assumptions	63,062	-
Net difference between projected and actual earnings on pension plan investments	3,786,200	-
Changes in proportion and differences between District contributions and proportionate share of contributions	44,825	799,850
District contributions subsequent to the measurement date	3,548,186	-
Total	<u>\$ 8,036,192</u>	<u>\$ 994,488</u>
	PORS	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 385	\$ 80
Changes of assumptions	221	-
Net difference between projected and actual earnings on pension plan investments	1,855	-
Changes in proportion and differences between District contributions and proportionate share of contributions	11,847	7,366
District contributions subsequent to the measurement date	1,686	-
Total	<u>\$ 15,994</u>	<u>\$ 7,446</u>

The \$3,548,186 and \$1,686 reported as of June 30, 2021 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, 2022.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

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>
2022	\$ 457,043
2023	980,523
2024	1,089,796
2025	966,156
	<u>\$ 3,493,518</u>
<u>Year ended June 30:</u>	<u>PORS</u>
2022	\$ 3,775
2023	3,590
2024	(574)
2025	71
	<u>\$ 6,862</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, 2019.

The June 30, 2019, 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, 2019. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, 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%

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Actuarial assumptions and methods, continued:

Assumptions used in the determination of the June 30, 2020, 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, 2020, 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	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%

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 20 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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity:	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets:	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic:	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit:	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debts	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive:	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			8.05%

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.

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	\$ 63,793,284	\$ 51,472,041	\$ 41,183,655
PORS	\$ 23,986	\$ 18,119	\$ 13,408

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 8 - PENSION PLAN - (Continued)

Additional Financial and Actuarial Information:

Information contained in these Notes to the schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from Systems' audited financial statements for the fiscal year ended June 30, 2020, and the accounting valuation report as of June 30, 2020. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

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.

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

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

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, 2020 was 6.50 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 \$1,448,147 for the year ended June 30, 2021.

OPEB liabilities and OPEB expense:

At June 30, 2021, the District reported a liability of \$44,753,327 for its proportionate share of the SCRHITF net OPEB liability, measured at June 30, 2020. 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, 2019 which were then rolled forward to the June 30, 2020 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, 2020, the District's proportion share of the SCRHITF plan's net OPEB liability was .247921 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$3,320,986 for the SCRHITF plan.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

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

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

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SCRHITF	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,279,986	\$ 1,019,194
Changes of assumptions	6,659,854	1,782,306
Net difference between projected and actual earnings on OPEB plan investments	-	104,385
Changes in proportion and differences between District contributions and proportionate share of contributions	273,888	802,472
Reduction for implicit subsidy	(24,922)	-
District contributions subsequent to the measurement date	1,448,147	-
Total	<u>\$ 9,636,953</u>	<u>\$ 3,708,357</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,448,147 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, 2022.

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:	SCRHITF
2021	\$ 556,403
2022	541,978
2023	519,120
2024	915,776
2025	1,047,871
Thereafter	924,223
	<u>\$ 4,505,371</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, 2019. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2020. 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, 2021

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, 2019
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	2.45% as of June 30, 2020
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 6.40% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 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 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020; minor updates were made to the healthcare trend rate assumption.

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 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation.

This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash	20.00%	0.35%	0.07%
Total	100.00%		0.55%
Expected Inflation			2.25%
Total Return			2.80%
Investment Return Assumption			2.75%

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

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

Discount rate:

The Single Discount Rate of 2.45% 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 2.45%, 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.

	1% Decrease 1.45%	Current Discount Rate 2.45%	1% Increase 3.45%
SCRHITF Net OPEB Liability	\$ 53,399,702	\$ 44,753,327	\$ 37,844,226
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 36,223,522	\$ 44,753,327	\$ 55,955,415

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 11- COMMITMENTS AND CONTINGENCIES - (Continued)

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 2024. The lease includes a per copy charge ranging from \$0.0155 to \$0.0065 per copy. During the year, total lease payments amounted to approximately \$109,000. Approximate remaining payments due under contracts in place at June 30, 2021, are as follows:

<u>Year</u>	<u>Lease payment</u>
2022	109,000
2023	109,000
2024	27,000
	<u>\$ 245,000</u>

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.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

NOTE 12- RISK MANAGEMENT - (Continued)

In March 2020, the 2019 novel coronavirus (or "COVID-19") adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, have a destabilizing effect on financial and economic activity, and increasingly have the potential to negatively impact the District and the U.S. economy. These conditions could adversely affect the District's financial condition and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of certain District operations.

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.

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, 2021, the District has determined that there are no amounts outstanding for arbitrage rebates.

School District of Edgefield County

Notes to Financial Statements

June 30, 2021

IV. OTHER INFORMATION - (Continued)

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 \$443,090 under agreements entered into by Edgefield County as of June 30, 2021.

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.

Note 17 - Restatement

The District implemented Governmental Accounting Standards Board (GASB) Statement 84, Fiduciary Activities, in the fiscal year ended June 30, 2021. Effective for reporting period ending June 30, 2021 and all reporting periods after, the funds for student activities for which the school district has administrative involvement can no longer be accounted for as pupil activity fund (fiduciary funds) but should be accounted for as special revenue funds. This increase resulted in the restatement of beginning fund balance from \$0 to \$691,481 in the special revenue – other fund and an increase in the net position of governmental activities from a deficit of \$54,365,520 to a deficit of \$53,674,039.

School District of Edgefield County**Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund****For the year ended June 30, 2021**

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
REVENUES				
1000	Revenue from local sources			
1100	Taxes			
1110	Ad valorem taxes-including delinquent	\$ 10,166,405	\$ 11,125,014	\$ 958,609
1300	Tuition			
1310	From patrons for regular day school	-	27,922	27,922
1330	From patrons for adult/continuing ed	-	835	835
1500	Earnings on investments			
1510	Interest on investments	25,000	2,917	(22,083)
1900	Other revenue from local sources			
1990	Miscellaneous local revenue	-	75	75
1999	Revenue from other local sources	-	95,427	95,427
	Total local sources	10,191,405	11,252,190	1,060,785
2000	Intergovernmental revenue			
2100	Payments from other governmental units	-	10,000	10,000
	Total intergovernmental sources	-	10,000	10,000
3000	Revenue from state sources			
3100	Restricted state funding			
3113	12-month agriculture program	17,000	17,199	199
3131	Handicapped transportation	-	635	635
3160	School bus driver's salary	466,000	491,979	25,979
3161	EAA Bus Driver Salary and Fringe	-	6,662	6,662
3162	Transportation workers' compensation	-	27,990	27,990
3180	Fringe benefits employer contributions	3,916,156	3,795,763	(120,393)
3181	Retiree insurance	869,973	1,048,699	178,726
3186	State aid to classrooms-teacher salary increase	-	709,853	709,853
3189	Teacher step	-	148,330	148,330
3300	Education Finance Act			
3310	Full-time programs			
3311	Kindergarten	437,131	442,788	5,657
3312	Primary	1,321,581	1,259,840	(61,741)
3313	Elementary	2,467,801	2,354,359	(113,442)
3314	High school	200,000	486,184	286,184
3315	Trainable mentally handicapped	47,000	49,668	2,668
3316	Speech handicapped	374,000	318,188	(55,812)
3317	Homebound	1,921	2,259	338
3320	Part-time programs			
3321	Emotionally handicapped	23,000	28,457	5,457
3322	Educable mentally handicapped	105,000	108,997	3,997
3323	Learning disabilities	665,000	600,246	(64,754)
3324	Hearing handicapped	13,000	17,920	4,920
3327	Vocational	1,470,260	1,080,586	(389,674)
3330	Miscellaneous EFA programs			
3331	Autism	92,000	105,764	13,764
3332	High Achieving Student	94,000	81,339	(12,661)
3334	Limited English Proficiency	49,869	54,187	4,318
3351	Academic Assistance	349,000	336,634	(12,366)
3352	Pupils in Poverty	827,671	775,156	(52,515)
3353	Dual Credit Enrollment	15,551	10,532	(5,019)
3392	NBC Excess EFA Formula	-	24,121	24,121

School District of Edgefield County**Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued****For the fiscal year ended June 30, 2021**

	Budgeted Amounts Original and Final	Actual	Variance 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	1,397,731	(155,303)
3820 Homestead exemption	532,741	532,741	-
3825 Reimbursement for property tax relief	3,596,678	3,721,490	124,812
3830 Merchants inventory tax	50,000	49,590	(410)
3840 Manufacturers depreciation reimbursement	220,000	250,896	30,896
3890 Other state property tax revenues	160,000	353,170	193,170
3900 Other state revenue			
3993 PEBA on-Behalf	295,090	214,372	(80,718)
3999 Revenue from other state sources	-	16,336	16,336
Total state sources	20,230,457	20,920,661	690,204
4000 Revenues from federal sources			
4900 Other federal sources			
4992 U.S. Forest Commission Revenue	43,000	45,734	2,734
4999 Revenue from Other Federal Sources	-	1,400	1,400
Total federal sources	43,000	47,134	4,134
Total revenue all sources	\$ 30,464,862	\$ 32,229,985	\$ 1,765,123

School District of Edgefield County**Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued****For the year ended June 30, 2021**

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
EXPENDITURES				
100 INSTRUCTION				
110 General instruction				
111 Kindergarten programs				
100 Salaries	\$	926,861	\$ 893,931	\$ 32,930
200 Employee benefits		436,472	393,355	43,117
400 Supplies and materials		5,507	5,538	(31)
		<u>1,368,840</u>	<u>1,292,824</u>	<u>76,016</u>
112 Primary programs				
100 Salaries		2,326,672	2,475,999	(149,327)
200 Employee benefits		1,133,296	1,105,919	27,377
400 Supplies and materials		16,110	16,968	(858)
		<u>3,476,078</u>	<u>3,598,886</u>	<u>(122,808)</u>
113 Elementary programs				
100 Salaries		4,741,216	4,403,859	337,357
200 Employee benefits		2,022,950	2,070,316	(47,366)
300 Purchased services		242,880	100,196	142,684
400 Supplies and materials		87,598	93,697	(6,099)
		<u>7,094,644</u>	<u>6,668,068</u>	<u>426,576</u>
114 High school programs				
100 Salaries		2,118,992	1,875,928	243,064
200 Employee benefits		983,160	858,116	125,044
300 Purchased services		57,193	30,352	26,841
400 Supplies and materials		59,335	34,455	24,880
		<u>3,218,680</u>	<u>2,798,851</u>	<u>419,829</u>
115 Career and technical programs				
100 Salaries		745,232	786,636	(41,404)
200 Employee benefits		335,411	350,309	(14,898)
300 Purchased services		59,816	9,038	50,778
400 Supplies and materials		33,268	34,403	(1,135)
500 Capital outlay		1,864	-	1,864
		<u>1,175,591</u>	<u>1,180,386</u>	<u>(4,795)</u>
Total general instruction		<u>16,333,833</u>	<u>15,539,015</u>	<u>794,818</u>
120 Exceptional programs				
121 Educable mentally handicapped				
100 Salaries		135,385	134,112	1,273
200 Employee benefits		42,926	67,106	(24,180)
		<u>178,311</u>	<u>201,218</u>	<u>(22,907)</u>
122 Trainable mentally handicapped				
100 Salaries		189,072	99,879	89,193
200 Employee benefits		85,726	42,299	43,427
		<u>274,798</u>	<u>142,178</u>	<u>132,620</u>
123 Orthopedically handicapped				
300 Purchased services		55,000	131,773	(76,773)
		<u>55,000</u>	<u>131,773</u>	<u>(76,773)</u>
126 Speech handicapped				
100 Salaries		207,051	214,461	(7,410)
200 Employee benefits		86,208	98,942	(12,734)
300 Purchased services		-	6,840	(6,840)
		<u>293,259</u>	<u>320,243</u>	<u>(26,984)</u>
127 Learning disabilities				
100 Salaries		891,992	710,786	181,206
200 Employee benefits		400,519	373,700	26,819
		<u>1,292,511</u>	<u>1,084,486</u>	<u>208,025</u>

School District of Edgefield County**Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued****For the year ended June 30, 2021**

		Budgeted Amounts Original and Final	Actual	Variance with Final Budget
EXPENDITURES, Continued				
100	INSTRUCTION, Continued			
120	Exceptional programs, continued			
128	Emotionally handicapped			
100	Salaries	41,056	46,499	(5,443)
200	Employee benefits	20,900	14,955	5,945
		61,956	61,454	502
	Total exceptional programs	2,155,835	1,941,352	214,483
130	Preschool programs			
137	Pre-school handicapped - self contained			
100	Salaries	165,601	149,271	16,330
200	Employee benefits	51,247	69,969	(18,722)
		216,848	219,240	(2,392)
	Total preschool programs	216,848	219,240	(2,392)
140	Special programs			
141	Gifted and talented - academic			
100	Salaries	145,789	136,612	9,177
200	Employee benefits	64,054	68,716	(4,662)
600	Other objects	256	-	256
		210,099	205,328	4,771
145	Homebound			
100	Salaries	16,000	4,634	11,366
200	Employee benefits	3,092	1,388	1,704
		19,092	6,022	13,070
148	Gifted and Talented Artistic			
100	Salaries	11,379	11,379	-
200	Employee benefits	5,449	5,088	361
300	Purchased services	-	31,413	(31,413)
		16,828	47,880	(31,052)
	Total special programs	246,019	259,230	(13,211)
160	Other exceptional programs			
161	Autism			
100	Salaries	17,272	-	17,272
200	Employee benefits	8,835	-	8,835
		26,107	-	26,107
162	Limited english proficiency			
100	Salaries	51,640	62,962	(11,322)
200	Employee benefits	20,333	29,819	(9,486)
300	Purchased services	4,000	5,035	(1,035)
600	Other objects	-	176	(176)
		75,973	97,992	(22,019)
	Total other exceptional programs	102,080	97,992	4,088
180	Adult/continuing educational programs			
181	Adult basic education programs			
400	Supplies and materials	-	6,125	(6,125)
		-	6,125	(6,125)
188	Parenting/family literacy			
100	Salaries	63,167	54,024	9,143
200	Employee benefits	30,939	29,140	1,799
400	Supplies and materials	-	1,174	(1,174)
		94,106	84,338	9,768
	Total adult/continuing educational programs	94,106	90,463	3,643
	Total instruction	19,148,721	18,147,292	1,001,429

School District of Edgefield County**Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued****For the year ended June 30, 2021**

		Budgeted Amounts		Variance
		Original and Final	Actual	with Final
				Budget
EXPENDITURES, Continued				
100	INSTRUCTION, Continued			
200	SUPPORT SERVICES			
210	Pupil services			
211	Attendance and social work services			
100	Salaries	38,320	40,588	(2,268)
200	Employee benefits	16,396	17,670	(1,274)
300	Purchased services	9,384	525	8,859
400	Supplies and materials	58	-	58
600	Other objects	65	176	(111)
		64,223	58,959	5,264
212	Guidance services			
100	Salaries	531,338	494,813	36,525
200	Employee benefits	222,149	192,054	30,095
300	Purchased services	3,685	(21)	3,706
400	Supplies and materials	2,107	-	2,107
		759,279	686,846	72,433
213	Health services			
100	Salaries	218,141	375,677	(157,536)
200	Employee benefits	98,402	107,227	(8,825)
300	Purchased services	5,814	599	5,215
400	Supplies and materials	13,053	12,472	581
600	Other objects	2,100	1,072	1,028
		337,510	497,047	(159,537)
214	Psychological services			
100	Salaries	71,478	72,527	(1,049)
200	Employee benefits	28,560	28,829	(269)
300	Purchased services	25,000	42,200	(17,200)
400	Supplies and materials	58	-	58
600	Other objects	357	176	181
		125,453	143,732	(18,279)
217	Career Specialist Services			
100	Salaries	67,227	67,221	6
200	Employee benefits	29,711	28,864	847
		96,938	96,085	853
	Total pupil services	1,383,403	1,482,669	(99,266)
220	Instructional staff services			
221	Improvement of instruction - curriculum development			
100	Salaries	550,399	499,316	51,083
200	Employee benefits	229,612	200,312	29,300
300	Purchased services	14,240	15,957	(1,717)
400	Supplies and materials	66,091	59,328	6,763
600	Other objects	1,565	1,053	512
		861,907	775,966	85,941
222	Library and media services			
100	Salaries	417,914	417,766	148
200	Employee benefits	185,437	188,872	(3,435)
400	Supplies and materials	23,370	24,164	(794)
		626,721	630,802	(4,081)
223	Supervision of special programs			
100	Salaries	92,503	113,103	(20,600)
200	Employee benefits	42,145	52,336	(10,191)
		134,648	165,439	(30,791)
224	Improvement of instruction - inservice and staff training			
300	Purchased services	7,252	19,324	(12,072)
400	Supplies and materials	1,339	1,018	321
		8,591	20,342	(11,751)
	Total instructional staff services	1,631,867	1,592,549	39,318

School District of Edgefield County**Required Supplementary Information****Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued****For the year ended June 30, 2021**

		Budgeted Amounts		Variance
		Original and Final	Actual	with Final
EXPENDITURES, Continued				Budget
200	SUPPORT SERVICES, Continued			
230	General administration services			
231	Board of education			
100	Salaries	7,200	36,665	(29,465)
200	Employee benefits	14,820	48,348	(33,528)
300	Purchased services	55,798	44,701	11,097
318	Audit services	27,500	18,750	8,750
400	Supplies and materials	580	1,100	(520)
600	Other objects	140,598	85,065	55,533
		246,496	234,629	11,867
232	Office of the superintendent			
100	Salaries	208,052	209,068	(1,016)
200	Employee benefits	81,198	75,437	5,761
300	Purchased services	32,767	29,963	2,804
400	Supplies and materials	15,840	9,515	6,325
500	Capital Outlay		4,807	(4,807)
600	Other objects	1,140	13,962	(12,822)
		338,997	342,752	(3,755)
233	School administration			
100	Salaries	1,848,523	1,836,852	11,671
200	Employee benefits	511,098	738,298	(227,200)
300	Purchased services	15,611	6,855	8,756
400	Supplies and materials	29,195	27,181	2,014
600	Other objects	10,612	2,808	7,804
		2,415,039	2,611,994	(196,955)
	Total general administration services	3,000,532	3,189,375	(188,843)
250	Finance and operations services			
252	Fiscal services			
100	Salaries	208,878	220,177	(11,299)
200	Employee benefits	84,380	85,045	(665)
300	Purchased services	22,950	4,377	18,573
400	Supplies and materials	9,142	8,481	661
600	Other objects	3,500	1,197	2,303
		328,850	319,277	9,573
254	Operation and maintenance of plant			
100	Salaries	1,197,060	1,205,471	(8,411)
200	Employee benefits	571,638	547,995	23,643
300	Purchased services	909,639	1,075,764	(166,125)
321	Public utilities	78,950	64,686	14,264
400	Supplies and materials	240,716	231,935	8,781
470	Energy	876,091	758,525	117,566
500	Capital outlay	30,000	4,741	25,259
		3,904,094	3,889,117	14,977
255	Student transportation			
100	Salaries	814,709	821,766	(7,057)
200	Employee benefits	223,167	297,723	(74,556)
300	Purchased services	11,047	7,967	3,080
400	Supplies and materials	807	7,661	(6,854)
500	Capital outlay	2,784	1,350	1,434
600	Other objects	27,408	675	26,733
		1,079,922	1,137,142	(57,220)
258	Security			
300	Purchased services	198,423	181,935	16,488
400	Supplies and materials	14,929	8,472	6,457
		213,352	190,407	22,945
	Total finance and operation services	5,526,218	5,535,943	(9,725)

School District of Edgefield County

Required Supplementary Information

Schedule 1 - Budgetary Comparison Schedule - General Fund, Continued

For the year ended June 30, 2021

		Budgeted Amounts		Variance
		Original and Final	Actual	with Final
				Budget
EXPENDITURES, Continued				
200	SUPPORT SERVICES, Continued			
260	Central support services			
263	Information services			
100	Salaries	22,000	7,233	14,767
200	Employee benefits	1,428	2,123	(695)
300	Purchased services	-	1,849	(1,849)
		23,428	11,205	12,223
264	Staff services			
100	Salaries	93,319	94,740	(1,421)
200	Employee benefits	39,104	40,531	(1,427)
300	Purchased services	12,339	3,100	9,239
400	Supplies and materials	4,909	3,012	1,897
600	Other objects	1,124	860	264
		150,795	142,243	8,552
266	Technology and data processing services			
100	Salaries	270,470	261,928	8,542
140	Terminal leave	-	3,115	(3,115)
200	Employee benefits	109,673	104,785	4,888
300	Purchased services	68,274	54,648	13,626
400	Supplies and materials	16,498	38,707	(22,209)
600	Other objects	-	527	(527)
		464,915	463,710	1,205
	Total central support services	639,138	617,158	21,980
270	Support services pupil activity			
271	Pupil services activities			
100	Salaries	220,542	305,132	(84,590)
200	Employee benefits	47,981	91,980	(43,999)
300	Purchased services	59,600	41,666	17,934
400	Supplies and materials	2,500	68	2,432
600	Other objects	15,000	15,941	(941)
		345,623	454,787	(109,164)
	Total support services pupil activity	345,623	454,787	(109,164)
	Total support services	12,526,781	12,872,481	(345,700)
410	INTERGOVERNMENTAL EXPENDITURES			
411	Payments to the State Department of Education			
720	Transits	70,000	4,086	65,914
412	Payments to the Other Governmental Units			
720	Transits	-	10,338	(10,338)
	Total intergovernmental expenditures	70,000	14,424	55,576
500	DEBT SERVICE			
500	Debt Service			
610	Redemption of principal	-	155,419	(155,419)
	Total debt service expenditures	-	155,419	(155,419)
	Total expenditures	31,745,502	31,189,616	555,886
OTHER FINANCING SOURCES (USES)				
Interfund transfers, from (to) other funds				
5230	Transfer from special revenue EIA fund	1,855,583	984,025	(871,558)
5280	Transfer from other funds indirect cost	20,000	39,118	19,118
421-710	Transfer to special revenue fund	(150,000)	(156,074)	(6,074)
422-710	Transfer to special revenue EIA fund	(160,000)	(269,087)	(109,087)
425-710	Transfer to food service fund	(230,000)	(207,078)	22,922
	Total other financing sources	1,335,583	390,904	(944,679)
	Excess of revenues and other financing sources over expenditures and other financing uses	\$ 54,943	1,431,273	\$ 1,376,330
FUND BALANCE, beginning of year			5,211,770	
FUND BALANCE, end of year			\$ 6,643,043	

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, 2021**

	SCRHITF			
	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.247921%	0.253274%	0.098602%	0.251791%
District's proportionate share of the net OPEB liability	\$ 44,753,327	\$ 38,298,890	\$ 35,531,892	\$ 31,104,677
District's covered payroll during the measurement period	\$ 22,852,919	\$ 22,150,948	\$ 20,635,482	\$ 21,233,111
District's proportionate share of the net pension liability as a percentage of its covered-payroll	195.83199%	172.89955%	172.18833%	146.49138%
Plan fiduciary net position as a percentage of the total OPEB liability	8.39%	8.44%	7.91%	7.60%

Note: Data unavailable for years prior to 2018

School District of Edgefield County**Required Supplementary Information****Schedule 3 - Schedule of the District's Contributions - OPEB****For the year ended June 30, 2021**

	SCRHITF									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,448,147	\$ 1,428,307	\$ 1,340,132	\$ 1,176,116	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	1,448,147	1,428,307	1,340,132	1,176,116	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
District's covered-payroll	\$ 23,170,360	\$ 22,852,919	\$ 22,150,948	\$ 20,635,482	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-payroll	6.25000%	6.25000%	6.05000%	5.69948%	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, 2021

	SCRS						
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.20144%	0.20558%	0.20515%	0.20668%	0.21360%	0.22017%	0.22957%
District's proportionate share of the net pension liability	\$ 51,472,041	\$ 46,942,650	\$ 45,966,942	\$ 46,526,090	\$ 45,624,858	\$ 41,756,871	\$ 39,524,515
District's covered payroll during the measurement period	\$ 22,844,665	\$ 22,145,212	\$ 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	225.31318%	211.97652%	222.75681%	219.12046%	217.01482%	199.66664%	187.18014%
Plan fiduciary net position as a percentage of the total pension liability	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%
	PORS						
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.000546%	0.000908%	0.000017%	0.00000%	0.00000%	0.00003%	0.00000%
District's proportionate share of the net pension liability	\$ 18,119	\$ 26,022	\$ 478	\$ -	\$ -	\$ 719	\$ -
District's covered payroll during the measurement period	\$ 8,254	\$ 5,736	\$ -	\$ -	\$ -	\$ 414	\$ -
District's proportionate share of the net pension liability as a percentage of its covered payroll	219.51781%	453.66109%	0.00000%	0.00000%	0.00000%	173.67150%	0.00000%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	62.70%	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, 2021

	SCRS									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,548,186	\$ 3,499,037	\$ 3,166,144	\$ 2,767,218	\$ 2,410,856	\$ 2,287,693	\$ 2,250,182	\$ 2,209,260	N/A	N/A
Contributions in relation to the contractually required contribution	3,548,186	3,499,037	3,166,144	2,767,218	2,410,856	2,287,693	2,250,182	2,209,260	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll	\$ 23,161,013	\$ 22,844,665	\$ 22,145,212	\$ 20,635,482	\$ 21,233,111	\$ 21,023,844	\$ 20,913,294	\$ 21,115,763	N/A	N/A
Contributions as a percentage of covered payroll	15.31965%	15.31665%	14.29719%	13.41000%	11.35423%	10.88142%	10.75958%	10.46261%	N/A	N/A
	PORS									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,686	\$ 1,489	\$ 978	\$ -	\$ -	\$ -	\$ 56	\$ -	N/A	N/A
Contributions in relation to the contractually required contribution	1,686	1,489	978	-	-	-	56	-	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll	\$ 9,347	\$ 8,254	\$ 5,736	\$ -	\$ -	\$ -	\$ 414	\$ -	N/A	N/A
Contributions as a percentage of covered payroll	18.03787%	18.03974%	17.05021%	0.00000%	0.00000%	0.00000%	13.52657%	0.00000%	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, 2021

		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)	Student Activity Funds* (700s)	Total
REVENUES										
1000	Revenues from local sources									
1700	Pupil activities									
	1730 Pupil organization membership dues and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,172	\$ 145,172
	1740 Student fees	-	-	-	-	-	-	-	117,258	117,258
	1790 Other pupil activity income	-	-	-	-	-	-	-	658,957	658,957
1900	Other revenue from local sources									
	1930 Special needs transportation-Medicaid	-	-	-	-	-	-	115,924	-	115,924
	1999 Revenue from other local sources	-	-	-	-	-	-	145,908	-	145,908
	Total local sources	-	-	-	-	-	-	261,832	921,387	1,183,219
2000	Intergovernmental revenue									
2100	Payments from other government units	-	-	-	-	-	42,828	5,099	-	47,927
	Total intergovernmental revenue	-	-	-	-	-	42,828	5,099	-	47,927
3000	Revenues from state sources									
3100	Restricted state funding									
3110	Occupational education									
	3118 EEDA career specialists	-	-	-	-	-	141,459	-	-	141,459
3120	General education									
	3127 Student health and fitness	-	-	-	-	-	24,554	-	-	24,554
3130	Special programs									
	3135 Reading coaches	-	-	-	-	-	241,182	-	-	241,182
	3136 Student health and fitness	-	-	-	-	-	115,257	-	-	115,257
3150	Adult education									
	3156 Adult Education	-	-	-	-	-	1,334	-	-	1,334
3190	Miscellaneous restricted state grants									
	3193 Education license plates	-	-	-	-	-	1,131	-	-	1,131
3900	Other state revenue									
	3994 PEBA Nonemployer contributions	-	-	-	-	-	5,889	-	-	5,889
	3995 CRF per pupil funding	-	-	-	-	-	-	835,641	-	835,641
	Total state sources	-	-	-	-	-	530,806	835,641	-	1,366,447
4000	Revenues from federal sources									
4200	Occupational education									
	4210 Vocational aid, Title I	-	-	-	69,026	-	-	-	-	69,026
4300	Elementary and Secondary Education Act of 1965									
	4310 Title I	996,399	-	-	-	-	-	140,773	-	1,137,172
	4312 Rural and low-income school	-	-	-	-	-	-	537	-	537
	4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-	-	-	-	13,846	-	13,846
	4351 Improving teacher quality	-	-	-	-	-	-	84,668	-	84,668
4400	Adult education									
	4410 Basic adult education	-	-	-	-	108,273	-	-	-	108,273
4500	Programs for children with disabilities									
	4510 IDEA	-	798,473	-	-	-	-	-	-	798,473
	4520 Pre-School Grants	-	-	42,983	-	-	-	-	-	42,983
4900	Other federal sources									
	4975 Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	-	-	-	-	-	-	717,086	-	717,086
	4977 ESSER II	-	-	-	-	-	-	762,288	-	762,288
4990	Other federal revenue:									
	4997 Title IV SSAE	-	-	-	-	-	-	52,288	-	52,288
	4999 Revenue from other federal sources	-	-	-	-	-	-	34,286	-	34,286
	Total federal sources	996,399	798,473	42,983	69,026	108,273	-	1,805,772	-	3,820,926
	Total revenue all sources	996,399	798,473	42,983	69,026	108,273	573,634	2,908,344	921,387	6,418,519

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, 2021

		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)	Student Acitivity Funds* (700s)	Total
100	EXPENDITURES									
	INSTRUCTION									
110	General instruction									
111	Kindergarten programs									
100	Salaries	-	-	-	-	-	-	24,009	-	24,009
200	Employee benefits	-	-	-	-	-	-	7,181	-	7,181
400	Supplies and materials	-	-	-	-	-	-	-	421	421
112	Primary programs									
100	Salaries	-	-	-	-	-	-	66,963	-	66,963
200	Employee benefits	-	-	-	-	-	-	20,107	-	20,107
400	Supplies and materials	-	-	-	-	-	-	-	2,115	2,115
113	Elementary programs									
100	Salaries	506,515	-	-	-	-	-	441,988	-	948,503
200	Employee benefits	181,763	-	-	-	-	24,554	131,572	-	337,889
300	Purchased services	34,562	-	-	-	-	-	29,311	-	63,873
400	Supplies and materials	164,838	-	-	-	-	1,131	156,900	399,070	721,939
114	High school programs									
100	Salaries	-	-	-	-	-	-	89,481	-	89,481
200	Employee benefits	-	-	-	-	-	-	26,356	-	26,356
400	Supplies and materials	-	-	-	-	-	-	116	229,266	229,382
115	Career and technical programs									
300	Purchased services	-	-	-	3,000	-	-	-	-	3,000
400	Supplies and materials	-	-	-	14,003	-	-	-	111,797	125,800
500	Capital outlay	-	-	-	51,284	-	-	-	-	51,284
120	Exceptional programs									
121	Educable mentally handicapped									
100	Salaries	-	91,662	-	-	-	-	1,481	-	93,143
200	Employee benefits	-	33,893	-	-	-	-	336	-	34,229
122	Trainable mentally handicapped									
100	Salaries	-	70,035	-	-	-	-	3,704	-	73,739
200	Employee benefits	-	27,791	-	-	-	-	1,151	-	28,942
123	Orthopedically handicapped									
100	Salaries	-	-	-	-	-	-	1,599	-	1,599
200	Employee benefits	-	-	-	-	-	-	485	-	485
126	Speech handicapped									
100	Salaries	-	-	-	-	-	-	7,631	-	7,631
200	Employee benefits	-	-	-	-	-	-	2,307	-	2,307
300	Purchased services	-	63,900	-	-	-	-	2,291	-	66,191
127	Learning disabilities									
100	Salaries	-	141,445	-	-	-	-	13,038	-	154,483
200	Employee benefits	-	46,039	-	-	-	-	3,859	-	49,898
300	Purchased services	-	-	-	-	-	-	558	-	558
400	Supplies and materials	-	-	-	-	-	-	19,971	128	20,099
128	Emotionally handicapped									
100	Salaries	-	19,632	-	-	-	-	2,087	-	21,719
200	Employee benefits	-	7,135	-	-	-	-	665	-	7,800

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, 2021

		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)	Student Activity Funds* (700s)	Total
100	EXPENDITURES, Continued									
	INSTRUCTION, Continued									
130	Pre-school programs									
131	Pre-school handicapped speech (5-yr olds)									
200	Employee benefits	-	-	-	-	-	-	113	-	113
137	Pre-school handicapped - Self-contained									
100	Salaries	-	-	23,162	-	-	-	4,460	-	27,622
200	Employee benefits	-	-	19,821	-	-	-	1,375	-	21,196
400	Supplies and materials	-	-	-	-	-	-	-	238	238
139	Early childhood programs									
100	Salaries	-	-	-	-	-	28,521	-	-	28,521
200	Employee benefits	-	-	-	-	-	2,568	-	-	2,568
400	Supplies and materials	-	-	-	-	-	3,050	-	-	3,050
140	Special programs									
141	Gifted and talented academic									
100	Salaries	-	-	-	-	-	-	2,015	-	2,015
200	Employee benefits	-	-	-	-	-	-	611	-	611
147	CDEP									
100	Salaries	-	-	-	-	-	-	11,390	-	11,390
200	Employee benefits	-	-	-	-	-	-	3,452	-	3,452
400	Supplies and materials	-	-	-	-	-	-	-	912	912
149	Other special programs									
100	Salaries	-	-	-	-	-	-	813	-	813
200	Employee benefits	-	-	-	-	-	-	225	-	225
300	Purchased services	-	-	-	-	-	-	3,990	-	3,990
400	Supplies and materials	-	23,247	-	-	-	-	20,529	-	43,776
170	Summer school programs									
172	Elementary summer school									
100	Salaries	-	-	-	-	-	-	173,853	-	173,853
200	Employee benefits	-	-	-	-	-	-	55,207	-	55,207
400	Supplies and materials	-	-	-	-	-	-	26,406	-	26,406
180	Adult continuing education programs									
181	Adult basic education programs									
100	Salaries	-	-	-	-	15,406	-	-	-	15,406
200	Employee benefits	-	-	-	-	1,894	-	-	-	1,894
400	Supplies and materials	-	-	-	-	100	-	-	-	100
182	Adult secondary education programs									
100	Salaries	-	-	-	-	51,455	-	-	-	51,455
200	Employee benefits	-	-	-	-	21,828	-	-	-	21,828
400	Supplies and materials	-	-	-	-	650	-	-	-	650
188	Parenting/family literacy									
100	Salaries	-	-	-	-	10,863	-	-	-	10,863
200	Employee benefits	-	-	-	-	3,221	-	-	-	3,221
300	Purchased services	-	-	-	-	501	-	-	-	501
400	Supplies and materials	-	-	-	-	-	-	-	-	-
		<u>11,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,168</u>
	Total instruction	<u>898,846</u>	<u>524,779</u>	<u>42,983</u>	<u>68,287</u>	<u>105,918</u>	<u>59,824</u>	<u>1,359,599</u>	<u>743,947</u>	<u>3,804,183</u>

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, 2021

		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)	Student Acitivity Funds* (700s)	Total
200	EXPENDITURES, Continued									
	SUPPORT SERVICES									
210	Pupil services									
211	Attendance and social work services									
100	Salaries	-	-	-	-	-	-	3,179	-	3,179
212	Guidance services									
100	Salaries	-	-	-	-	-	95,381	21,583	-	116,964
200	Employee benefits	-	-	-	-	-	46,078	7,152	-	53,230
300	Purchased services	-	-	-	-	-	-	44,640	-	44,640
400	Supplies and materials	-	-	-	-	-	-	-	251	251
213	Health services									
100	Salaries	-	-	-	-	-	64,099	42,007	-	106,106
200	Employee benefits	-	-	-	-	-	51,158	13,586	-	64,744
300	Purchased services	-	-	-	-	-	-	68	-	68
400	Supplies and materials	-	-	-	-	-	-	17,650	-	17,650
214	Psychological services									
300	Purchased services	-	-	-	-	-	-	3,553	-	3,553
220	Instructional staff services									
221	Improvement of instruction - curriculum development									
100	Salaries	-	-	-	-	-	211,117	66,040	-	277,157
200	Employee benefits	-	-	-	-	-	111,757	20,278	-	132,035
300	Purchased services	7,138	-	-	-	855	-	95,865	-	103,858
400	Supplies and materials	-	-	-	-	-	1,334	-	-	1,334
222	Library and media									
100	Salaries	-	-	-	-	-	-	11,280	-	11,280
200	Employee benefits	-	-	-	-	-	-	3,285	-	3,285
223	Supervision of special programs									
100	Salaries	50,983	198,052	-	-	-	-	34,156	-	283,191
200	Employee benefits	17,503	74,729	-	-	-	-	10,579	-	102,811
300	Purchased services	1,311	-	-	739	1,500	307	4,379	-	8,236
400	Supplies and materials	8,575	-	-	-	-	-	-	-	8,575
224	Improvement of instruction - inservice and staff training									
100	Salaries	-	-	-	-	-	-	10,000	-	10,000
200	Employee benefits	-	-	-	-	-	-	3,010	-	3,010
300	Purchased services	-	-	-	-	-	-	67,240	-	67,240
400	Supplies and materials	-	-	-	-	-	-	13,198	-	13,198
230	General administrative services									
232	Office of the superintendent									
100	Salaries	-	-	-	-	-	-	8,620	-	8,620
200	Employee benefits	-	-	-	-	-	-	2,549	-	2,549
233	School administration									
100	Salaries	-	-	-	-	-	-	49,865	-	49,865
200	Employee benefits	-	-	-	-	-	-	12,777	-	12,777
250	Finance and operations services									
251	Student transportation									
100	Salaries	-	929	-	-	-	-	13,871	-	14,800
200	Employee benefits	-	277	-	-	-	-	3,715	-	3,992
300	Purchased services	-	-	-	-	-	-	16,788	-	16,788
252	Fiscal services									
100	Salaries	-	-	-	-	-	-	1,174	-	1,174
200	Employee benefits	-	-	-	-	-	-	347	-	347
254	Operation and maintenance of plant									
100	Salaries	-	-	-	-	-	-	2,269	-	2,269
200	Employee benefits	-	-	-	-	-	-	643	-	643
400	Supplies and materials	-	-	-	-	-	-	48,025	-	48,025
255	Student transportation									
100	Salaries	-	-	-	-	-	3,691	5,037	-	8,728
200	Employee benefits	-	-	-	-	-	1,066	1,619	-	2,685
300	Purchased services	-	-	-	-	-	3,626	-	-	3,626

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, 2021

		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)	Student Activity Funds* (700s)	Total
EXPENDITURES, Continued										
200 SUPPORT SERVICES, Continued										
250	Finance and operations services, continued									
256	Food services									
100	Salaries	-	-	-	-	-	-	155,322	-	155,322
200	Employee benefits	-	-	-	-	-	-	84,811	-	84,811
400	Supplies and materials	-	-	-	-	-	-	-	107,535	107,535
258	Security									
300	Purchased services	-	-	-	-	-	-	13,111	-	13,111
260	Central Support Services									
263	Information services									
300	Purchased services	-	-	-	-	-	-	15,000	-	15,000
264	Staff services									
100	Salaries	-	-	-	-	-	-	172	-	172
200	Employee benefits	-	-	-	-	-	-	51	-	51
300	Purchased services	-	-	-	-	-	-	5,764	-	5,764
400	Supplies and materials	-	-	-	-	-	-	44,825	-	44,825
266	Technology and data processing services									
100	Salaries	-	-	-	-	-	-	15,461	-	15,461
200	Employee benefits	-	-	-	-	-	-	4,574	-	4,574
300	Purchased services	-	-	-	-	-	-	170,018	-	170,018
400	Supplies and materials	-	-	-	-	-	-	389,423	-	389,423
270	Support services - pupil activity									
271	Pupil service activities									
100	Salaries	-	-	-	-	-	-	841	-	841
200	Employee benefits	-	-	-	-	-	-	249	-	249
	Total support services	85,510	273,987	-	739	2,355	589,614	1,559,649	107,786	2,619,640
300 COMMUNITY SERVICES:										
370	Non public school services									
300	Purchased services	-	-	-	-	-	-	6,738	-	6,738
400	Supplies and materials	-	-	-	-	-	-	7,607	-	7,607
	Total community services	-	-	-	-	-	-	14,345	-	14,345
	Total expenditures	984,356	798,766	42,983	69,026	108,273	649,438	2,933,593	851,733	6,438,168

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, 2021

	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)	Student Activity Funds* (700s)	Total
410 INTERGOVERNMENTAL EXPENDITURES:									
411 Payments to State Department of Education									
720 Transits	-	-	-	-	-	-	21,764	-	21,764
419 Payments from PEBA Nonemployer Contributions									
720 Transits	-	-	-	-	-	5,889	-	-	5,889
Total intergovernmental expenditures	-	-	-	-	-	5,889	21,764	-	27,653
OTHER FINANCING SOURCES (USES)									
Interfund transfers from (to) other funds									
5210 Transfer from general fund	195	293	-	-	-	81,693	73,893	-	156,074
431-791 Special revenue indirect costs	(12,238)	-	-	-	-	-	(26,880)	-	(39,118)
Total other financing sources (uses)	(12,043)	293	-	-	-	81,693	47,013	-	116,956
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-	-	-	-	69,654	69,654
FUND BALANCE, beginning of year as previously reported	-	-	-	-	-	-	-	-	-
Restatement, see Note 17	-	-	-	-	-	-	-	691,481	691,481
FUND BALANCE, beginning of year as restated	-	-	-	-	-	-	-	691,481	691,481
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 761,135	\$ 761,135

* 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
980 First steps family literacy program
994 PEBA nonemployer contributions

Other Special Revenue Grants

210 Title IV SSAE
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
217 Coronavirus Relief Fund
220 Coronavirus Aid, Relief and Economic Security Act (CARES Act)
225 ESSER II
237 Targeted school improvement
Special Projects
700 Student activity funds

School District of Edgefield County***Schedule A-2 - Special Revenue Fund******Summary Schedule for Designated Restricted State Grants******For the year ended June 30, 2021***

Subfund	Revenue	Programs	Revenues	Expenditures	Transfers In (Out)	Unearned Revenue
919	3193	Education license plates	\$ 1,131	\$ 1,131	\$ -	\$ 594
928	3118	EEDA Career specialists	141,459	141,459	-	-
935	3135	Reading coaches	241,182	322,875	81,693	-
936	3136	Student health and fitness-nurses	115,257	115,257	-	-
937	3127	Student health and fitness	24,554	24,554	-	-
956	3156	Adult Education	1,334	1,334	-	-
980	2100	First steps family literacy program	42,828	42,828	-	-
994	3994	PEBA nonemployer contributions	5,889	5,889	-	-
			\$ 573,634	\$ 655,327	\$ 81,693	\$ 594

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, 2021

		Total
REVENUES		
3000	Revenue from state sources	
3500	Education Improvement Act:	
3502	Adept	\$ 1,975
3518	Formative Assessment	18,294
3519	Grade 10 Assessments	11,189
3526	EIA Science Kit Refurbishment	31,514
3528	Industry Certificates	28,575
3529	Career and Technology Education	90,915
3532	National Board Certification (NBC) Salary Supplement	19,419
3533	Teacher of the year awards	1,077
3538	Students at risk of school failure	387,583
3541	Child early reading development and education program (CERDEP)-Full Day 4K	444,496
3550	Teacher salary increase	791,446
3555	School employer contributions	192,579
3556	Adult education	149,846
3557	Summer reading program	16,687
3577	Teacher supplies	73,425
3594	EEDA supplemental programs	144,078
3595	EEDA homework center awards	7,840
3597	Aid to districts	71,607
3599	Other EIA	38,178
	Total revenue from state sources	<u>2,520,723</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, 2021

EXPENDITURES

100 INSTRUCTION

110	General instruction		
112	Primary programs		
100	Salaries	\$	7,500
200	Employee benefits		2,488
400	Supplies and materials		24,897
			<u>34,885</u>
113	Elementary programs		
100	Salaries		103,972
200	Employee benefits		27,213
300	Purchased services		2,137
400	Supplies and materials		64,370
600	Other objects		4,950
			<u>202,642</u>
114	High school programs		
100	Salaries		60,052
200	Employee benefits		25,802
300	Purchased services		271
400	Supplies and materials		23,844
			<u>109,969</u>
115	Career and technical development		
300	Purchased services		7,300
400	Supplies and materials		103,411
500	Capital Outlay		18,706
			<u>129,417</u>
120	Exceptional programs		
127	Learning disabilities		
100	Salaries		4,903
200	Employee benefits		82
400	Supplies and materials		7,425
			<u>12,410</u>
139	Early childhood programs		
200	Employee benefits		809
300	Purchased services		78
400	Supplies and materials		1,658
			<u>2,545</u>
140	Special programs		
147	CDEP/CERDEP		
100	Salaries		476,833
200	Employee Benefits		231,447
300	Purchased services		53
400	Supplies and materials		3,050
600	Other objects		256
			<u>711,639</u>
149	Other Special Programs		
400	Supplies and materials		5,650
			<u>5,650</u>
170	Summer school program		
172	Elementary summer school		
100	Salaries		16,687
			<u>16,687</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, 2021

EXPENDITURES, Continued		
100 INSTRUCTION, Continued		
180 Adult/ continuing educational programs		
181 Adult basic education programs		
400 Supplies and materials		3,083
		<u>3,083</u>
182 Adult secondary education programs		
400 Supplies and materials		725
		<u>725</u>
Total instruction		<u>1,229,652</u>
200 SUPPORT SERVICES		
210 Pupil Services		
211 Attendance and Social Work Services		
100 Salaries		59,573
200 Employee Benefits		24,136
300 Purchased Services		141
		<u>83,850</u>
212 Guidance Services		
100 Salaries		60,758
200 Employee Benefits		22,152
300 Purchased services		710
400 Supplies and materials		7,131
		<u>90,751</u>
213 Health services		
400 Supplies and materials		752
		<u>752</u>
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
100 Salaries		50,000
300 Purchased services		29,715
400 Supplies and materials		93,920
		<u>173,635</u>
223 Supervision of special programs		
100 Salaries		143,168
200 Employee benefits		53,358
300 Purchased services		1,251
400 Supplies and materials		472
		<u>198,249</u>
224 Improvement of instruction - inservice and staff training		
100 Salaries		5,000
200 Employee benefits		1,524
		<u>6,524</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, 2021

EXPENDITURES, Continued		
200	SUPPORT SERVICES, Continued	
230	General administrative services	
231	Board of education	
100	Salaries	900
200	Employee benefits	176
		<u>1,076</u>
250	Finance and operation services	
251	Student transportation (Federal/District Mandated)	
100	Salaries	199
		<u>199</u>
255	Student transportation (state mandated)	
200	Employee benefits	548
300	Purchased services	2,837
		<u>3,385</u>
260	Central support services	
266	Technology and Data Processing Services	
400	Supplies and materials	17,712
		<u>17,712</u>
	Total support services	<u>576,133</u>
	Total expenditures	<u>1,805,785</u>
OTHER FINANCING SOURCES (USES)		
Interfund transfers from (to) other funds		
5210	Transfer from general fund	269,087
420-710	Transfer to general fund	(984,025)
	Total other financing sources/(uses)	<u>(714,938)</u>
	Excess of revenues over expenditures and other financing uses	-
FUND BALANCE, beginning of year		<u>-</u>
FUND BALANCE, end of year		<u><u>\$ -</u></u>

School District of Edgefield County
Schedule A-4 - EIA Summary Schedule by Program
For the year ended June 30, 2021

		<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In/(Out)</u>	<u>Unearned Revenue</u>
3500	Education Improvement Act				
3502	Adept	\$ 1,975	\$ 1,975	\$ -	\$ -
3518	Formative assessment	18,294	18,294	-	-
3519	Grade 10 assessments	11,189	11,189	-	-
3526	Science kit refurbishment	31,514	31,514	-	19,868
3528	Industry certificates	28,575	28,575	-	1,591
3529	Career and technology education	90,915	90,915	-	19,285
3532	National Board Certification (NBC) Salary Supplement	19,419	19,419	-	-
3533	Teacher of the year awards	1,077	1,077	-	-
3538	Students at risk of school failure	387,583	387,583	-	32,075
3541	Child development education program (CDEP)	444,496	713,583	269,087	-
3550	Teacher salary increase	791,446	-	(791,446)	-
3555	School employer contributions	192,579	-	(192,579)	-
3556	Adult education	149,846	149,846	-	13,860
3557	Summer reading program	16,687	16,687	-	21,691
3577	Teacher supplies	73,425	73,425	-	-
3594	EEDA supplemental programs	144,078	144,078	-	-
3595	EEDA homework center awards	7,840	7,840	-	2,522
3597	Aid to districts	71,607	71,607	-	80,867
3599	Other EIA	38,178	38,178	-	4,298
	Total	<u>\$ 2,520,723</u>	<u>\$ 1,805,785</u>	<u>\$ (714,938)</u>	<u>\$ 196,057</u>

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, 2021

REVENUES				
1000	Revenue from local sources			
1500	Earnings on investments			
	1510	Interest on investments		\$ 81,133
1900	Other revenue from local sources			
	Total local sources			81,133
	Total revenue all sources			81,133
EXPENDITURES				
250	Finance and operations			
252	100	Salaries		15,000
	200	Employee benefits		4,514
253	Facilities acquisition and construction services			
	300	Purchased services		1,410,615
	500	Capital outlay		
	510	Land		4,973
	520	Construction services		23,650,458
	530	Improvements other than buildings		424,122
	540	Equipment		544,981
254	Operation and maintenance of plant			
	300	Purchased services		3,605
	400	Supplies and materials		24,650
	500	Capital outlay		145,513
266	Technology and data processing services			
	300	Purchased services		9,900
	400	Supplies and materials		503,529
	500	Capital outlay		26,623
	Total finance and operations			26,768,483
500	Debt Services			
	690	Other objects (includes fees for servicing bonds)		2,808
	Total debt service			2,808
	Total expenditures			26,771,291
5100	Sale of Bonds:			
	5120	Proceeds of general obligation bonds		1,118,000
	Total other financing sources			1,118,000
	Excess (deficiency) of revenues over (under) expenditures			(25,572,158)
FUND BALANCE, beginning of year				47,280,352
FUND BALANCE (Deficit), end of year				\$ 21,708,194

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, 2021

REVENUES

1000	Revenue from local sources		
1100	Taxes		
1110	Ad valorem taxes, including delinquent taxes	\$	4,399,117
1140	Penalties and interest on taxes		280,558
1500	Earnings on investments		
1510	Interest on investments		2,052
	Total local sources		<u>4,681,727</u>
3000	Revenue from state sources		
3800	State revenue in lieu of taxes		
3820	Homestead exemption		254,177
3830	Merchants inventory tax		6,578
3840	Manufacturer's depreciation reimbursement		65,864
3890	Other state property tax revenues		92,770
	Total state sources		<u>419,389</u>
	Total revenue all sources		<u>5,101,116</u>

EXPENDITURES

500	Debt service		
610	Redemption of principal		2,578,000
620	Interest		1,855,976
690	Other objects		272
	Total debt service		<u>4,434,248</u>
	Total expenditures		<u>4,434,248</u>
	Excess (deficiency) of revenues over (under) expenditures		666,868
	FUND BALANCE, beginning of year		<u>1,416,760</u>
	FUND BALANCE, end of year	\$	<u><u>2,083,628</u></u>

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, 2021

REVENUES		
1000	Revenue from local sources	
1500	Earnings on investments	
1510	Interest on investments	\$ 1,171
1600	Food services	
1610	Lunch sales to pupils	3,754
1630	Special sales to pupils	124,463
1640	Lunch sales to adults	18,418
1650	Breakfast sales to adults	152
1660	Special sales to adults	17,223
1900	Other revenue from local sources	
1999	Revenue from other local sources	13,530
	Total local sources	<u>178,711</u>
3000	Revenue from state sources	
3900	Other state revenue	
3994	PEBA Nonemployer contributions	18,250
	Total state sources	<u>18,250</u>
4000	Revenue from federal sources	
4800	USDA reimbursements	
4810	School lunch and after school snacks program	13,244
4830	School breakfast program	5,652
4850	Cash in lieu of USDA commodities	121,147
4880	Summer feeding programs (SFSP)	1,190,111
	Total federal sources	<u>1,330,154</u>
	Total revenue all sources	<u>1,527,115</u>
EXPENDITURES		
250	Finance and operations services	
256	Food service	
100	Salaries	625,510
200	Employee benefits	243,121
221	Pension expense	220,206
300	Purchased services	110,191
400	Supplies and materials	664,838
500	Capital outlay	25,312
600	Other	5,200
	Total support services	<u>1,894,378</u>
400 OTHER CHARGES		
419	Payments from PEBA Nonemployer contributions	100,144
	Total intergovernmental expenditures	<u>100,144</u>
	Total expenditures	<u>1,994,522</u>
OTHER FINANCING SOURCES		
Interfund transfers from (to) other funds		
5210	Transfer from general fund	<u>207,078</u>
		207,078
	Change in net position	(260,329)
	NET POSITION (DEFICIT), beginning of year	<u>(4,417,297)</u>
	NET POSITION (DEFICIT), end of year	<u>\$ (4,677,626)</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 - Detailed Schedule of Due to**State Department of Education/Federal Government**June 30, 2021*

Program	Grant or project number	Revenue code	Description	Amount due	Status of Amount due
None					

School District of Edgefield County

Schedule F - Location Reconciliation Schedule

For the year ended June 30, 2021

01 Districtwide	Non-Schools	Central	\$ 14,573,558
02 Strom Thurmond High School	High Schools	School	25,006,380
03 Douglas Elementary	Elementary Schools	School	2,918,903
05 Johnston Elementary	Elementary Schools	School	3,374,178
07 W.E. Parker Elementary	Elementary Schools	School	4,169,343
08 Merriwether Elementary	Elementary Schools	School	8,028,616
09 J.E.T. Middle	Middle Schools	School	4,140,757
10 Merriwether Middle	Middle Schools	School	8,216,232
95 Strom Thurmond Vocational	Other Schools	Central	2,133,172
			<u>\$ 72,561,139</u>

General Fund	\$ 31,189,616
Special Revenue Fund	6,465,821
Special Revenue EIA Fund	1,805,785
Debt Service Fund	4,434,248
Capital Projects Fund	26,771,291
Proprietary Fund	1,894,378
	<u>\$ 72,561,139</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, 2021, 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 29, 2021.

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 (2021-001), 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Garvin, LLC". The signature is written in a cursive, flowing style.

Greenwood, South Carolina
November 29, 2021



**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, 2021. 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, 2021.

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 29, 2021

School District of Edgefield County**Schedule of Expenditures of Federal Awards****For the year ended June 30, 2021**

LEA Subfund Code	Federal grantor/ Pass-through grantor/ Program title	Federal CFDA number	Pass through grantor's number	Total Federal 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	H63010100120	\$ 996,399
237	Title I - Targeted Support and Improvement	84.010	H63010100120	140,773
	Total Title I, Part A Cluster			1,137,172
Special Education Cluster				
203	Individuals with Disabilities Education Act (IDEA)	84.027	H63010100920	798,473
205	IDEA Preschool Grants	84.173	H63010100820	42,983
	Total Special Education Cluster			841,456
Other programs				
207	Occupational Education	84.048	H63010107120	69,026
210	Title IV, Part A, Student Support and Academic Enrichment Program	84.424	H63010100320	52,288
220	Elementary and Secondary Education Relief Fund I	84.425D	H63010497520	717,086
225	Elementary and Secondary Education Relief Fund II	84.425D	H63010497522	762,288
243	Adult Education	84.002	H63010101020	108,273
251	Rural Education Achievement Program-REAP, Title VI	84.358	H63010007020	537
264	Title III ESL	84.365	H63010006720	13,846
267	Improving Teacher Quality	84.367	H63010006820	84,668
	Total other			1,808,012
	Total U.S. Department of Education			3,786,640
<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	5,652
600	School lunch program - Cash assistance	10.555	N/A	1,324,502
	Total Child Nutrition Cluster			1,330,154
Direct program				
100	U.S. Forest Commission Revenues	10.666	N/A	45,734
	Total U.S. Department of Agriculture			1,375,888
<u>United States Department of Defense</u>				
Direct program				
172	Naval Junior ROTC	12.990	N/A	1,400
272	Naval Junior ROTC	12.990	N/A	34,286
	Total United States Department of Energy			35,686
	Total Other Federal Assistance			35,686
	Total Federal Assistance Expended			\$ 5,198,214

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, 2021

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, 2021. 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, 2021. 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	\$ 109,656

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, 2021

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? | <u> X </u> | yes | <u> </u> | no |
| • Significant deficiency(ies) identified? | <u> </u> | yes | <u> X </u> | none reported |

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal programs:

- | | | | | |
|---|---------------|-----|--------------|---------------|
| • Material weakness(es) identified? | <u> </u> | yes | <u> X </u> | no |
| • Significant deficiency(ies) identified? | <u> </u> | yes | <u> X </u> | 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:

CFDA #

84.425D

84.027, 84.173

Program / Cluster Name

Elementary and Secondary Education Relief Fund I & II

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, 2021

Section II. Financial Statement Findings

2021 Financial Statement Findings

2021 – 001: Material Weakness

Condition:

The District did not have adequate controls in place over its annual year end close process that would allow the District to prevent and detect material misstatements in its basic financial statements. As a result, the external auditors were required to record numerous adjustments of which some were material to the financial statements.

Criteria:

District should implement adequate controls over the year end close process to prevent or detect material misstatements.

Effect:

There is a higher risk that material misstatements in the basic financial statements will go undetected.

Cause:

The District's internal control year end close processes did not function to ensure proper recording and reporting.

Recommendation:

We recommend the District review its internal control procedures over the year end close process to ensure proper recording and reporting under generally accepted accounting principles.

Response:

We agree with the recommendation and will review internal controls over year end close procedures and to ensure proper oversight and compliance with generally accepted accounting principles.

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, 2021

2020 Financial Statement Findings

2020 – 001: Material Weakness

Condition:

The District did not have adequate controls in place over its annual year end close process that would allow the District to prevent and detect material misstatements in its basic financial statements. As a result, the external auditors were required to record numerous adjustments of which some were material to the financial statements.

Criteria:

District should implement adequate controls over the year end close process to prevent or detect material misstatements

Effect:

There is a higher risk that material misstatements in the basic financial statements will go undetected.

Cause:

The District's internal control year end close processes did not function to ensure proper recording and reporting.

Recommendation:

We recommend the District review its internal control procedures over the year end close process to ensure proper recording and reporting under generally accepted accounting principles.

Response:

We agree with the recommendation and will review internal controls over year end close procedures and to ensure proper oversight and compliance with generally accepted accounting principles.

Current Status:

The finding was repeated in the current year.