

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

PREPARED BY:

OFFICE OF FINANCIAL SERVICES

(This page intentionally left blank.)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2025

	<u>Reference</u>	<u>Page</u>
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		1
Management's Discussion and Analysis		4
Basic Financial Statements		
<i>Government-Wide Financial Statements</i>		
Statement of Net Position		18
Statement of Activities		20
<i>Fund Financial Statements</i>		
Balance Sheet - Governmental Funds		22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position		25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities		28
<i>Notes to the Financial Statements</i>		29
Required Supplementary Information		
<u>Budgetary Comparison Schedule - General Fund</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual	Schedule A-1	70
<u>Pension Schedules:</u>		
Schedule of the School District's Proportionate Share of the Net Pension Liability - South Carolina Retirement System		71
Schedule of the School District's Contributions - South Carolina Retirement System		72
Schedule of the School District's Proportionate Share of the Net Pension Liability - Police Officers Retirement System		73
Schedule of the School District's Contributions - Police Officers Retirement System		74

(Continued)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2025

FINANCIAL SECTION (CONTINUED)

	<u>Reference</u>	<u>Page</u>
Required Supplementary Information (continued)		
<u>Other Postemployment Benefit Plan Schedules:</u>		
Schedule of the School District's Proportionate Share of the Net OPEB Liability - South Carolina Retiree Health Insurance Trust Fund		75
Schedule of the School District's Contributions - South Carolina Retiree Health Insurance Trust Fund		76
Supplementary Information		
<i>Combining and Individual Fund Financial Schedules</i>		
<u>General Fund</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Revised Budget and Actual	Schedule A-2	78
<u>Special Revenue Funds</u>		
<i>Special Revenue Funds</i>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule B-1	86
Supplemental Listing of LEA Subfund Codes and Titles	Schedule B-2	96
Summary Schedule for Other Designated Restricted State Grants	Schedule B-3	97
<i>Education Improvement Act</i>		
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs	Schedule B-4	98
Summary Schedule by Program	Schedule B-5	101
<i>Other Schedules</i>		
Detailed Schedule of Due to State Department of Education/Federal Government	Schedule B-6	102
<i>Food Service Fund</i>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule B-7	103
<i>Educational Foundation</i>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule B-8	105
<u>Debt Service Funds</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balances	Schedule C-1	106

(Continued)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2025

FINANCIAL SECTION (CONTINUED)

	<u>Reference</u>	<u>Page</u>
Supplementary Information (continued)		
<u>Capital Projects Fund</u>		
Schedule of Revenues, Expenditures, and Change in Fund Balance	Schedule D-1	107
Location Reconciliation Schedule		109

COMPLIANCE SECTION

	<u>Reference</u>	<u>Page</u>
Schedule of Expenditures of Federal Awards		112
Notes to the Schedule of Expenditures of Federal Awards		115
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		117
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		119
Summary Schedule of Prior Audit Findings		122
Schedule of Findings and Questioned Costs		123

(This page intentionally left blank.)



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Dorchester County School District Two, South Carolina (the "School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information, as listed in the table of contents, and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 on our consideration of the School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District’s internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
December 1, 2025

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

INTRODUCTION

The following management's discussion and analysis (MD&A) of Dorchester County School District Two (the "District" or "School District") offers a narrative overview and analysis of the District's financial position and results of operations for the fiscal year ended June 30, 2025. Its design and purpose is to (a) focus on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any material deviations from the approved budget, and (e) identify individual fund issues or concerns. Readers should also review the District's financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance as a whole.

FINANCIAL HIGHLIGHTS

Revenues. Total revenues for governmental activities increased \$13.4 million to \$406.9 million for fiscal year 2025. Major changes include an \$16.2 million increase in property taxes partially offset by a \$7.3 million decrease in operating grants and contributions. The decrease in operating grants and contributions is primarily the result of the ESSER program coming to a close as of September 30, 2024. The increase in property taxes is primarily due to an increase in assessed values.

Expenses. Total expenses for governmental activities increased \$25.0 million to \$366.6 million for fiscal year 2025. The major change is an increase of \$11.8 million in instruction expenses and \$9.2 million in support services expenses. These increases are primarily due to increases in salaries and related benefits due to an increase in the teacher salary schedule as well as a step increase provided to all staff during fiscal year 2025 and continued increases in fringe benefit costs.

Net Position. Net position for governmental activities for June 30, 2025 was a deficit of \$192.0 million, a decrease of \$40.3 million from the beginning deficit of \$232.2 million. The District's governmental activities have a \$203.9 million net investment in capital assets, \$26.2 million restricted for debt service, \$5.6 million restricted for Special Revenue Programs, \$289 thousand restricted for the Educational Foundation, and a deficit of \$428 million in unrestricted net position primarily due to the net pension liability of approximately \$276.4 million and the net OPEB liability of approximately \$234.6 million.

Capital Assets. The District's general capital assets for governmental activities showed a net increase of \$9.0 million. Net governmental activities capital assets on June 30, 2025 were \$416 million. The District's total additions of \$31.1 million included \$15.2 million in construction in progress, \$12.6 million in furniture, equipment, and vehicles, \$410 thousand in building improvements, and \$3.0 million in improvements other than buildings. Construction in progress additions were related to capital projects and referendum projects. The furniture, equipment and vehicles additions consisted primarily of the purchase of technology equipment and software. These additions were offset by \$22.1 million in depreciation expense.

Governmental Funds – Fund Balance. The District's combined fund balance for all governmental funds at the fund level report an ending balance of \$329.9 million, an increase of \$200.1 million from the prior year balance of \$129.7 million. The overall increase is primarily due to the issuance of the Series 2025A General Obligation Bonds with a par value of \$200 million and a premium of \$9.7 million. The issuance was approved through referendum. Proceeds will be used for future capital projects.

General Fund – Fund Balance. The District's principal operating fund, the General Fund, showed a decrease in its fund balance of \$3.0 million that provided a balance at year-end of \$67.3 million. This balance includes \$595 thousand in fund balance assigned for school carryovers and \$66.7 million in unassigned fund balance.

Revenues and Expenditures. Revenues and other financing sources exceeded expenditures for all governmental funds by \$200.1 million. Major changes in revenues and expenditures are discussed in detail in the Financial Analysis of the District's Funds section below.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

FINANCIAL HIGHLIGHTS (CONTINUED)

Debt. The District retired \$24.3 million in long-term debt through principal payments on General Obligation Bonds, \$8.0 million in principal payments on installment purchase revenue bonds, and \$2.5 million through principal payments on equipment use acquisition agreements. The District borrowed \$200 million in General Obligation Bonds for the purpose of funding future capital projects. In addition, the District borrowed \$91.8 million in short-term General Obligation Bonds during the year that were fully repaid during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others. For the year ended June 30, 2025, the District had no fiduciary funds.

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

	Government-Wide Financial Statements	Governmental Funds
Scope	Entire School District	The activities of the School District
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of Balance Sheet Information	All balance sheet elements, both financial and capital, and long- term obligations	All balance sheet elements that come due during the year or soon thereafter; no capital assets – or long-term obligations are included
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

DISTRICT-WIDE STATEMENTS

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

DISTRICT-WIDE STATEMENTS (CONTINUED)

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

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

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

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

Fund Financial Statements

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

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

The District maintains its accounting records in conformity with the South Carolina Department of Education's Financial Accounting Handbook. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Special Revenue, EIA, Food Service, Educational Foundation, Debt Service (District and GROWTH) and Capital Projects Fund (District), all of which are considered to be major funds.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

DISTRICT-WIDE STATEMENTS (CONTINUED)

Notes to the Financial Statements

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

Supplementary Information

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Figure A-2 provides a summary of the District’s net position for fiscal year 2025 compared to 2024.

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

	Governmental Activities	
	<u>2024</u>	<u>2025</u>
Current and other assets	\$ 177,232	\$ 371,355
Capital assets	406,999	415,989
Total assets	584,231	787,344
Deferred OPEB charges	57,536	78,698
Deferred pension charges	38,520	49,814
Advance refunding charges	9,548	8,237
Total deferred outflows	105,604	136,749
Long-term obligations	277,255	453,066
Net OPEB liability	189,826	234,572
Net pension liability	279,844	276,431
Other liabilities	48,062	43,517
Total liabilities	794,987	1,007,586
Deferred OPEB credits	119,201	94,407
Deferred pension credits	7,894	14,051
Total deferred inflows	127,095	108,458
Net position:		
Net investment in capital assets	166,173	203,883
Restricted	35,353	32,123
Unrestricted	(433,773)	(427,957)
Net Position, end of year	<u>\$ (232,247)</u>	<u>\$ (191,951)</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Net Position

The District's net position totaled a deficit of \$192.0 million on June 30, 2025, an increase of \$40.3 million from the beginning deficit of \$232.2 million.

Changes in the State's funding formula and increased assessed values resulted in increased state revenues and property tax revenues which had the most significant impact on the District during fiscal year 2025.

- Total assets increased \$203.1 million primarily due to unspent bond proceeds which are restricted for future capital projects.
- Net capital assets increased approximately \$9.0 million. This is due to current year additions of \$30.3 million exceeding current year depreciation expense of \$22.1 million.
- Total deferred outflows of resources increased \$31.1 million primarily due to changes in the deferred pension and OPEB charges related to the School District's participation in the State's pension and OPEB plans.
- Total liabilities increased \$213 million primarily due to increases of \$175.8 million in long-term obligations, \$44.8 million in net OPEB liability, partially offset by a \$4.5 million decrease in current liabilities and \$3.4 million in net pension liability. The decrease in the net pension liability is due to changes in the overall net pension liability of the State. The increase in the net OPEB liability is primarily due to an increase in the discount rate assumption decreasing the liability. The increase in long-term obligations is primarily due to the issuance of the Series 2025A General Obligation Bonds partially offset by principal payments.
- Total deferred inflows of resources decreased \$18.6 million due to changes in the actuarial valuation assumptions related to the School District's participation in the State's OPEB plan.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The changes in net position for fiscal year 2025 compared to 2024 are shown in Figure A-3.

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

	<u>2024</u>	<u>2025</u>
Revenues:		
<u>Program revenues</u>		
Charges for sales and services	\$ 7,636	\$ 7,724
Operating grants and contributions	210,369	203,062
Capital grants and contributions	-	10
<u>General revenues</u>		
Property taxes	121,064	137,281
State revenue in lieu of taxes	46,084	48,418
Unrestricted investment earnings	7,460	9,447
Other	898	985
Total revenues	<u>393,511</u>	<u>406,927</u>
Expenses:		
Instruction	189,620	201,412
Support services	141,241	150,419
Community services	4,633	4,036
Intergovernmental	282	14
Interest and other charges	5,881	10,750
Total expenses	<u>341,657</u>	<u>366,631</u>
Changes in net position	51,854	40,296
Net position, beginning of year	<u>(284,101)</u>	<u>(232,247)</u>
Net position, end of year	<u><u>(232,247)</u></u>	<u><u>(191,951)</u></u>

Changes in Net Position

Revenues. Property taxes and operating grants and contributions account for most of the District’s revenue, with property taxes contributing 34% and operating grants contributing 50% for every dollar raised. The remaining 16% of revenues comes from fees charged for services, impact fees, state revenue in lieu of taxes, interest on investments and other miscellaneous sources. Total revenues increased \$13.4 million in fiscal year 2025 as discussed previously.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

Expenses. Instruction expenses include a) salaries for teachers, teaching assistants and substitutes, b) pupil-use technology and software and c) classroom materials and supplies. Instruction expenses accounted for 55% of total District expenses. Salaries and fringe benefits of instructional staff constitute the largest cost area of the District’s total expenses with total salaries and fringe benefits expenses, including support and community services, accounting for 76% of the District’s total expenses.

Support services include support services, operations and school leadership. These categories include a) guidance and counseling, b) library and media, c) student health and psychological services, d) curriculum and staff development, e) pupil transportation, f) school security, g) building upkeep, utilities and maintenance, h) technology support, and i) business operations and administration. Support services accounted for 41% of total District expenses.

Total expenses for all programs and services increased by \$25.0 million in fiscal year 2025 as discussed previously.

GOVERNMENTAL ACTIVITIES

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

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

	Total Cost of Services		Percent Change	Net Profit (Cost) of Services		Percent Change
	2024	2025	2024-2025	2024	2025	2024-2025
Instruction	\$ 189,620	201,412	6.22%	672	\$ (13,564)	-2118.45%
Support services	141,241	150,419	6.50%	(116,903)	(130,701)	11.80%
Community services	4,633	4,036	-12.89%	(1,257)	(806)	-35.88%
Intergovernmental	282	14	-95.04%	(282)	(14)	-95.04%
Interest and other charges	5,881	10,750	82.79%	(5,881)	(10,750)	82.79%
Total governmental activities	\$ 341,657	366,631	7.31%	(123,651)	\$ (155,835)	26.03%

- The expenses of all governmental activities were \$366.6 million, an increase of \$24.9 million.
- Net cost of governmental activities was \$155.8 million, an increase \$7.6 million.
- Operating grants and contributions subsidized 55% of governmental activities.
- General revenues provided \$196.2 million towards the cost of governmental activities, an increase of \$20.6 million from 2024.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

On June 30, 2025 the District's governmental funds reported a combined fund balance of \$329.9 million, an increase of \$200.1 million from the prior year balance of \$129.7 million. Major changes were as follows:

- Fund balance for the General Fund decreased \$3.0 million as a result of revenues and other financing sources of \$291.5 million being exceeded by expenditures and other financing uses of \$294.4 million. General Fund revenues increased \$14.4 million mainly due to a \$7.5 million increase in property taxes due to an increase in assessed values and a \$6.8 million increase in state source revenue due to growth in student count and a formula change to State Aid to Classrooms. General Fund expenditures increased \$24.3 million due to a \$18.7 million increase in instruction expenses and a \$6.2 million increase in support services primarily related to increases in salaries and benefits as a result of a step and cost of living increase provided to all employees and continued increases in mandated fringe benefit rates.
- The Special Revenue Fund reports an ending fund balance of \$6.3 million, an increase of \$335 thousand compared to the prior year fund balance of \$6.0 million. Revenues for the Special Revenue fund decreased \$12.0 million primarily as a result of the ESSER program coming to an end in September 2024. This also led to a decrease in Special Revenue Fund expenditures of \$12.5 million.
- The Special Revenue – EIA Fund reports no ending fund balance as revenues and other financing sources of \$30.5 million were equal to expenditures and other financing uses of \$30.5 million. Revenues for the EIA fund increased \$2.0 million, expenditures increased \$632 thousand, and transfers out increased \$1.4 million primarily due to the District utilizing carryover funds available from prior years.
- Fund balance for the Special Revenue – Food Service Fund decreased \$2.0 million as a result of expenditures of \$14.2 million exceeding revenues and other financing sources of \$12.3 million. Food Service fund revenues decreased \$1.6 million due to a decrease in the number of meals served. Expenditures were consistent with prior year with a slight increase \$144 thousand.
- Fund balance for the Special Revenue – Educational Foundation Fund increased \$31 thousand as revenues of \$504 thousand exceeded expenditures of \$473 thousand. Revenues decreased \$14 thousand while expenditures decreased \$30 thousand. The Educational Foundation completes an IRS form 990 annually, which can be obtained through various other sources and will provide more detail on the operations of the Educational Foundation.
- Fund balance for the Debt Service – District Fund decreased \$71 thousand as a result of revenues and other financing sources of \$270.2 million being exceeded by expenditures and other financing uses of \$270.3 million. Debt Service – District fund revenues increased \$7.8 million primarily due to a \$7.8 million increase in property taxes as a result of an increase in assessed values. Expenditures decreased \$194.2 million due to a prior year refunding. Other financing sources increased \$4.2 million primarily due to an increase in proceeds of debt issuance. That increase was offset by an increase of \$209.6 million in other financing uses as bond proceeds were transferred to the Capital Projects – District fund for future capital projects.
- Fund balance for the Debt Service – GROWTH Fund increased \$104 thousand as a result of expenditures of \$11.9 million being exceeded by revenues and other financing sources of \$12.0 million. Revenues for the Debt Service – GROWTH Fund increased \$7 thousand due to an increase in investment earnings. Expenditures increased \$581 thousand primarily due to changes in scheduled principal and interest payments. Other financing sources increased \$381 thousand primarily due to increased transfers from the Debt Service – District Fund to fund the principal and interest payments on GROWTH debt.
- Fund balance for the Capital Projects – District fund increased \$204.7 million as a result of expenditures of \$28.2 million being exceeded by revenues and other financing sources of \$232.8 million. Revenues for the Capital Projects – District fund increased \$2.1 million primarily due to an increase in investment earnings. Net other financing sources increased \$209.2 million due to the transfer of bond proceeds from the Debt Service - District.
- The District has always maintained a lower-than-average (state-wide) per pupil cost for its operating expenditures yet has not sacrificed the quality of its instructional programs. Figure A-5 represents the per pupil expenditures for all governmental funds based on the Student Enrollment for fiscal year 2025.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS (CONTINUED)

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

	Total Expenditures 2025	Expenditures Per Pupil 2025	Daily Per Pupil * 2025
Instruction	\$ 193,862	7,295	\$ 41
Support services	154,176	5,802	32
Community services	4,175	157	1
Intergovernmental	14	1	0
Sub-total operating expenditures	<u>352,227</u>	<u>13,255</u>	<u>74</u>
Debt service	42,397	1,595	9
Capital outlay	<u>21,241</u>	<u>799</u>	<u>4</u>
Total governmental funds	<u>\$ 415,865</u>	<u>15,649</u>	<u>\$ 87</u>

* Based on 180 days of instruction per year.

General Fund Budgetary Highlights

No budget amendments were made during the fiscal year.

- Actual revenues were greater than budgeted at year-end by \$6.9 million primarily due to tax revenues exceeding budget by \$4.4 million and interest revenues exceeding budget by \$1.5 million. Tax revenues exceeded budget primarily due to conservative budgeting information provided by Dorchester County.
- Actual expenditures were more than budgeted at year-end by \$5.4 million primarily due to instruction expenditures exceeding budget by \$3.0 million and support services expenditures coming in \$2.6 million over budget.
- The excess revenues were sufficient to cover the higher than anticipated expenditures resulting in a decrease in fund balance of the General Fund of \$2.9 million compared to a budgeted decrease of \$4.7 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025 the District had invested a net amount of \$416.0 million in capital assets for its governmental activities. These assets include land, construction in progress, school buildings and improvements, improvements other than buildings, modular classrooms, and equipment.

Total depreciation expense for the year was \$22.1 million in governmental activities. Figure A-6 presents capital asset balances, net of depreciation for the years ended June 30, 2025 and 2024.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

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

	Governmental Activities		Percent
	2024	2025	Change 2024-2025
Land	\$ 12,913	\$ 12,913	0%
Construction in progress	13,636	12,877	-6%
Buildings & Improvements	349,624	342,941	-2%
Improvements Other than Buildings	8,000	11,079	38%
Modular Classrooms	450	642	43%
Furniture, Equipment and Vehicles	15,733	29,147	85%
Aquatic center lease	6,644	6,389	-4%
Total	\$ 407,000	\$ 415,988	2%

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

Long-Term Debt

At year-end the District has \$365.9 million in long-term general obligation bonds and equipment use acquisition obligations – an increase of 92% from last year – as shown in Figure A-7. GROWTH, a blended component unit, has \$67.1 million in installment purchase revenue bonds outstanding, a decrease of 14% from last year.

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

	Long-Term Debt		Percentage
	2024	2025	Change 2024-2025
District:			
General obligation bonds	\$ 180,378	\$ 358,555	99%
Equipment use acquisition obligations	9,847	7,383	-25%
Total District	\$ 190,225	\$ 365,938	92%
GROWTH			
Installment purchase revenue bonds	\$ 77,652	\$ 67,126	-14%
Total GROWTH	\$ 77,652	\$ 67,126	-14%

- The District retired \$21.8 million in long-term debt through principal payments on General Obligation Bonds and \$10.5 million through principal payments on GROWTH’s Installment Purchase Revenue Bonds.
- The District borrowed \$200 million in General Obligation Bonds for future capital projects

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

- In addition, the District borrowed \$33.7 million in fiscal year 2024 and \$91.8 million in fiscal year 2025 in short-term General Obligation Bonds; both of these bonds were fully repaid during the year.

More detailed information about the School District's debt and other long-term obligations is presented in Note III I. to the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The voters of Dorchester County in the District Two attendance zone passed a bond referendum, with no millage increase, in May 2024 authorizing the School District to issue up to \$200,000,000 for the construction of two new elementary schools, as well as to purchase safety and security upgrades, and perform various renovations and other necessary improvements to existing buildings across the district. Those bonds were issued during the year ended June 30, 2025. Many projects are in process at the end of the year at many school campuses, including partial roof replacements, HVAC replacements, secured vestibules, and new classroom additions.
- Inflation, supply chain issues, and potential tariffs that could increase costs for the many projects in process and those scheduled for the near future are being monitored closely by the District to determine if additional funding will need to be earmarked.
- While the cost of building new schools and capital upgrades will be funded with referendum monies and capital project fund monies, the operational costs to staff the buildings, run additional bus routes, pay for additional utilities, and other costs is challenging as the growth in State and Local monies does not match the growth in students. The District is continuing to work with state and local officials to express concerns and work on solutions to these challenges.
- The District Recruitment and Retention Task Force in response to the State 2023 Budget Proviso 1.114 continues to discuss various ways to bring necessary revisions for improving teacher recruitment, retention, and advancement. Staffing in all areas is affected by the District's salary levels being lower as compared to neighboring school districts. The Task Force is committed to providing valuable recommendations, as well as encouragement to all staff at all levels with this year's focus being on climate and culture. The District and the Task Force are also focused on seeking additional funding sources to help to address this concern.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

STATEMENT OF NET POSITION

JUNE 30, 2025

	PRIMARY GOVERNMENT
	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 95,179,789
Cash and Cash Equivalents, Restricted	233,706,183
Cash and Investments Held by County Treasurer	28,360,323
Investments, Restricted	-
Property Taxes Receivable, Net	8,577,875
Accounts Receivable, Net	86,809
Due from Other Governments	5,444,445
Inventories	-
Total Current Assets	<u>371,355,424</u>
Non-Current Assets:	
Capital Assets:	
Non-Depreciable	25,789,903
Depreciable, Net	390,198,632
Total Non-Current Assets	<u>415,988,535</u>
TOTAL ASSETS	<u>787,343,959</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred OPEB Charges	78,697,483
Deferred Pension Charges	49,814,058
Advance Refunding Charges	8,237,374
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 136,748,915</u>

(Continued)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

STATEMENT OF NET POSITION

JUNE 30, 2025

	PRIMARY GOVERNMENT
	Governmental Activities
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Expenses	\$ 36,158,408
Accrued Interest Payable	3,837,541
Due to Other Governments	135,654
Unearned Revenue	3,385,394
Total Current Liabilities	<u>43,516,997</u>
Non-Current Liabilities:	
Net OPEB Liability	234,572,221
Net Pension Liability	276,430,822
Due Within One Year	33,273,316
Due in More than One Year	419,792,193
Total Non-Current Liabilities	<u>964,068,552</u>
TOTAL LIABILITIES	<u>1,007,585,549</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred OPEB Credits	94,406,730
Deferred Pension Credits	14,051,170
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>108,457,900</u>
NET POSITION	
Net Investment in Capital Assets	203,882,712
Restricted For:	
Special Revenue - Food Service	3,064,050
Special Revenue - Pupil Activities	2,065,204
Special Revenue - Other Programs	515,286
Debt Service	26,189,649
Educational Foundation	289,230
Unrestricted	(427,956,706)
TOTAL NET POSITION	<u>\$ (191,950,575)</u>

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	\$ 201,411,771	39,675	187,807,955	-	\$ (13,564,141)
Support Services	150,419,116	4,454,648	15,253,642	10,000	(130,700,826)
Community Services	4,036,072	3,229,911	-	-	(806,161)
Intergovernmental	14,408	-	-	-	(14,408)
Interest and Other Charges	10,749,629	-	-	-	(10,749,629)
Total Governmental Activities	<u>366,630,996</u>	<u>7,724,234</u>	<u>203,061,597</u>	<u>10,000</u>	<u>(155,835,165)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 366,630,996</u>	<u>7,724,234</u>	<u>203,061,597</u>	<u>10,000</u>	<u>(155,835,165)</u>
GENERAL REVENUES:					
Property Taxes Levied for General Purposes					80,258,999
Property Taxes Levied for Debt Service					57,022,262
State Revenue in Lieu of Taxes					48,417,712
Unrestricted Investment Earnings					9,446,996
Miscellaneous					985,337
Total General Revenues					<u>196,131,306</u>
CHANGE IN NET POSITION					40,296,141
NET POSITION, Beginning of Year					<u>(232,246,716)</u>
NET POSITION, End of Year					<u>\$ (191,950,575)</u>

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

(This page intentionally left blank.)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2025

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
ASSETS			
Cash and Cash Equivalents	\$ 95,175,182	4,598	-
Cash and Cash Equivalents, Restricted	-	-	-
Cash and Investments Held by County Treasurer	-	-	-
Receivables, Net			
Taxes	7,182,437	-	-
Accounts	39,906	46,903	-
Due From:			
State Agencies	450,096	314,103	-
Federal Agencies	-	4,671,000	-
Other Funds	9,651,273	1,876,495	2,757,921
TOTAL ASSETS	\$ 112,498,894	6,913,099	2,757,921
LIABILITIES			
Accounts Payable & Accrued Expenses	\$ 13,932,577	-	-
Accrued Salaries & Benefits	22,058,174	-	-
Due To:			
State Department of Education	-	126,966	8,688
Other Funds	7,860,198	-	-
Unearned Revenue	-	476,510	2,749,233
TOTAL LIABILITIES	43,850,949	603,476	2,757,921
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	1,333,441	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,333,441	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	45,184,390	603,476	2,757,921
FUND BALANCES			
Restricted for:			
Other Grants	-	482,062	-
Adult Education - GED Services	-	8,286	-
Robotics Program	-	23,688	-
Scholarships	-	1,250	-
Debt Service	-	-	-
Capital Projects	-	-	-
Pupil Activities	-	2,065,204	-
Food Service	-	-	-
Educational Foundation	-	93,725	-
Assigned for:			
Extended Day Program	-	3,635,408	-
School Carryover Balances	595,400	-	-
Unassigned	66,719,104	-	-
TOTAL FUND BALANCES	67,314,504	6,309,623	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 112,498,894	6,913,099	2,757,921

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

SPECIAL REVENUE - FOOD SERVICE	SPECIAL REVENUE - EDUCATIONAL FOUNDATION	DEBT SERVICE - DISTRICT	DEBT SERVICE - GROWTH	CAPITAL PROJECTS - DISTRICT	TOTAL GOVERNMENTAL FUNDS
-	-	9	-	-	\$ 95,179,789
-	193,424	-	308,391	233,204,368	233,706,183
-	-	28,326,781	-	33,542	28,360,323
-	-	1,395,438	-	-	8,577,875
-	-	-	-	-	86,809
-	-	9,246	-	-	773,445
-	-	-	-	-	4,671,000
3,223,701	2,081	-	-	-	17,511,471
3,223,701	195,505	29,731,474	308,391	233,237,910	\$ 388,866,895
-	-	-	-	167,657	\$ 14,100,234
-	-	-	-	-	22,058,174
-	-	-	-	-	135,654
-	-	12,675	-	9,638,598	17,511,471
159,651	-	-	-	-	3,385,394
159,651	-	12,675	-	9,806,255	57,190,927
-	-	473,193	-	-	1,806,634
-	-	473,193	-	-	1,806,634
159,651	-	485,868	-	9,806,255	58,997,561
-	-	-	-	-	482,062
-	-	-	-	-	8,286
-	-	-	-	-	23,688
-	-	-	-	-	1,250
-	-	29,245,606	308,391	-	29,553,997
-	-	-	-	223,431,655	223,431,655
3,064,050	-	-	-	-	2,065,204
-	195,505	-	-	-	3,064,050
-	-	-	-	-	289,230
-	-	-	-	-	3,635,408
-	-	-	-	-	595,400
-	-	-	-	-	66,719,104
3,064,050	195,505	29,245,606	308,391	223,431,655	329,869,334
3,223,701	195,505	29,731,474	308,391	233,237,910	\$ 388,866,895

(This page intentionally left blank.)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 329,869,334
Amounts reported for the governmental activities in the Statement of Net Position are different because:	
Property taxes in the funds include revenues that are not considered revenue in the Statement of Net Assets. In addition, property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	1,806,634
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was \$657,028,212 and the accumulated depreciation was \$241,039,677.	415,988,535
Advance refunding charges are amortized over the lives of the bonds; however, in governmental accounting, these charges are expenditures the year they are incurred.	8,237,374
Accrued interest on the outstanding bonds in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the funds.	(3,837,541)
The School District's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State OPEB plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(250,281,468)
The School District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(240,667,934)
Long-term obligations, including debt premiums and discounts, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt	(433,064,610)
Long-Term Debt Premiums	(10,710,242)
Compensated Absences	(9,290,657)
	(453,065,509)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ (191,950,575)

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
REVENUES			
Local Sources:			
Taxes	\$ 80,013,714	-	-
Investment Earnings	3,457,155	9	-
Other Local Sources	1,127,208	9,139,300	-
State Sources	181,420,933	2,154,951	30,506,897
Federal Sources	81,922	21,039,164	-
TOTAL REVENUE ALL SOURCES	266,100,932	32,333,424	30,506,897
EXPENDITURES			
Current:			
Instruction	175,508,514	13,529,614	4,823,947
Support Services	115,835,354	13,811,027	1,381,135
Community Services	-	4,175,409	-
Intergovernmental	-	14,410	-
Capital Outlay	546,474	1,020,108	64,993
Debt Service:			
Principal Retirement	253,998	-	-
Interest and Fiscal Charges	118,220	-	-
TOTAL EXPENDITURES	292,262,560	32,550,568	6,270,075
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,161,628)	(217,144)	24,236,822
OTHER FINANCING SOURCES (USES)			
Premium on Issuance of Debt	-	-	-
Issuance of Refunding Debt	-	-	-
Transfers In	25,377,875	1,730,171	-
Transfers Out	(2,179,187)	(1,178,512)	(24,236,822)
TOTAL OTHER FINANCING SOURCES (USES)	23,198,688	551,659	(24,236,822)
NET CHANGES IN FUND BALANCES	(2,962,940)	334,515	-
FUND BALANCES, Beginning of Year	70,277,444	5,975,108	-
FUND BALANCES, End of Year	\$ 67,314,504	6,309,623	-

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

SPECIAL REVENUE - FOOD SERVICE	SPECIAL REVENUE - EDUCATIONAL FOUNDATION	DEBT SERVICE- DISTRICT	DEBT SERVICE- GROWTH	CAPITAL PROJECTS - DISTRICT	TOTAL GOVERNMENTAL FUNDS
-	-	56,921,307	-	-	\$ 136,935,021
189,614	-	1,495,805	98,910	4,205,503	9,446,996
1,683,125	504,015	43,863	-	197,856	12,695,367
-	-	2,351,422	-	-	216,434,203
9,948,226	-	-	-	-	31,069,312
11,820,965	504,015	60,812,397	98,910	4,403,359	406,580,899
-	-	-	-	-	193,862,075
13,617,099	472,585	-	-	9,058,620	154,175,820
-	-	-	-	-	4,175,409
-	-	-	-	-	14,410
585,356	-	-	-	19,023,438	21,240,369
-	-	23,957,544	10,526,000	75,000	34,812,542
-	-	6,085,190	1,381,345	-	7,584,755
14,202,455	472,585	30,042,734	11,907,345	28,157,058	415,865,380
(2,381,490)	31,430	30,769,663	(11,808,435)	(23,753,699)	(9,284,481)
-	-	9,428,521	-	-	9,428,521
-	-	200,000,000	-	-	200,000,000
496,010	-	-	11,912,345	228,432,308	267,948,709
(84,535)	-	(240,269,653)	-	-	(267,948,709)
411,475	-	(30,841,132)	11,912,345	228,432,308	209,428,521
(1,970,015)	31,430	(71,469)	103,910	204,678,609	200,144,040
5,034,065	164,075	29,317,075	204,481	18,753,046	129,725,294
3,064,050	195,505	29,245,606	308,391	223,431,655	\$ 329,869,334

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 200,144,040
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenues - property taxes for the year.	346,240
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.	34,812,542
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(200,000,000)
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. This amount is the net change in accrued interest for the year.	(1,822,174)
Bond deferred losses are expenditures in the year they are incurred in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the amortization of deferred charges for the year.	(1,310,663)
Bond premiums are revenues the year they are received in governmental funds but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the difference between the premiums received during the current year and the amortization of premiums.	(9,460,558)
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.	(1,162,556)
Changes in the School District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities	1,208,896
Changes in the School District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities	8,550,884
Governmental funds reported capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$31,095,799 exceeded current year depreciation expense of \$22,106,309.	8,989,490
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 40,296,141

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

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

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

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers all revenues with the exception of grants to be available if they are collected within 60 days of the end of the current fiscal period. Grant related revenues are considered to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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

Governmental fund types are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities (except for those accounted for in the Fiduciary Funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

The following are the School District's major governmental funds:

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

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

- i.) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for specific educational programs.
- ii.) **The Special Revenue – Education Improvement Act (EIA) Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenue from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by EIA.
- iii.) **The Food Service Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources received that are restricted for the cafeteria operations at school locations. These resources primarily consist of revenues received (a) from breakfast, lunch, and other food sales and (b) from the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.
- iv.) **The Special Revenue – Educational Foundation Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources received that are restricted for use by the Foundation, a blended component unit as discussed previously. These resources primarily consist of grant revenues and donations from private sources.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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

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

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

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

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Investments

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

- (a) Obligations of the United States and agencies thereof;
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, The Federal Home Loan Banks, the Federal Home Loan Mortgage Corporations, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories issued by at least two nationally recognized credit rating organizations;

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

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

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

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

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

- Cash and investments held by the County Treasurer which are property taxes collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- SCLGIP investments are invested with the South Carolina State Treasurer’s Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 “*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*” and GASB Statement No. 72 “*Fair Value Measurement and Application*”, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours’ notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.
- A guaranteed investment contract that invests in various securities as described in (a), (b), and (c) above.

2. Interfund Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the Statement of Net Position.

3. Inventories

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

4. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost). The capital asset system is updated for additions and retirements during the year. Donated capital assets are recorded at estimated acquisition value (as estimated by the School District) at the date of donation. The School District maintains a capitalization threshold of \$5,000 for individual assets and \$100,000 for group purchases. The School District does not possess any infrastructure assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized. Interest is not capitalized during the construction of capital assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	15 - 20 Years
Improvements Other than Buildings	10 Years
Modular Classrooms	10 Years
Furniture and Equipment	3 - 10 Years
Vehicles	3 - 10 Years
Right-to-use Asset	30 Years

5. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. School District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for up to 45 accumulated vacation days. Upon retirement, an employee is reimbursed for up to 90 accumulated sick leave days. The entire compensated absence liability and expense is reported on the government-wide financial statements.

6. Accrued Liabilities and Long-Term Obligations

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

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Accrued Liabilities and Long-Term Obligations (Continued)*

However, claims and judgments, the non-current portion of debt and capital leases, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

7. *Fund Balance*

In accordance with GAAP, the District classifies governmental fund balances as follows:

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

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

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

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Board is the only party that has the right to make assignments of fund balance for the District at this time. Assigned amounts for the District consist of unspent amounts approved by a majority vote of the Board of Trustees in the annual budget in previous years that are allowed to be carried over by the schools.

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Fund Balance (Continued)

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

The School District's Board of Trustees has formally adopted a minimum fund balance policy that supports maintaining an unassigned fund balance in the General Fund of at least eight to fifteen percent, as measured at each fiscal year end, of the General Fund budgeted expenditures. The unassigned fund balance as of June 30, 2025 is approximately \$66,592,000, which represents approximately 22.2% of the fiscal year 2026 General Fund budget of approximately \$300,041,000.

8. Deferred Outflows and Inflows of Resources

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Net Position

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

10. Pensions and Other Postemployment Benefits

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

11. Fair Value

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

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School District can access at the measurement date.
- Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:
 - Quoted prices for similar assets and liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted market prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fair Value (Continued)

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

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

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

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

12. Accounting Estimates

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

13. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

In May of each year, the School District's management submits a proposed budget to the Board for the General Fund. The School District prepares its budget on a basis to conform with GAAP. The budget includes proposed expenditures and the means of financing the expenditures. After modifications are made, resulting from discussions between the Board and the School District's management, the Board recommends the General Fund budget to the Dorchester County Council. The School District's policies allow funds to be transferred between functions, but the total budget may not be increased without approval of the Board. The legal level of budgetary control is at the fund level. During the year, the Board revised the budget once.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. The School District’s policy for custodial credit risk states that the School District will only use instruments that are collateralized by third parties or insured by the Federal Deposit Insurance Corporation. As of June 30, 2025, none of the School District’s total bank balances of approximately \$14,117,000 (with a carrying value of approximately \$11,879,000) were exposed to custodial credit risk.

Investments

As of June 30, 2025, the School District had the following investments and maturities:

Investment Type	Fair Value Level ⁽¹⁾	Credit Rating ^	Fair Value	Investment Maturities in Years	
				< 1 yr	> 5 yrs
Cash and Investments Held by County Treasurer	N/A	NR, NR	\$ 28,360,322	28,360,322	\$ -
SC Local Government Investment Pool	N/A ⁽¹⁾	NR, NR	317,006,807	317,006,807	-
Total			<u>\$ 345,367,129</u>	<u>345,367,129</u>	<u>\$ -</u>

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

⁽¹⁾ See Note I.C.11 for details of the School District’s fair value hierarchy.

NR – Not rated.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

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

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District’s policy for custodial credit risk states that the School District will only use instruments that are collateralized by third parties or insured by the Federal Deposit Insurance Corporation. As of June 30, 2025, none of the School District’s investments were exposed to custodial credit risk.

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

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

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

Financial Statements	
Statement of Net Position:	
Unrestricted Assets:	
Cash and Cash Equivalents	\$ 95,179,789
Cash and Investments Held by County Treasurer	28,360,323
Restricted Assets:	
Cash and Cash Equivalents, Restricted	233,706,183
Total	\$ 357,246,295
Notes to the Financial Statements	
Deposits	\$ 40,239,488
Investments	317,006,807
Total	\$ 357,246,295

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Property Taxes Receivable

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

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value as of the preceding December 31. These taxes are due without penalty through January 15.

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

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

Current year real and personal taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Taxes receivable include an allowance for uncollectibles of approximately \$1,333,000 and \$473,000 at June 30, 2025 for the General Fund and the Debt Service – District Fund, respectively. Significant allowances for uncollectibles were not necessary for the other receivable accounts.

C. Unearned Revenue and Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At June 30, 2025, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds are as follows:

Deferred Inflows of Resources:	
Unavailable Delinquent Property Taxes Receivable (General Fund)	\$ 1,333,441
Unavailable Delinquent Property Taxes Receivable (Debt Service - District Fund)	473,193
Total Deferred Inflows of Resources - Governmental Funds	<u>\$ 1,806,634</u>
Unearned Revenue:	
Unearned Revenue from Special Revenue Funds	\$ 476,509
Unearned Revenue from Special Revenue - EIA Funds	2,749,233
Unearned Revenue from Special Revenue - Food Service Fund	159,651
Total Unearned Revenue - Governmental Funds	<u>\$ 3,385,393</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non Depreciable:					
Land	\$ 12,912,760	-	-	-	\$ 12,912,760
Construction in Progress	13,635,534	15,151,617	-	(15,910,008)	12,877,143
Total Capital Assets, Non Depreciable	26,548,294	15,151,617	-	(15,910,008)	25,789,903
Capital Assets, Depreciable:					
Buildings and Improvements	526,359,510	409,927	-	5,270,635	532,040,072
Improvements Other than Buildings	21,647,539	2,964,419	-	1,776,265	26,388,223
Modular Classrooms	4,797,036	10,233	-	356,761	5,164,030
Furniture, Equipment and Vehicles	38,913,366	12,559,603	-	8,506,347	59,979,316
Right-to-use Lease Assets	7,666,668	-	-	-	7,666,668
Total Capital Assets, Depreciable	599,384,119	15,944,182	-	15,910,008	631,238,309
Less: Accumulated Depreciation:					
Buildings and Improvements	176,735,553	12,363,596	-	-	189,099,149
Improvements Other than Buildings	13,648,410	1,660,389	-	-	15,308,799
Modular Classrooms	4,346,773	175,222	-	-	4,521,995
Furniture, Equipment and Vehicles	23,180,408	7,651,546	-	-	30,831,954
Leased Assets	1,022,224	255,556	-	-	1,277,780
Total Accumulated Depreciation	218,933,368	22,106,309	-	-	241,039,677
Total Capital Assets, Depreciable, Net	380,450,751	(6,162,127)	-	15,910,008	390,198,632
Total Governmental Activities Capital Assets, Net	\$ 406,999,045	8,989,490	-	-	\$ 415,988,535

In the year ended June 30, 2025, depreciation expense for governmental activities of approximately \$22,106,000 were charged to the following functions for governmental activities:

Instruction	12,600,596
Support Services	9,284,650
Community Services	221,063
	<u>22,106,309</u>

E. Aquatic Center Lease

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Aquatic Center Lease (Continued)

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

The estimated value of the contributed land of approximately \$167,000 plus the total cash contributions of approximately \$7.5 million are reported as a right-to-use asset within the capital assets in the government-wide financial statements. The right-to-use asset is amortized on a straight-line basis over the 30-year term of the lease. Amortization expense for the year ended June 30, 2025 was \$255,556, which is included in with depreciation expense. As the lease payment was paid in full at the beginning of the lease, there is no related lease liability as of June 30, 2025 in the government-wide financial statements.

F. Interfund Receivables and Payables

Interfund balances at June 30, 2025 (which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
Primary Government:		
General Fund	\$ 9,651,273	\$ 7,860,198
Special Revenue Funds:		
Special Revenue	1,876,495	-
EIA	2,757,921	-
Food Service	3,223,701	-
Education Foundation	2,081	-
Debt Service Fund - District	-	12,675
Capital Projects Fund - District	-	9,638,598
Total Primary Government	<u>\$ 17,511,471</u>	<u>\$ 17,511,471</u>

The General Fund net receivable is a result of General Fund financing salaries and other expenditures for Special Revenue Funds, including the Capital Projects Fund – District, and the Debt Service Fund – District. These monies will be reimbursed to the General Fund as claims are filed and reimbursements received.

The Special Revenue Funds, Debt Service Fund – District, and Capital Projects Fund – District net payables are a result of payments made by the General Fund for salaries and other expenditures. Reimbursement to the General Fund will be made as revenue is received from claims that have been submitted.

The Special Revenue - EIA Fund and Food Service Fund net receivables are a result of EIA allocations received and cash receipts deposited into the General Fund central depository that have not yet been spent.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2025 consisted of the following:

Transfers from	Amount	Transfers to	Amount
General Fund			
Special Revenue - Special Projects	\$ -	Special Revenue - Special Projects	\$ 1,730,171
Special Revenue - EIA	24,189,828	Special Revenue - EIA	-
Special Revenue - Special Projects - Indirect Costs	1,103,512	Special Revenue - Food Service	449,016
Special Revenue - Food Service - Indirect Costs	84,535	Capital Projects - District	-
	<u>25,377,875</u>		<u>2,179,187</u>
Special Revenue Funds			
<u>Special Revenue - Special Projects</u>			
General Fund	1,730,171	Capital Projects - District	75,000
	-	General Fund - Indirect Costs	1,103,512
	<u>1,730,171</u>		<u>1,178,512</u>
<u>Special Revenue - EIA</u>			
General Fund	-	General Fund	24,189,828
Special Revenue - Food Service	-	Special Revenue - Food Service	46,994
	<u>-</u>		<u>24,236,822</u>
<u>Food Service</u>			
General Fund	449,016	General Fund - Indirect Costs	84,535
Special Revenue - EIA	46,994	Special Revenue - EIA	-
	<u>496,010</u>		<u>84,535</u>
Debt Service Funds			
<u>District</u>			
Debt Service Funds	-	Debt Service - GROWTH	11,912,345
	-	Capital Projects - District	228,357,308
	<u>-</u>		<u>240,269,653</u>
<u>GROWTH</u>			
Debt Service - District	11,912,345	None	-
	<u>11,912,345</u>		<u>-</u>
Capital Projects Fund			
<u>District</u>			
General Fund	-		-
Special Revenue - Special Projects	75,000		-
Debt Service - District	228,357,308	None	-
	<u>228,432,308</u>		<u>-</u>
	<u>\$ 267,948,709</u>		<u>\$ 267,948,709</u>

Interfund transfers typically include funding allowed for indirect costs, required matches, supplemental funding, state cuts, and accounting practice. The transfers for the year ended June 30, 2025 consisted of the following:

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

G. Transfers In and (Out) (Continued)

General Fund

Transfers from: Funds were transferred into the General Fund from the Special Revenue Funds for EIA, Food Service and Special Revenue flexibility and for indirect costs.

Transfers to: Funds were transferred from the General Fund into other funds to cover shortfalls in federal or state Special Revenue and state mandated employee benefit costs for the Food Service Fund.

Special Revenue Funds

Transfers from: Funds are transferred into the Special Revenue Funds to cover shortfalls in federal or state Special Revenue and EIA programs. Funds were transferred into the Special Revenue – Food Service Fund to cover the state mandated employee benefit costs.

Transfers to: The Special Revenue Funds’ transfers out are primarily related to the Capital Projects fund for the payments on the financed purchase agreement.

Debt Service Funds

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

Capital Projects Fund

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

H. Short-Term Obligations

The following is a summary of the changes in the School District’s short-term obligations for the year ended June 30, 2025:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
September 2024 GO Bonds, Series 2024B	\$ -	34,793,000	34,793,000	\$ -
October 2024 GO Bond Anticipation Note	-	57,000,000	57,000,000	-
Total Governmental Activities	<u>\$ -</u>	<u>91,793,000</u>	<u>91,793,000</u>	<u>\$ -</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Short-Term Obligations (Continued)

In October 2024, the School District issued a short-term General Obligation Bond Anticipation Note, Series 2024 with a par amount of \$57,000,000 at a coupon rate of 3.73%. The purpose of the issuance was to provide funds to fund capital projects. These bonds were refunded through the April 2025 issuance of the General Obligation Bonds, Series 2025A.

In September 2024, the School District issued a short-term General Obligation Bond, Series 2024B with a par amount of \$34,793,000 at a coupon rate of 5.00%. The purpose of the issuance was to provide funds to fund base payments as defined in the Installment Purchase and Use agreements. These bonds were due and paid in April 2025.

I. Long-Term Obligations

The School District issues bonds to provide funds for the acquisition and construction of major capital facilities for its governmental activities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Capital Lease obligations are special obligations of the School District payable from the general revenues of the School District. Equipment Use Acquisition Agreements and Installment Purchase Revenue Bonds are issued through a trustee of the District and annual payments are subject to annual appropriation. The full faith, credit, and taxing powers of the School District are not pledged for the payment of equipment use acquisition agreements or the installment purchase revenue bonds nor the interest thereon.

General Obligation and Installment Purchase Revenue bonds at June 30, 2025, were comprised of the following:

<u>Issue</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at June 30, 2025</u>
<u>General Obligation Bonds</u>				
August 2015; Series B	2.00-5.00%	2033	\$ 39,910,000	\$ 30,750,000
March 2017; Series A	3.00-5.00%	2033	6,945,000	4,265,000
July 2021; Series B*	1.15%	2031	10,058,087	5,105,006
February 2024; Series A	1.53%	2033	127,345,671	118,435,058
April 2025; Series 2025 A	4.375-5.00%	2050	200,000,000	200,000,000
<u>Equipment Use Acquisition Agreements</u>				
June 2021; Equipment	1.30%	2030	7,048,573	4,305,510
June 2023; Equipment	3.47%	2033	3,725,000	3,078,036
<u>Installment Purchase Revenue Bonds</u>				
December 2023; GROWTH Refunding	1.70-1.85%	2030	77,652,000	67,126,000
			<u>\$ 472,684,331</u>	<u>\$ 433,064,610</u>

*Applicable to the 8% Debt Limit

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

I. Long-Term Obligations (Continued)

The following is a summary of changes in the School District’s governmental activities long-term obligations for the year ended June 30, 2025:

Long-Term Obligations	Beginning of Year	Additions	Reductions	End of Year	Due Within One Year
Governmental Activities:					
Debt:					
General Obligation Bonds					
December 2009: Series D	\$ 10,000,000	-	10,000,000	-	\$ -
August 2015: Series B	32,405,000	-	1,655,000	30,750,000	1,185,000
March 2017: Series A	4,705,000	-	440,000	4,265,000	460,000
July 2021; Series B	5,922,030	-	817,024	5,105,006	826,499
February 2024; Series A	127,345,671	-	8,910,613	118,435,058	10,537,617
April 2025; Series A	-	200,000,000	-	200,000,000	2,100,000
Installment Purchase Revenue Bonds					
December 2023; GROWTH Refunding	77,652,000	-	10,526,000	67,126,000	10,705,000
Equipment Use Acquisition Agreements'					
February 2020; Equipment	1,449,181	-	1,449,181	-	-
June 2021; Equipment	4,991,235	-	685,725	4,305,510	694,632
June 2023; Equipment	3,407,035	-	328,999	3,078,036	340,414
Total Debt	<u>267,877,152</u>	<u>200,000,000</u>	<u>34,812,542</u>	<u>433,064,610</u>	<u>26,849,162</u>
Premiums					
August 2015: Series B	887,854	-	99,461	788,393	-
March 2017: Series A	361,830	-	41,749	320,081	-
April 2025: Series A	-	9,698,756	96,988	9,601,768	-
Total Premiums	<u>1,249,684</u>	<u>9,698,756</u>	<u>238,198</u>	<u>10,710,242</u>	<u>-</u>
Total Net Debt	<u>269,126,836</u>	<u>209,698,756</u>	<u>35,050,740</u>	<u>443,774,852</u>	<u>26,849,162</u>
Compensated Absences	8,128,101	1,162,556	-	9,290,657	6,424,154
Governmental Activities Long-Term Obligations	<u>\$ 277,254,937</u>	<u>210,861,312</u>	<u>35,050,740</u>	<u>453,065,509</u>	<u>\$ 33,273,316</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

I. Long-Term Obligations (Continued)

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

In December 2023, the School District issued \$77,652,200 through a Series 2023 GROWTH Installment Purchase Revenue Refunding with an interest rate of 1.70-1.85%. Principal and interest is paid annually in December, through December 2030. This obligation was used to fully refund the outstanding Series 2013B and 2015 GROWTH Installment Purchase Revenue Refunding Bonds. The School District refunded the bonds to reduce its debt service payments over 7 years by approximately \$7,444,000 and to obtain an economic gain of approximately \$6,993,000.

In February 2024, the School District issued \$127,345,671 through a Series 2024 General Obligation Refunding Bond at an interest rate of 1.530%. Principal is paid annually in March and interest payments on the obligation are due in semi-annually in March and September, through March 2033. This obligation was used to fully refund the outstanding Series 2021A General Obligation Refunding Bonds. The acquisition price exceeded the net carrying amount of the previous debt by approximately \$13,107,000. This amount is being amortized over the life of the new debt, which is the same as the life of the old debt. The School District refunded the bonds to reduce its debt service payments over 10 years by approximately \$2,626,000 and to obtain an economic gain of approximately \$2,230,000.

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

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

Section 15 of Article X of the South Carolina State Constitution allows school districts to incur a legal debt limit not to exceed 8% of the assessed value of all property in the School District (as of the date of debt issuance), unless approved by a majority vote in a referendum authorized by law. As of June 30, 2025, the School District had approximately \$15,105,000 of bonded debt subject to the 8% limit of approximately \$62,560,000 resulting in an unused legal debt margin of approximately \$47,455,000.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

I. Long-Term Obligations (Continued)

In April 2025, the School District issued \$200,000,000 through the General Obligation Bonds, Series 2025A with interest rates of 4.375 – 5.00%. Principal and interest payments are due annually in December beginning December, 2025 through December, 2050. This obligation was used to fully refund the outstanding General Obligation Bond Anticipation Note, Series 2024 and to fund future capital projects.

Annual debt service requirements to maturity for all governmental activities long-term debt as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 26,849,162	13,008,279	\$ 39,857,441
2027	26,285,129	13,520,727	39,805,856
2028	28,064,839	13,030,980	41,095,819
2029	29,950,822	12,499,911	42,450,733
2030	32,531,696	11,937,250	44,468,946
2031-2035	126,102,963	47,246,680	173,349,643
2036-2040	42,270,000	33,892,750	76,162,750
2041-2045	53,745,000	22,589,514	76,334,514
2046-2050	67,265,000	9,353,024	76,618,024
Totals	<u>\$ 433,064,611</u>	<u>177,079,115</u>	<u>\$ 610,143,726</u>

J. Food Service

Federal Guidelines

The School District's Food Service Fund administers the breakfast and lunch programs in accordance with United States Department of Agriculture (“USDA”) guidelines. Revenues are provided from USDA reimbursements and cash collections. Within the Food Service Fund, meals served to pupils are classified as regular, reduced or free. The type of meal served determines the amount of reimbursement from the USDA. Reimbursements may be in the form of cash or commodities. The Food Service expenses are inclusive of approximately \$735,000 of commodities consumed during the year ended June 30, 2025.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION

A. Retirement Plans

State Retirement Plans

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

The PEBA issues an Annual Comprehensive Financial Report (“ACFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The ACFR is publicly available through the 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. The 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 ACFR of the state.

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

The State Optional Retirement Program (“State ORP”) is a defined contribution plan that is offered as an alternative to the SCRS to newly hired state, public higher education institution and public school district employees, as well as individuals first elected to the South Carolina 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 service providers. The PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems’ trust funds for financial statement purposes.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Description (Continued)

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

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

Plan Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A 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 the SCRS, newly hired state, public school and higher education employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012 have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as the SCRS. A direct remittance is required from the employer to the member’s account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by the SCRS.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in the PORS. Magistrates are required to participate in the 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. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits

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

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

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

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

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

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, the SCRS and PORS (“Plans”) 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. Effective July 1, 2017, employee rates were increased and capped at 9.00 percent for the SCRS and 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both the SCRS and PORS until reaching 18.56 percent for the SCRS and 21.24 percent for the PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

funding periods set in state statute, the PEBA Board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

As noted earlier, both employees and the District are required to contribute to the Plans at rates established and as amended by the PEBA. The District’s contributions are actuarially determined but are communicated to and paid by the District as a percentage of the employees’ annual eligible compensation. Required employer and employee contribution rates for the past year are as follows:

	SCRS and State	
	ORP Rates	PORS Rates
	2025	2025
Employer Contribution Rate: ^		
Retirement*	18.41%	20.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	<u>18.56%</u>	<u>21.24%</u>
Employee Contribution Rate ^	<u>9.00%</u>	<u>9.75%</u>

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

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

The actual and required contributions to the SCRS, ORP, and PORS were approximately \$29,688,000, \$4,541,000, and \$197,000, respectively, for the year ended June 30, 2025 and include the nonemployer contributions noted below.

Nonemployer Contributions

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2025. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2025 were approximately \$1,247,000 and \$5,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the District’s governmental fund financial statements

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability 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. The GASB No. 67 valuation report prepared as of June 30, 2024 is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

The June 30, 2024 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2023. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024 (measurement date) for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.23%	2.87%
Bonds	26.0%	2.60%	0.68%
Private Equity	9.0%	9.60%	0.86%
Private Debt	7.0%	6.90%	0.48%
Real Assets	12.0%		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Real Rate of Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.74%

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

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 the June 30, 2024 measurement date, for the SCRS and PORS, are presented in the following table:

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	\$ 61,369,806,968	37,919,492,371	\$ 23,450,314,597	61.8%
PORS	\$ 10,177,904,231	7,178,118,865	\$ 2,999,785,366	70.5%

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2025, the District reported liabilities of approximately \$275,273,000 and \$1,157,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2024, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2023 that was projected forward to the measurement date. The District's proportion of the NPL were based on a projection of the District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2024 measurement date, the District's SCRS proportion was 1.1739 percent, which was an increase of 0.0213 percent from its proportion measured as of June 30, 2023. At the June 30, 2024 measurement date, the District's PORS proportion was 0.03858 percent, which was a increase of 0.0004 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of approximately \$24,469,000 and \$188,000 for the SCRS and PORS, respectively. At June 30, 2025, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 9,046,459	\$ 341,631
Change in Assumptions	4,853,023	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	10,606,362
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	3,761,001	3,021,846
Employer Contributions Subsequent to the Measurement Date	31,758,483	-
Total SCRS	49,418,966	13,969,839
PORS		
Differences Between Expected and Actual Experience	108,691	6,635
Change in Assumptions	25,198	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	64,886
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	68,821	9,810
Employer Contributions Subsequent to the Measurement Date	192,382	-
Total PORS	395,092	81,331
Total SCRS and PORS	\$ 49,814,058	\$ 14,051,170

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately \$28,658,000 and \$159,000 that were reported as deferred outflows of resources related to the District’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2026	\$ (4,061,085)	47,029	\$ (4,014,056)
2027	9,999,536	84,874	10,084,410
2028	537,522	6,632	544,154
2029	(2,785,329)	(17,156)	(2,802,485)
Total	<u>\$ 3,690,644</u>	<u>121,379</u>	<u>\$ 3,812,023</u>

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the sensitivity of the District’s proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District’s proportionate share of the net pension liability of the SCRS	\$ 356,723,307	275,273,465	\$ 200,264,610
Districts's proportionate share of the net pension liability of the PORS	1,676,789	1,157,357	731,916
Total	<u>\$ 358,400,096</u>	<u>276,430,822</u>	<u>\$ 200,996,526</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS and PORS. The ACFR is publicly available through the 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.

Payable to Plans

The District reported a payable of approximately \$3,680,000 to the PEBA as of June 30, 2025, representing required employer and employee contributions for the month of June 2025 for the SCRS and PORS. This amount is included in Accrued Salaries and Benefits on the financial statements and was paid in July 2025.

B. Other Postemployment Benefits

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts, and retirement systems. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note IV.A for more details on the PEBA and the SFAA.

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

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

Plan Descriptions

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Plan Descriptions (Continued)

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

Plan Benefits

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

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the School District, no SCLTDITF OPEB amounts have been recorded in these financial statements and only limited note disclosures have been provided related to these benefits.

Plan Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through nonemployer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Nonemployer contributions may 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 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, 2024 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include 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. Nonemployer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Plan Contributions and Funding Policies (Continued)

The covered payroll surcharge rate for the year ended June 30, 2025 was 6.35% and was calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws. The actual and required contributions to the SCRHITF were approximately \$11,770,000 for the year ended June 30, 2025.

The State (via state appropriations) and the PEBA – Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the District approximately \$34,000 for the year ended June 30, 2024 (measurement period).

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer’s proportionate share of the change in the collective NOL arising from contributions to the OPEB plan during the measurement period from nonemployer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of the District’s Proportionate Share of the Net OPEB Liability and the Schedule of the District’s Contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about the District’s NOL, funded status of the OPEB Plan, and the District’s contributions to the OPEB Plan.

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

The total OPEB liability (“TOL”), NOL, and sensitivity information were determined by the consulting actuary and are based on the June 30, 2023 actuarial valuation. The TOL was rolled-forward from the valuation date to the OPEB Plan’s fiscal year ended June 30, 2024 using generally accepted actuarial principles.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the latest valuation for the SCRHITF:

Valuation Date:	June 30, 2023
Actuarial Cost Method:	Individual Entry - Age Normal
Actuarial Assumptions:	
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of plan investment expense (including inflation)
Single Discount Rate:	3.97% as of June 30, 2024
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the five-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.50% and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Participation Assumption:	79% for retirees who are eligible for funded premiums 59% for retirees who are eligible for partial funded premiums 20% for retirees who are eligible for non-funded premiums
Notes:	The single discount rate changed from 3.86% as of June 30, 2023 to 3.97% as of June 30, 2024.

Long-Term Expected Rate of Return

The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
US Domestic Fixed Income	80.0%	0.95%	0.76%
Cash Equivalents	20.0%	0.35%	0.07%
Total	100.0%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			2.75%

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Single Discount Rate

The Single Discount Rate of 3.86% was used to measure the TOL 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 SCRHITF'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).

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

The NOL is calculated separately for each system and represents that particular system's TOL determined in accordance with GASB No. 74 less its fiduciary net position. NOL totals, as of the June 30, 2024 measurement date for the SCRHITF, are presented in the following table:

System	Total OPEB Liability	OPEB Plan Fiduciary Net Position	Net OPEB Liability (Asset)	OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 17,894,389,610	1,772,587,512	\$ 16,121,802,098	9.91%

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

At June 30, 2025, the District reported a liability of approximately \$234,572,000 for its proportionate share of the NOL for the SCRHITF. The NOL was measured as of June 30, 2024, and the TOL for the SCRHITF used to calculate the NOL was determined based on the most recent actuarial valuation report of June 30, 2023 that was projected forward to the measurement date. The District's proportion of the NOL was based on a projection of the District's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2024 measurement date, the District's proportion was 1.4550 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2023.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2025, the District recognized OPEB expense of approximately \$9,916,000 for the SCRHITF. At June 30, 2025, the District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 12,193,644	\$ 34,718,265
Change in Assumptions	50,239,451	48,165,070
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,144,162	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	3,350,345	11,523,395
Employer Contributions Subsequent to the Measurement Date	11,769,881	-
Total	<u>\$ 78,697,483</u>	<u>\$ 94,406,730</u>

Approximately \$11,770,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date (which includes an adjustment for an implicit subsidy) to the SCRHITF, will be recognized as a reduction of the NOL in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Increase (Decrease) OPEB Expense
2026	\$ (4,300,394)
2027	(5,272,779)
2028	(10,336,967)
2029	(12,733,879)
2030	230,141
2031	4,934,750
Total	<u>\$ (27,479,128)</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Sensitivity Analysis

The following table presents the sensitivity of the District’s NOL for the SCRHITF to changes in the discount rate, calculated using the discount rate of 3.97%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.97%) or 1% point higher (4.97%) than the current rate:

	1% Decrease █ (2.97%)	Current Discount Rate █ (3.97%)	1% Increase █ (4.97%)
Net OPEB Liability	\$ 278,455,071	234,572,221	\$ 199,444,533

The following table presents the sensitivity of the District’s NOL to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 6.50% decreasing to 4.25%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (5.50% decreasing to 3.25%) or 1% point higher (7.50% decreasing to 5.25%) than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 192,891,517	234,572,221	\$ 288,634,296

OPEB Plans’ Fiduciary Net Position

Detailed information regarding the fiduciary net position of the OPEB Plans administered by the PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Post Employment Benefits Trust Funds. This information is publicly available through the Insurance Benefits’ link on the PEBA’s website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to SCRHITF

The District reported a payable of approximately \$1,305,000 to the PEBA as of June 30, 2025, representing required employer contributions for the month of June 2025 for the SCRHITF. This amount is included in Accrued Salaries and Benefits on the financial statements and was paid in July 2025.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

C. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees’ and natural disasters. The School District continues to carry commercial insurance for employee health and dental coverage and is partially self-insured for workers’ compensation and general liability, auto, and property and casualty. Because of the high cost of insurance purchased from commercial insurers, the School District has chosen to participate with other school districts in the State in the South Carolina School Boards Insurance Trust/Property and Casualty Pool (“SCSBIT/PCP”) and the South Carolina School Board Insurance Trust/Workers’ Compensation Pool (“SCSBIT/WCP”). These public entity risk pools operate as common risk management and insurance programs for member school districts. The School District pays annual premiums to the public entity risk pools for its property liability insurance coverage based upon property values of the School District for the plan year and for its workers’ compensation insurance coverage based upon the total payroll of the School District for each plan year. The agreement for formation of the public entity risk pools provide that SCSBIT/PCP and SCSBIT/WCP will be self-sustaining through member premiums and any deficiencies can be charged back to the member school districts in the event that a fund deficit arises. As of the latest available audited financial statements, June 30, 2025, the SCSBIT/PCP had retained earnings of approximately \$65,259,000 and SCSBIT/WCP had retained earnings of approximately \$72,126,000. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage.

As noted above, the School District is partially self-insured related to risks associated with workers’ compensation. The School District has a \$100,000 per claim deductible with the insurance provider paying claims that are in excess of \$100,000 per claim. The School District has recorded an estimated liability of approximately \$969,000 for incurred but unpaid claims at June 30, 2025, which is based on GASB Statement No. 10 which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount is included in Accounts Payable and Accrued Expenses in the Statement of Net Position.

Changes in the balances of estimated unpaid claims for workers’ compensation during the years ended June 30, 2025 and 2024 are as follows:

Year ending June 30,	Unpaid Claims at Beginning of Fiscal Year	Current-Year Claims and Changes in Estimates	Claim Payments	Unpaid Claims at End of Fiscal Year
2024	\$ 1,177,858	819,937	(1,322,345)	\$ 675,450
2025	\$ 675,450	1,459,042	(1,165,573)	\$ 968,919

The School District is also partially self-insured related to risks associated with general liability, auto, and property and casualty. The School District has a \$100,000 per claim deductible for property insurance and a \$25,000 deductible for general liability insurance with the insurance provider paying claims that are in excess of these amounts per claim. The School District’s estimated liability for incurred but unpaid claims at June 30, 2025 was not considered material for disclosure.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

D. Contingencies and Commitments

Litigation:

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

Commitments:

As of June 30, 2025, the School District had remaining construction commitments of approximately \$10,374,000 primarily related to school renovation projects and roof replacements.

E. Grants

The School District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

F. Arbitrage Rebate

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield of the bond issue. In order to comply with the arbitrage rebate requirement, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. As of June 30, 2025, the School District reported an arbitrage rebate liability of approximately \$583,000. This amount was paid in August 2025 and is included in Accounts Payable and Accrued Expenses in the Statement of Net Position.

G. Tax Abatements

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

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

IV. OTHER INFORMATION (CONTINUED)

G. Tax Abatements (Continued)

Under the SSRC program, taxpayers are eligible to receive a reduction in property taxes, through bill credits, if the taxpayer is located in a Multi-County Industrial Park (MCIP), and infrastructure credits are granted as part of the FILOT program agreements. The amount of the tax abatement may be granted to businesses located within or promising to relocate to the County.

For the fiscal year ended June 30, 2025, the School District's property taxes abated by agreements entered into by the County totaled approximately \$8,466,000.

H. Subsequent Events

The District issued short-term General Obligation Bonds, Series 2025B, in September 2025. The bonds were issued at a par amount of \$35,301,000 with a premium of approximately \$408,000 and a 5% coupon rate for the purpose of making the base lease payments to GROWTH, making the principal and interest payments on equipment leases, partially funding ongoing construction projects, and to pay the costs of issuance of the bonds. The principal and interest are due in full on March 2, 2026.

The District issued long-term General Obligation Refunding Bonds, Series 2025, in September 2025. The bonds were issued at a par amount of \$27,730,000 with a reoffering premium of approximately \$3,196,000 and a 5% coupon rate for the purpose of refunding Series 2015B GOB. The first principal payment will be \$910,000 and interest \$658,600, due on March 1, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 72,506,594	75,606,818	80,013,714	\$ 4,406,896
Investment Earnings	2,000,000	2,000,000	3,457,155	1,457,155
Other Local Sources	3,964,824	864,600	1,127,208	262,608
State Sources	180,628,594	180,628,594	181,420,933	792,339
Federal Sources	100,000	100,000	81,922	(18,078)
TOTAL REVENUE ALL SOURCES	<u>259,200,012</u>	<u>259,200,012</u>	<u>266,100,932</u>	<u>6,900,920</u>
EXPENDITURES				
Current:				
Instruction	172,531,522	172,531,522	175,508,514	(2,976,992)
Support Services	113,279,349	113,279,349	115,835,354	(2,556,005)
Capital Outlay	707,501	707,501	546,474	161,027
Debt Service:				
Principal Retirement	372,000	372,000	253,998	118,002
Interest and Fiscal Charges	-	-	118,220	(118,220)
TOTAL EXPENDITURES	<u>286,890,372</u>	<u>286,890,372</u>	<u>292,262,560</u>	<u>(5,372,188)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(27,690,360)</u>	<u>(27,690,360)</u>	<u>(26,161,628)</u>	<u>1,528,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	24,888,895	24,888,895	25,377,875	488,980
Transfers Out	(1,858,114)	(1,858,114)	(2,179,187)	(321,073)
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,030,781</u>	<u>23,030,781</u>	<u>23,198,688</u>	<u>167,907</u>
NET CHANGE IN FUND BALANCE	<u>(4,659,579)</u>	<u>(4,659,579)</u>	<u>(2,962,940)</u>	<u>1,696,639</u>
FUND BALANCES, Beginning of Year	<u>70,277,444</u>	<u>70,277,444</u>	<u>70,277,444</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 65,617,865</u>	<u>65,617,865</u>	<u>67,314,504</u>	<u>\$ 1,696,639</u>

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

DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERSVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The School District's Proportion of the Net Pension Liability	1.17386%	1.15255%	1.18085%	1.17756%	1.21185%	1.21729%	1.23491%	1.21750%	1.17945%	1.13615%
The School District's Proportionate Share of the Net Pension Liability	\$275,273,465	278,657,802	286,263,355	254,839,453	309,647,963	277,957,918	\$276,704,350	274,078,605	251,927,925	\$215,476,705
The School District's Covered Payroll	\$167,377,661	151,174,734	146,650,104	139,436,054	141,337,102	135,054,380	\$134,653,252	130,739,789	122,293,516	\$114,187,969
The School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	164.46%	184.33%	195.20%	182.76%	219.08%	205.81%	205.49%	209.64%	206.00%	188.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.80%	58.65%	57.06%	60.75%	50.71%	54.40%	54.105%	53.338%	52.906%	56.992%

Notes to Schedule:

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

The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

DORCHESTER COUNTY SCHOOL DISTRICT TWO
 SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - SOUTH CAROLINA RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2020	2019	2018	2017
Contractually Required Contribution	\$ 33,005,929	29,932,657	25,560,983	22,037,385	19,465,099	19,789,316	\$ 18,311,318	17,354,955	14,198,421	\$ 12,632,027
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the District	31,758,483	28,685,211	24,313,537	22,037,385	19,465,099	19,789,316	18,311,318	17,354,955	14,198,421	12,632,027
Contributions from the State	1,247,446	1,247,446	1,247,446	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
The School District's Covered Payroll	\$ 184,425,262	167,377,661	151,174,734	146,650,104	139,436,054	141,337,102	\$ 135,054,380	134,653,252	130,739,789	\$ 122,293,516
Contributions as a Percentage of Covered Payroll	17.90%	17.88%	16.91%	15.03%	13.96%	14.00%	13.56%	12.89%	10.86%	10.33%

DORCHESTER COUNTY SCHOOL DISTRICT TWO
 SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
 POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
The School District's Proportion of the Net Pension Liability	0.03858%	0.03898%	0.03696%	0.03042%	0.03164%	0.04219%	0.04521%	0.03417%	0.03459%	0.03032%
The School District's Proportionate Share of the Net Pension Liability	\$ 1,157,357	1,186,583	1,108,314	782,591	1,049,092	1,209,264	1,281,036	935,998	877,265	\$ 660,910
The School District's Covered Payroll	\$ 770,385	682,963	584,870	457,370	477,897	612,011	625,770	460,107	440,918	\$ 372,317
The School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	150.23%	173.74%	189.50%	171.11%	219.52%	197.59%	204.71%	203.43%	198.96%	177.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.50%	67.79%	66.45%	70.37%	58.79%	62.69%	61.73%	60.94%	60.44%	64.57%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
 The discount rate was lowered from (a) 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and (b) 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

DORCHESTER COUNTY SCHOOL DISTRICT TWO
 SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE OFFICERS RETIREMENT SYSTEM

LAST TEN FISCAL YEARS

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2020	2019	2018	2017
Contractually Required Contribution	\$ 196,915	163,630	138,251	107,996	78,891	82,635	105,510	101,625	65,519	\$ 60,582
Contributions in Relation to the Contractually Required Contribution:										
Contributions from the District	192,382	159,077	133,698	107,996	78,891	82,635	105,510	101,625	65,519	60,582
Contributions from the State	4,533	4,553	4,553	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	\$ -
The School District's Covered Payroll	\$ 927,192	770,385	682,963	584,870	457,370	477,897	612,011	625,770	460,107	\$ 440,918
Contributions as a Percentage of Covered Payroll	21.24%	21.24%	20.24%	18.46%	17.25%	17.29%	17.24%	16.24%	14.24%	13.74%

DORCHESTER COUNTY SCHOOL DISTRICT TWO
 SUMMERVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

LAST NINE FISCAL YEARS

	Year Ended June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	1.79179%	1.44999%	1.49797%	1.47162%	1.53848%	1.55121%	1.56869%	1.55582%	1.55582%
School District's Proportionate Share of the Net OPEB Liability	\$ 234,572,221	189,825,765	227,868,513	306,439,137	277,718,796	234,566,904	222,291,982	210,733,271	\$ 225,105,854
School District's Covered Payroll	\$ 168,148,046	151,857,697	147,234,974	139,893,424	141,814,999	135,666,391	135,276,022	131,199,896	\$ 122,734,433
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Payroll	139.5%	125.0%	154.8%	219.1%	195.8%	172.9%	164.3%	160.6%	183.4%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.9%	11.2%	9.6%	7.5%	8.4%	8.4%	7.9%	7.6%	6.6%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).
 The School District adopted GASB #75 during the year ended June 30, 2018. Information is not available for years prior to 2017.
 The discount rates used by year were as follows:

2017	3.97%
2018	3.86%
2019	3.69%
2020	1.92%
2021	2.45%
2022	3.13%
2023	3.62%
2024	3.56%
2025	2.92%

DORCHESTER COUNTY SCHOOL DISTRICT TWO
 SUMMERSVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
 SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

LAST NINE FISCAL YEARS

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Contractually Required Contribution	\$ 11,769,881	10,660,256	9,547,717	9,249,882	8,580,890	8,251,978	8,183,200	7,440,346	\$ 6,992,954	
Contributions in Relation to the Contractually Required Contribution	11,769,881	10,660,256	9,547,717	9,249,882	8,580,890	8,251,978	8,183,200	7,440,346	6,992,954	
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -	
School District's Covered Payroll	\$ 185,352,454	168,148,046	151,857,697	147,234,974	139,893,424	141,814,999	135,666,391	135,276,022	\$ 131,199,896	
Contributions as a Percentage of Covered Payroll	6.35%	6.34%	6.29%	6.28%	6.13%	5.82%	6.03%	5.50%	5.33%	

Notes to Schedule:

The School District adopted GASB #75 during the year ended June 30, 2018. Information is not available for years prior to 2017. The above amounts exclude any adjustments for implicit subsidies made by the School District.

SUPPLEMENTARY INFORMATION

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 72,506,594	76,111,819	\$ 3,605,225
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	3,100,224	3,901,895	801,671
1300 Tuition:			
1330 From Patrons for Adult/Continuing Ed	8,600	39,675	31,075
1500 Earnings on Investments:			
1510 Interest on Investments	2,000,000	3,457,155	1,457,155
1900 Other Revenue from Local Sources:			
1920 Contributions & Donations Private Sources	-	3,000	3,000
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	48,799	48,799
1995 Drivers' Education and Student Parking Fees	231,000	452,356	221,356
1999 Revenue from Other Local Sources	625,000	583,378	(41,622)
Total Revenue from Local Sources	<u>78,471,418</u>	<u>84,598,077</u>	<u>6,126,659</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3130 State Aid to Classrooms	124,528,223	123,275,154	(1,253,069)
3131 Handicapped Transportation - Bus Driver Aides	-	2,668	2,668
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	1,900,000	2,317,765	417,765
3161 EAA Bus Driver Salary and Fringe	-	4,432	4,432
3162 Transportation Workers' Compensation	88,208	76,750	(11,458)
3181 Retiree Insurance (No Carryover Provision)	8,111,991	8,419,703	307,712
3330 Miscellaneous EFA Programs:			
3350 Residential Treatment Facilities (RTF)	-	6,193	6,193
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	6,165,265	6,163,603	(1,662)
3820 Homestead Exemption (Tier 2)	1,228,485	1,228,154	(331)
3825 Reimbursement for Property Tax Relief (Tier 3)	35,755,379	35,828,178	72,799
3830 Merchant's Inventory Tax	179,064	179,064	-
3840 Manufacturers Depreciation Reimbursement	1,200,000	2,092,172	892,172
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	220,000	575,118	355,118

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
3900 Other State Revenue:			
3993 PEBA On-Behalf	1,251,979	1,251,979	-
Total Revenue from State Sources	<u>\$ 180,628,594</u>	<u>181,420,933</u>	<u>\$ 792,339</u>
4000 Revenue from Federal Sources:			
4100 Federally Impacted Areas:			
4110 Maintenance & Operations (P.L. 874)	\$ 100,000	81,922	\$ (18,078)
Total Revenue from Federal Sources	<u>100,000</u>	<u>81,922</u>	<u>(18,078)</u>
TOTAL REVENUE ALL SOURCES	<u>259,200,012</u>	<u>266,100,932</u>	<u>6,900,920</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	6,503,094	5,978,907	524,187
200 Employee Benefits	3,293,824	2,912,973	380,851
300 Purchased Services	35,410	7,189	28,221
400 Supplies and Materials	96,670	41,458	55,212
112 Primary Programs:			
100 Salaries	25,147,650	25,339,680	(192,030)
200 Employee Benefits	10,714,787	11,512,819	(798,032)
300 Purchased Services	119,218	184,754	(65,536)
400 Supplies and Materials	630,298	764,536	(134,238)
113 Elementary Programs:			
100 Salaries	31,337,741	32,858,251	(1,520,510)
200 Employee Benefits	13,892,655	14,905,294	(1,012,639)
300 Purchased Services	589,347	601,127	(11,780)
400 Supplies and Materials	974,680	632,451	342,229
114 High School Programs:			
100 Salaries	24,534,768	25,693,513	(1,158,745)
200 Employee Benefits	10,403,961	11,283,316	(879,355)
300 Purchased Services	1,230,951	939,689	291,262
400 Supplies and Materials	1,086,146	729,255	356,891
115 Career and Technology Education Programs:			
100 Salaries	2,532,311	3,016,387	(484,076)
200 Employee Benefits	1,183,700	1,381,828	(198,128)
300 Purchased Services - Other Than Tuition	3,000	3,524	(524)
400 Supplies and Materials	\$ 78,402	76,551	\$ 1,851

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	REVISED BUDGET	ACTUAL	VARIANCE
116 Career and Technology Education (Vocational) Programs-Middle School:			
100 Salaries	\$ 407,502	272,989	\$ 134,513
200 Employee Benefits	201,466	105,109	96,357
400 Supplies and Materials	7,800	4,594	3,206
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	8,924,389	8,195,913	728,476
200 Employee Benefits	4,090,301	4,042,814	47,487
300 Purchased Services	4,500	1,755	2,745
400 Supplies and Materials	108,300	7,733	100,567
122 Trainable Mentally Handicapped:			
100 Salaries	1,283,122	973,307	309,815
200 Employee Benefits	590,889	502,397	88,492
400 Supplies and Materials	19,000	17,873	1,127
123 Orthopedically Handicapped:			
100 Salaries	40,353	32,976	7,377
200 Employee Benefits	12,118	9,486	2,632
400 Supplies and Materials	5,000	2,998	2,002
124 Visually Handicapped:			
100 Salaries	136,242	133,824	2,418
200 Employee Benefits	56,852	53,372	3,480
300 Purchased Services	30,000	-	30,000
400 Supplies and Materials	5,700	-	5,700
125 Hearing Handicapped:			
100 Salaries	268,116	289,832	(21,716)
200 Employee Benefits	132,815	132,955	(140)
300 Purchased Services	65,000	585,744	(520,744)
400 Supplies and Materials	15,400	16,398	(998)
126 Speech Handicapped:			
100 Salaries	1,399,735	1,573,856	(174,121)
200 Employee Benefits	750,069	761,666	(11,597)
300 Purchased Services	2,121,035	1,639,896	481,139
400 Supplies and Materials	31,360	84,370	(53,010)
600 Other Objects	14,065	1,462	12,603
127 Learning Disabilities:			
100 Salaries	4,411,863	4,490,005	(78,142)
200 Employee Benefits	1,932,795	2,043,110	(110,315)
300 Purchased Services	400,270	857,242	(456,972)
400 Supplies and Materials	87,431	94,223	(6,792)
128 Emotionally Handicapped:			
100 Salaries	450,044	489,960	(39,916)
200 Employee Benefits	220,321	263,884	(43,563)
400 Supplies and Materials	\$ 2,100	360	\$ 1,740

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	REVISED BUDGET	ACTUAL	VARIANCE
130 Pre-School Programs:			
131 Pre-School Handicapped-Speech (5-Yr. Olds):			
100 Salaries	\$ 54,033	70	\$ 53,963
200 Employee Benefits	34,957	23	34,934
400 Supplies and Materials	250	-	250
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	660,075	541,732	118,343
200 Employee Benefits	281,057	243,265	37,792
400 Supplies and Materials	3,200	3,370	(170)
136 Pre-School Handicapped-Itinerant (3 & 4-Yr. Olds)			
100 Salaries	3,450	-	3,450
200 Employee Benefits	1,004	-	1,004
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	400,773	247,935	152,838
200 Employee Benefits	180,784	112,621	68,163
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	819	2,270	(1,451)
200 Employee Benefits	275	757	(482)
300 Purchased Services	31,000	9,495	21,505
400 Supplies and Materials	20,000	3,781	16,219
143 Advanced Placement:			
100 Salaries	-	2,034	(2,034)
200 Employee Benefits	-	680	(680)
300 Purchased Services	15,000	317	14,683
400 Supplies and Materials	15,000	6,969	8,031
145 Homebound:			
100 Salaries	457,960	312,141	145,819
200 Employee Benefits	171,126	78,154	92,972
300 Purchased Services	50,000	79,579	(29,579)
147 CDEPP:			
100 Salaries	1,212,338	1,130,575	81,763
200 Employee Benefits	589,939	598,427	(8,488)
400 Supplies and Materials	11,400	15,302	(3,902)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	1,364,300	1,628,729	(264,429)
200 Employee Benefits	706,761	837,519	(130,758)
300 Purchased Services	31,750	2,538	29,212
400 Supplies and Materials	38,250	39,848	(1,598)

(Continued)

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

	REVISED BUDGET	ACTUAL	VARIANCE
162 Limited English Proficiency:			
100 Salaries	2,153,067	1,591,678	561,389
200 Employee Benefits	951,974	702,462	249,512
300 Purchased Services	-	147	(147)
170 Summer School Programs:			
171 Primary Summer School:			
100 Salaries	-	127,351	(127,351)
200 Employee Benefits	-	42,126	(42,126)
172 Elementary Summer School:			
100 Salaries	58,355	-	\$ 58,355
400 Supplies and Materials	3,000	-	3,000
173 High School Summer School:			
100 Salaries	33,252	159,386	(126,134)
200 Employee Benefits	\$ 125	50,184	\$ (50,059)
400 Supplies and Materials	3,000	-	3,000
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	245,837	263,124	(17,287)
200 Employee Benefits	102,989	108,775	(5,786)
300 Purchased Services	3,325	4,096	(771)
400 Supplies and Materials	26,531	15,449	11,082
Total Instruction	<u>172,531,522</u>	<u>175,508,514</u>	<u>(2,976,992)</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	585,000	544,006	40,994
200 Employee Benefits	263,250	251,381	11,869
400 Supplies and Materials	-	7	(7)
212 Guidance Services:			
100 Salaries	6,109,080	6,165,184	(56,104)
200 Employee Benefits	2,626,959	2,819,582	(192,623)
300 Purchased Services	1,000	130	870
400 Supplies and Materials	10,100	966	9,134
600 Other Objects	-	129	(129)
213 Health Services:			
100 Salaries	2,184,666	2,449,631	(264,965)
200 Employee Benefits	1,069,421	1,196,216	(126,795)
300 Purchased Services	275,200	427,721	(152,521)
400 Supplies and Materials	109,999	36,733	73,266
600 Other Objects	1,000	975	25
214 Psychological Services:			
100 Salaries	737,274	1,054,561	(317,287)
200 Employee Benefits	349,391	508,077	(158,686)
300 Purchased Services	4,000	213,227	(209,227)
400 Supplies and Materials	\$ 30,000	19,844	\$ 10,156

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	\$ 3,318,500	2,469,220	\$ 849,280
200 Employee Benefits	1,219,540	1,029,067	190,473
300 Purchased Services	236,638	495,905	(259,267)
400 Supplies and Materials	664,916	462,690	202,226
600 Other Objects	65,500	68,930	(3,430)
222 Library and Media Services:			
100 Salaries	2,844,305	2,737,045	107,260
200 Employee Benefits	1,362,618	1,334,305	28,313
400 Supplies and Materials	275,542	280,077	(4,535)
223 Supervision of Special Programs:			
100 Salaries	799,016	781,510	17,506
200 Employee Benefits	333,969	317,413	16,556
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	423,817	678,985	(255,168)
200 Employee Benefits	176,953	294,806	(117,853)
300 Purchased Services	161,569	114,543	47,026
400 Supplies and Materials	17,500	15,721	1,779
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	179,621	162,452	17,169
200 Employee Benefits	61,427	55,919	5,508
300 Purchased Services	231,000	95,903	135,097
318 Audit Services	91,500	76,800	14,700
400 Supplies and Materials	27,000	17,863	9,137
600 Other Objects	77,000	51,453	25,547
232 Office of Superintendent:			
100 Salaries	1,357,824	1,353,694	4,130
200 Employee Benefits	494,922	467,759	27,163
300 Purchased Services	85,500	78,930	6,570
400 Supplies and Materials	75,000	72,520	2,480
600 Other Objects	12,000	5,183	6,817
233 School Administration:			
100 Salaries	13,846,193	14,052,763	(206,570)
200 Employee Benefits	6,445,952	6,584,550	(138,598)

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	1,308,972	1,180,216	128,756
200 Employee Benefits	593,602	552,967	40,635
300 Purchased Services	75,000	85,735	(10,735)
400 Supplies and Materials	106,000	112,263	(6,263)
500 Capital Outlay	-	247,987	(247,987)
600 Other Objects	5,000	1,045	3,955
254 Operation and Maintenance of Plant:			
100 Salaries	10,205,819	10,846,142	(640,323)
200 Employee Benefits	4,544,926	4,852,257	(307,331)
300 Purchased Services	9,438,700	9,935,764	(497,064)
400 Supplies and Materials	7,545,000	8,707,581	(1,162,581)
500 Capital Outlay	\$ 607,501	286,344	\$ 321,157
600 Other Objects	200	-	200
255 Student Transportation (State Mandated):			
100 Salaries	\$ 8,897,142	10,038,570	\$ (1,141,428)
200 Employee Benefits	3,846,353	4,338,145	(491,792)
300 Purchased Services	1,035,000	723,868	311,132
400 Supplies and Materials	465,000	51,278	413,722
258 Security:			
100 Salaries	2,073,409	2,417,712	(344,303)
200 Employee Benefits	811,495	941,063	(129,568)
300 Purchased Services	3,720,620	3,974,521	(253,901)
400 Supplies and Materials	115,000	207,855	(92,855)
260 Central Support Services:			
263 Information Services:			
100 Salaries	263,790	228,519	35,271
200 Employee Benefits	117,037	115,711	1,326
300 Purchased Services	9,000	14,744	(5,744)
400 Supplies and Materials	121,500	124,443	(2,943)
600 Other Objects	700	3,000	(2,300)
264 Staff Services:			
100 Salaries	1,137,459	1,217,301	(79,842)
200 Employee Benefits	494,208	543,004	(48,796)
300 Purchased Services	130,000	75,388	54,612
400 Supplies and Materials	120,000	100,020	19,980
266 Technology and Data Processing Services:			
100 Salaries	1,728,007	1,705,792	22,215
200 Employee Benefits	739,309	744,510	(5,201)
300 Purchased Services	656,000	814,112	(158,112)
400 Supplies and Materials	2,112,000	527,651	1,584,349
500 Capital Outlay	100,000	12,143	87,857

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	741,022	402,676	338,346
200 Employee Benefits (Optional)	250,417	190,082	60,335
300 Purchased Services (Optional)	250,000	140,902	109,098
400 Supplies and Materials (Optional)	350,000	76,141	273,859
Total Support Services	<u>113,986,850</u>	<u>116,381,828</u>	<u>(2,394,978)</u>
500 Debt Service:			
610 Redemption of Principal	372,000	253,998	118,002
620 Interest	-	118,220	(118,220)
Total Debt Service	<u>372,000</u>	<u>372,218</u>	<u>(218)</u>
TOTAL EXPENDITURES	<u>\$ 286,890,372</u>	<u>292,262,560</u>	<u>\$ (5,372,188)</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 24,601,895	24,189,828	\$ (412,067)
5280 Transfer from Other Funds Indirect Costs	287,000	1,188,047	901,047
421-710 Transfer to Special Revenue Fund	(864,163)	(676,854)	187,309
425-710 Transfer to Food Service Fund	(200,000)	(449,016)	(249,016)
426-710 Transfer to Pupil Activity Fund	(793,951)	(1,053,317)	(259,366)
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,030,781</u>	<u>23,198,688</u>	<u>167,907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,659,579)	(2,962,940)	1,696,639
FUND BALANCE, Beginning of Year	<u>70,277,444</u>	<u>70,277,444</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 65,617,865</u>	<u>67,314,504</u>	<u>\$ 1,696,639</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)
REVENUES			
1000 Revenue from Local Sources:			
1300 Tuition:			
1330 From Patrons for Adult/Continuing Education	\$ -	-	-
1500 Earnings on Investments:			
1510 Interest on Investments	-	-	-
1700 Pupil Activities:			
1710 Admissions	-	-	-
1740 Student Fees	-	-	-
1790 Other Pupil Activity Income	-	-	-
1900 Other Revenue from Local Sources:			
1910 Rentals	-	-	-
1920 Contributions and Donations Private Sources	-	-	-
1930 Special Needs Transportation - Medicaid	-	-	-
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	-	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:			
3130 Special Programs:			
3135 Reading Coaches	-	-	-
3156 Adult Education	-	-	-
3190 Miscellaneous Restricted State Grants:			
3193 Education License Plates	-	-	-
3199 Other Restricted State Grants	-	-	-
3600 Education Lottery Act Revenue:			
3670 School Safety-Facility and Infrastructure Safety Upgrades	-	-	-
3699 Other State Lottery Programs	-	-	-
3900 Other State Revenue:			
3999 Revenue from Other State Sources	-	-	-
Total Revenue from State Sources	<u>-</u>	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources:			
4200 Occupational Education:			
4210 Perkins Aid, Title I - Vocational Education - Basic Grants to States	-	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):			
4310 Title I, Basic State Grant Programs (Carryover Provision)	5,912,784	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-
4343 McKinney-Vento	-	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-	-
4400 Adult Education:			
4410 Basic Adult Education	-	-	-
4500 Programs for Children with Disabilities:			
4510 Individuals with Disabilities Education Act (IDEA)	-	5,600,491	-
4520 Preschool Grants for Children with Disabilities (IDEA)	-	-	306,352
4900 Other Federal Sources:			
4937 ARP Homeless Children & Youth	-	-	-
4974 ESSER III	-	-	-
4997 Title IV - SSAE	-	-	-
4999 Revenue from Other Federal Sources	-	-	-
Total Revenue from Federal Sources	<u>5,912,784</u>	<u>5,600,491</u>	<u>306,352</u>
TOTAL REVENUE ALL SOURCES	\$ 5,912,784	5,600,491	306,352

CATE (VA Projects) (207/208)	Adult Education* (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Student Activity Funds (700s)	Totals
-	-	-	4,888	-	\$ 4,888
-	-	-	-	9	9
-	-	-	-	693,956	693,956
-	-	-	-	342,369	342,369
-	-	-	-	1,743,699	1,743,699
-	-	-	-	264,363	264,363
-	-	-	58,729	7,201	65,930
-	-	-	1,125,067	-	1,125,067
-	-	-	3,273,566	1,625,462	4,899,028
-	-	-	4,462,250	4,677,059	9,139,309
-	-	893,076	-	-	893,076
-	-	4,679	-	-	4,679
-	-	726	-	-	726
-	-	-	1,145,211	-	1,145,211
-	-	106,551	-	-	106,551
-	-	708	-	-	708
-	-	-	4,000	-	4,000
-	-	1,005,740	1,149,211	-	2,154,951
363,722	-	-	-	-	363,722
-	-	-	433,182	-	6,345,966
-	-	-	164,980	-	164,980
-	-	-	32,411	-	32,411
-	-	-	728,133	-	728,133
-	194,615	-	-	-	194,615
-	-	-	-	-	5,600,491
-	-	-	-	-	306,352
-	-	-	10,038	-	10,038
-	-	-	5,600,467	-	5,600,467
-	-	-	288,286	-	288,286
-	-	-	1,403,703	-	1,403,703
363,722	194,615	-	8,661,200	-	21,039,164
363,722	194,615	1,005,740	14,272,661	4,677,059	\$ 32,333,424

(Continued)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Program:			
400 Supplies and Materials	\$ -	-	-
112 Primary Programs:			
100 Salaries	726,451	-	-
200 Employee Benefits	310,141	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	243,142	-	-
500 Capital Outlay	-	-	-
113 Elementary Programs:			
100 Salaries	261,757	-	-
200 Employee Benefits	160,010	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	268,492	-	-
114 High School Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	70	-	-
115 Career and Technology Education Programs:			
100 Salaries	-	-	-
300 Purchased Services - Other Than Tuition	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
116 Career and Technologies Education Programs: Middle School			
400 Supplies and Materials	-	-	-
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	-	247,969	-
200 Employee Benefits	-	102,168	-
400 Supplies and Materials	-	-	-
122 Trainable Mentally Handicapped:			
100 Salaries	-	75,198	-
200 Employee Benefits	-	25,405	-
123 Orthopedically Handicapped:			
300 Purchased Services	-	-	-
124 Visually Handicapped:			
300 Purchased Services	-	-	-
125 Hearing Handicapped:			
300 Purchased Services	-	-	-
126 Speech Handicapped:			
100 Salaries	-	286,045	-
200 Employee Benefits	-	132,751	-
300 Purchased Services	-	82,616	-
600 Other Objects	-	-	-
127 Learning Disabilities:			
300 Purchased Services	-	-	-
130 Pre-School Programs:			
133 Pre-School Handicapped Self-Contained (5-Yr. Olds):			
100 Salaries	-	30,273	-
200 Employee Benefits	-	13,773	-
136 Pre-School Handicapped Itinerant (3 & 4-Yr. Olds):			
100 Salaries	-	72,074	-
200 Employee Benefits	-	34,574	-
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	-	-	130,252
200 Employee Benefits	\$ -	-	69,085

CATE (VA Projects) (207/208)	Adult Education* (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Student Activity Funds (700s)	Totals
-	-	-	350	-	\$ 350
-	-	604,797	24,711	-	1,355,959
-	-	288,279	8,288	-	606,708
-	-	-	1,260	-	1,260
-	-	-	12,163	-	255,305
-	-	-	9,700	-	9,700
-	-	-	25,825	82,007	369,589
-	-	-	23,156	27,257	210,423
-	-	-	1,890,810	4,790	1,895,600
-	-	726	1,480,193	3,769	1,753,180
-	-	-	910,077	-	910,077
-	-	-	327,753	-	327,753
-	-	-	2,513	-	2,513
-	-	-	39,199	785	40,054
-	-	-	23,521	-	23,521
90,000	-	-	-	-	90,000
399	-	-	6,989	-	7,388
17,076	-	-	-	-	17,076
-	-	-	14,275	-	14,275
-	-	-	25,456	-	273,425
-	-	-	24,584	-	126,752
-	-	-	191	-	191
-	-	-	-	-	75,198
-	-	-	-	-	25,405
-	-	-	220	-	220
-	-	-	1,076	-	1,076
-	-	-	138,009	-	138,009
-	-	-	30,000	-	316,045
-	-	-	9,967	-	142,718
-	-	-	343,836	-	426,452
-	-	-	8,640	-	8,640
-	-	-	37,619	-	37,619
-	-	-	-	-	30,273
-	-	-	-	-	13,773
-	-	-	-	-	72,074
-	-	-	-	-	34,574
-	-	-	-	-	130,252
-	-	-	-	-	\$ 69,085

(Continued)

DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	\$ -	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
163 Comprehensive Coordinated Early Intervening Services (CCEIS):			
100 Salaries	-	475,541	-
200 Employee Benefits	-	228,745	-
170 Summer School Programs:			
175 Instructional Programs Beyond Regular School Day:			
100 Salaries	184,920	-	-
200 Employee Benefits	60,908	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	17,042	-	-
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
183 Adult English Literacy (ESL):			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
188 Parenting/Family Literacy:			
100 Salaries	143,411	-	-
200 Employee Benefits	116,138	-	-
300 Purchased Services	34,230	-	-
400 Supplies and Materials	92,150	-	-
190 Instructional Pupil Activity:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
600 Other Objects	-	-	-
Total Instruction	2,618,862	1,807,132	199,337
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	10,004	-	-
200 Employee Benefits	4,569	-	-
300 Purchased Services	84,822	-	-
400 Supplies and Materials	25,921	-	-
213 Health Services:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
214 Psychological Services:			
100 Salaries	-	1,947,004	66,778
200 Employee Benefits	-	930,900	40,237
300 Purchased Services	-	-	-
600 Other Objects	-	-	-
220 Instructional Staff Services:			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	-	81,391	-
200 Employee Benefits	-	43,004	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
	\$ -	-	-

CATE (VA Projects) (207/208)	Adult Education* (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Student Activity Funds (700s)	Totals
-	-	-	500	-	\$ 500
-	-	-	166	-	166
-	-	-	10,685	-	10,685
-	-	-	-	-	475,541
-	-	-	-	-	228,745
-	-	-	74,609	-	259,529
-	-	-	23,738	-	84,646
-	-	-	6,432	-	6,432
-	-	-	43,429	-	60,471
-	64,000	-	-	-	64,000
-	22,000	-	-	-	22,000
-	-	5,140	-	-	5,140
-	54,769	-	-	-	54,769
-	23,846	-	-	-	23,846
-	22,500	-	-	-	165,911
-	7,500	-	-	-	123,638
-	-	-	-	-	34,230
-	-	-	912	-	93,062
-	-	-	-	46,959	46,959
-	-	-	-	13,670	13,670
-	-	-	-	9,937	9,937
-	-	-	-	71,883	71,883
-	-	-	-	1,888,118	1,888,118
107,475	194,615	898,942	5,580,852	2,149,175	13,556,390
-	-	-	25,713	-	35,717
-	-	-	13,813	-	18,382
-	-	-	124,007	-	208,829
-	-	-	-	-	25,921
-	-	-	574,490	-	574,490
-	-	-	365,929	-	365,929
-	-	-	62,040	-	62,040
-	-	-	553	-	553
-	-	-	127,451	-	2,141,233
-	-	-	42,481	-	1,013,618
-	-	-	94,634	-	94,634
-	-	-	675	-	675
86,091	-	-	-	-	167,482
34,888	-	-	-	-	77,892
135,268	-	-	25,449	-	160,717
-	-	-	47,087	-	\$ 47,087

DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)
223 Supervision of Special Programs:			
100 Salaries	\$ 674,559	559,525	-
200 Employee Benefits	304,582	231,535	-
300 Purchased Services	20,578	-	-
400 Supplies and Materials	23,760	-	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	1,158,640	-	-
200 Employee Benefits	516,072	-	-
300 Purchased Services	340,380	-	-
400 Supplies and Materials	2,016	-	-
250 Finance and Operations Services:			
253 Facilities Acquisition and Construction:			
300 Purchased Services	-	-	-
254 Operation and Maintenance of Plant:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
255 Student Transportation (State Mandated):			
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
258 Security:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
260 Central Support Services:			
266 Technology and Data Processing Services:			
300 Purchased Services	-	-	-
270 Support Services - Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	-	-	-
200 Employee Benefits (Optional)	-	-	-
300 Purchased Services (Optional)	-	-	-
400 Supplies and Materials (Optional)	-	-	-
500 Capital Outlay (Optional)	-	-	-
600 Other Objects (Optional)	-	-	-
660 Pupil Activity	-	-	-
273 Trust and Agency Activities:			
300 Purchased Services (Optional)	-	-	-
400 Supplies and Materials (Optional)	-	-	-
600 Other Objects (Optional)	-	-	-
Total Support Services	3,165,903	3,793,359	107,015
300 Community Services:			
350 Custody and Care of Children:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
370 Non-Public School Services:			
300 Purchased Services	-	-	-
Total Community Services	\$ -	-	-

CATE (VA Projects) (207/208)	Adult Education* (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Student Activity Funds (700s)	Totals
-	-	-	210,877	-	\$ 1,444,961
-	-	-	96,623	-	632,740
-	-	247	4,491	-	25,316
-	-	-	-	-	23,760
-	-	-	463,988	-	1,622,628
-	-	-	192,354	-	708,426
-	-	-	279,003	-	619,383
-	-	-	5,461	-	7,477
-	-	106,551	-	-	106,551
-	-	-	-	78,489	78,489
-	-	-	-	26,593	26,593
-	-	-	-	14,264	14,264
-	-	-	-	20,665	20,665
-	-	-	740,215	19,073	759,288
-	-	-	-	300	300
-	-	-	112,900	-	112,900
-	-	-	-	14,746	14,746
-	-	-	-	5,490	5,490
-	-	-	32,566	-	32,566
-	-	-	85,471	-	85,471
-	-	-	581	467,826	468,407
-	-	-	197	146,200	146,397
-	-	-	-	238,664	238,664
-	-	-	4,346	601,947	606,293
-	-	-	-	27,772	27,772
-	-	-	-	1,821,925	1,821,925
-	-	-	750	-	750
-	-	-	-	2,673	2,673
-	-	-	-	1,919	1,919
-	-	-	-	12,129	12,129
256,247	-	106,798	3,734,145	3,500,675	14,664,142
-	-	-	2,855,543	-	2,855,543
-	-	-	973,858	-	973,858
-	-	-	13,333	-	13,333
-	-	-	287,326	-	287,326
-	-	-	140,217	-	140,217
-	-	-	45,349	-	45,349
-	-	-	4,315,626	-	\$ 4,315,626

DORCHESTER COUNTY SCHOOL DISTRICT TWO
 SUMMERVILLE, SOUTH CAROLINA

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)
410 Intergovernmental Expenditures:			
411 Payments to SDE			
720 Transits	\$ -	-	-
414 Medicaid Payments to SDE			
720 Transits	-	-	-
Total Intergovernmental Expenditures	-	-	-
TOTAL EXPENDITURES	5,784,765	5,600,491	306,352
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5210 Transfer from General Fund (Exclude Indirect Costs)	-	-	-
424-710 Transfer to Capital Projects Fund	-	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(128,019)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(128,019)	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE, Beginning of Year	-	-	-
FUND BALANCE, End of Year	\$ -	-	-

CATE (VA Projects) (207/208)	Adult Education* (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Student Activity Funds (700s)	Totals
-	-	-	10,954	-	\$ 10,954
-	-	-	3,456	-	3,456
-	-	-	14,410	-	14,410
363,722	194,615	1,005,740	13,645,033	5,649,850	32,550,568
-	-	-	676,854	1,053,317	1,730,171
-	-	-	-	(75,000)	(75,000)
-	-	-	(975,493)	-	(1,103,512)
-	-	-	(298,639)	978,317	551,659
-	-	-	328,989	5,526	334,515
-	-	-	3,915,430	2,059,678	5,975,108
-	-	-	4,244,419	2,065,204	\$ 6,309,623

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2025

OTHER DESIGNATED RESTRICTED STATE GRANTS

919	Education License Plates
924	CERDEP
935	Reading Coaches
956	Adult Education
969	Miscellaneous
970	School Safety Upgrades

OTHER SPECIAL REVENUE PROGRAMS

210	Title IV - SSAE
218	ESSER III ARP
221	Title I - Neglected and Delinquent
237	Title I Focus Schools
263	ARP Homeless Children & Youth
264	Title III - English Language Acquisition - ESOL
267	Improving Teacher Quality (Carryover Provision)
271	ROTC
278	Medicaid Reimbursement
299	USDA Farm to School Grant
805	DSS/Adult Education
808	Larry Barnfield Scholarship
819	Extended Day Program
821	Educational Foundation Grants Passed Through to the District
859	Dorchester County Showdown
860	Unified Track
898	Payments from other Governments
899	Other Miscellaneous Grants

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2025

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned Revenue
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
919	3193	Education License Plates	\$ 726	726	-	-	\$ -
935	3135	Reading Coaches	893,076	893,076	-	-	427,910
956	3156	Adult Education	4,679	4,679	-	-	3,753
969	3699	Miscellaneous	708	708	-	-	1,396
970	3670	School Safety Upgrades	106,551	106,551	-	-	43,449
Totals			\$ 1,005,740	1,005,740	-	-	\$ 476,508

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2025

REVENUES	ACTUAL
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 59,883
3503 State Aid to Classrooms	25,153,853
3509 Arts in Education	79,045
3513 Child Nutrition	46,994
3518 Formative Assessment	166,014
3519 Grade 10 Assessments	2,779
3526 Refurbishment of Science Kits	98,698
3528 Industry Certifications/Credentials	29,017
3529 Career and Technolgy Education	777,305
3532 National Board Salary Supplement (No Carryover Provision)	601,088
3533 Teacher of the Year Awards (No Carryover Provision)	1,077
3541 CDEPP (Child Development Education Pilot Program)	2,118,386
3556 Adult Education	396,794
3557 Summer Reading Program	177,310
3577 Teacher Supplies (No Carryover Provision)	684,800
3595 EEDA - Supplies and Materials	66,394
3597 Aid to Districts	(9,959)
3599 Other EIA	57,419
Total Revenue from State Sources	30,506,897
TOTAL REVENUE ALL SOURCES	30,506,897

EXPENDITURES

100 Instruction:	
110 General Instruction:	
112 Primary Programs:	
100 Salaries	750
200 Employee Benefits	252
300 Purchased Services	20,930
400 Supplies and Materials	243,394
113 Elementary Programs:	
100 Salaries	354,498
200 Employee Benefits	116,755
300 Purchased Services	6,460
400 Supplies and Materials	\$ 575,702

(Continued)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2025

	<u>ACTUAL</u>
114 High School Programs:	
100 Salaries	\$ 98,458
200 Employee Benefits	32,454
300 Purchased Services	6,776
400 Supplies and Materials	237,832
115 Career and Technology Education Programs:	
100 Salaries	14,230
200 Employee Benefits	4,735
300 Purchased Services - Other Than Tuition	23,178
400 Supplies and Materials	684,431
500 Capital Outlay	64,993
140 Special Programs:	
147 CDEPP:	
100 Salaries	1,471,431
200 Employee Benefits	636,041
400 Supplies and Materials	10,914
170 Summer School Programs:	
171 Primary Summer School:	
100 Salaries	125,501
200 Employee Benefits	41,861
175 Instructional Programs Beyond Regular School Day:	
400 Supplies and Materials	9,947
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	57,831
200 Employee Benefits	25,609
300 Purchased Services	2,663
400 Supplies and Materials	21,314
Total Instruction	<u>4,888,940</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
300 Purchased Services	62,984
400 Supplies and Materials	3,409
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	11,231
200 Employee Benefits	3,769
300 Purchased Services	5,067
400 Supplies and Materials	\$ 469

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2025

	<u>ACTUAL</u>
223 Supervision of Special Programs:	
100 Salaries	\$ 196,119
200 Employee Benefits	93,259
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	176,305
200 Employee Benefits	58,575
300 Purchased Services	704,008
400 Supplies and Materials	8,521
260 Central Support Services:	
266 Technology and Data Processing Services:	
400 Supplies and Materials	57,419
Total Support Services	<u>1,381,135</u>
TOTAL EXPENDITURES	6,270,075
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(24,189,828)
425-710 Transfer to Food Service Fund	(46,994)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,236,822)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-
FUND BALANCES, Beginning of Year	<u>-</u>
FUND BALANCES, End of Year	\$ -

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2025

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 59,883	59,883	-	-	\$ -
3503 State Aid to Classrooms	25,153,853	944,025	(20,000)	(24,189,828)	2,067,100
3509 Arts in Education	79,045	79,045	-	-	-
3513 Child Nutrition	46,994	-	-	(46,994)	-
3518 Adoption List of Formative Assessment	166,014	166,014	-	-	-
3519 Grade 10 Assessments	2,779	2,779	-	-	-
3526 Refurbishment of Science Kits	98,698	98,698	-	-	141,247
3528 Industry Certifications/Credentials	29,017	29,017	-	-	-
3529 Career and Technology Education	777,305	777,305	-	-	393,111
3532 National Board Salary Supplement*	601,088	601,088	-	-	-
3533 Teacher of the Year Awards*	1,077	1,077	-	-	-
3541 CERDEP - Full Day 4K	2,118,386	2,118,386	-	-	-
3556 Adult Education	396,794	396,794	-	-	14,272
3557 Summer Reading Program	177,310	177,310	-	-	-
3577 Teacher Supplies*	684,800	684,800	-	-	-
3595 EEDA - Supplies and Materials	66,394	66,394	-	-	103,544
3597 Aid to Districts	(9,959)	10,041	20,000	-	29,959
3599 Other EIA	57,419	57,419	-	-	-
Totals	\$ 30,506,897	6,270,075	-	(24,236,822)	\$ 2,749,233

*No carryover provision for Fiscal Year 2025.

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

YEAR ENDED JUNE 30, 2025

Program	Project/Grant Number	Revenue &		Amount Due to State Department of Education or Federal	Status of Amount Due
t	N/A	332/3532	Unspent allocation	\$ 8,687.89	To be Paid
Title II	N/A	4510	Reallocation between function codes for amounts previously claimed	126,965.64	Paid by check #348017
				<u>\$ 135,653.53</u>	

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

Schedule B-7

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	<u>Food Service</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 189,614
1600 Food Service:	
1610 Lunch Sales to Pupils	1,318,769
1620 Breakfast Sales to Pupils	269,043
1630 Special Sales to Pupils	59,535
1640 Lunch Sales to Adults	6,556
1650 Breakfast Sales to Adults	874
1660 Special Sales to Adults	19,846
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	8,502
Total Revenue from Local Sources	<u>1,872,739</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program, and Special Milk Program (Carryover Provision)	6,818,404
4830 School Breakfast Program	2,227,980
4880 Summer Feeding Programs (SFSP)	114,813
4899 Miscellaneous Food Service	51,997
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	735,032
Total Revenue from Federal Sources	<u>9,948,226</u>
TOTAL REVENUE ALL SOURCES	<u>11,820,965</u>
EXPENDITURES	
256 Food Service:	
100 Salaries	219,796
200 Employee Benefits	113,468
300 Purchased Services (Exclude Gas, Oil, Electricity, Other Heating Fuels, and Direct Purchased Services)	12,040,210
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,242,232
500 Capital Outlay	585,356
600 Other Objects	1,393
Total Support Services	<u>14,202,455</u>
TOTAL EXPENDITURES	<u>\$ 14,202,455</u>

(Continued)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

Schedule B-7

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	<u>Food Service</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	\$ 449,016
5230 Transfer from Special Revenue EIA Fund	46,994
432-791 Food Service Fund Indirect Costs	(84,535)
TOTAL OTHER FINANCING SOURCES (USES)	<u>411,475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,970,015)
FUND BALANCE, Beginning of Year	<u>5,034,065</u>
FUND BALANCE, End of Year	<u>\$ 3,064,050</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

Schedule B-8

EDUCATIONAL FOUNDATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	Educational Foundation
REVENUES	
1000 Revenue from Local Sources:	
1900 Other Revenue from Local Sources:	
1920 Contributions & Donations Private Sources	\$ 500,704
Total Revenue from Local Sources	<u>504,015</u>
TOTAL REVENUE ALL SOURCES	<u>504,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,430
FUND BALANCE, Beginning of Year	164,075
FUND BALANCE, End of Year	<u>\$ 195,505</u>

DEBT SERVICE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2025

	<u>District</u>	<u>GROWTH</u>
REVENUES		
1000 Revenue from Local Sources:		
1100 Taxes:		
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 55,498,090	\$ -
1200 Revenue from Local Governmental Units Other than LEAs:		
1280 Revenue in Lieu of Taxes (Dependent and Independent)	1,423,217	-
1500 Earnings on Investments:		
1510 Interest on Investments	1,495,805	98,910
1900 Other Revenue from Local Sources:		
1999 Revenue from Other Local Sources	43,863	-
Total Revenue from Local Sources	<u>58,460,975</u>	<u>98,910</u>
3000 Revenue from State Sources:		
3800 State Revenue in Lieu of Taxes:		
3820 Homestead Exemption	1,315,418	-
3830 Merchant's Inventory Tax	68,122	-
3840 Manufacturers Depreciation Reimbursement	760,929	-
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	206,953	-
Total Revenue from State Sources	<u>2,351,422</u>	<u>-</u>
TOTAL REVENUE ALL SOURCES	<u>60,812,397</u>	<u>98,910</u>
EXPENDITURES		
500 Debt Service:		
610 Redemption of Principal	23,957,544	10,526,000
620 Interest	5,406,739	1,381,345
690 Other Objects (Includes Fees for Servicing Bonds)	678,451	-
Total Debt Service	<u>30,042,734</u>	<u>11,907,345</u>
TOTAL EXPENDITURES	<u>30,042,734</u>	<u>11,907,345</u>
OTHER FINANCING SOURCES (USES)		
5110 Premium on Bonds Sold	9,428,521	-
5130 Proceeds of Refunding Debt	200,000,000	-
Interfund Transfers, From (To) Other Funds:		
5240 Transfer from Debt Service - District fund	-	11,912,345
423-710 Transfer to Debt Service - GROWTH Fund	(11,912,345)	-
424-710 Transfer to Capital Projects Fund -District	(228,357,308)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,841,132)</u>	<u>11,912,345</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(71,469)	103,910
FUND BALANCE, Beginning of Year	<u>29,317,075</u>	<u>204,481</u>
FUND BALANCE, End of Year	<u>\$ 29,245,606</u>	<u>\$ 308,391</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

Schedule D-1

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	<u>District</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 4,205,503
1900 Other Revenue from Local Sources:	
1910 Rentals	13,398
1920 Contributions & Donations Private Sources	10,000
1999 Revenue from Other Local Sources	174,458
Total Revenue from Local Sources	<u>4,403,359</u>
TOTAL REVENUE ALL SOURCES	<u>4,403,359</u>
EXPENDITURES	
200 Support Services:	
250 Finance and Operations:	
252 Fiscal Services:	
300 Purchased Services	330,516
253 Facilities Acquisition & Construction:	
100 Salaries	178,571
200 Employee Benefits	75,760
300 Purchased Services	2,034,464
400 Supplies and Materials	13,756
500 Capital Outlay:	
520 Construction Services	9,916,863
530 Improvements Other Than Buildings	3,042,003
540 Equipment	5,215,713
545 Technology, Equipment and Software	529,207
550 Vehicles	319,652
600 Other Objects:	
690 Other Objects	29,433
254 Operation and Maintenance of Plant:	
300 Purchased Services	825,374
400 Supplies and Materials	53,789
500 Capital Outlay	906,959
258 Security:	
400 Supplies and Materials	\$ 22,241

(Continued)

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

Schedule D-1

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	<u>District</u>
260 Central Support Services:	
266 Operation and Maintenance of Plant:	
300 Purchased Services	\$ 40,330
400 Supplies and Materials	4,351,091
500 Capital Outlay	196,336
Total Support Services	<u>28,082,058</u>
500 Debt Service:	
610 Redemption of Principal	75,000
Total Debt Service	<u>75,000</u>
TOTAL EXPENDITURES	<u>28,157,058</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5220 Transfer from Special Revenue Fund (Exclude Indirect Costs)	75,000
5240 Transfer from Debt Service Fund - District	228,357,308
TOTAL OTHER FINANCING SOURCES (USES)	<u>228,432,308</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	204,678,609
FUND BALANCE, Beginning of Year	<u>18,753,046</u>
FUND BALANCE, End of Year	<u>\$ 223,431,655</u>

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2025

<u>Location ID</u>	<u>Location Description</u>	<u>Education Level</u>	<u>Cost Type</u>	<u>Total Expenditures</u>
000	Districtwide	Non-Schools	Central	\$ 88,955,389
002	Knightsville Elementary	Elementary Schools	School	11,898,371
004	Summerville Elementary	Elementary Schools	School	9,615,570
005	Spann Elementary	Elementary Schools	School	9,347,263
006	Rollings School of the Arts	Middle Schools	School	8,745,005
007	Alston Middle	Middle Schools	School	10,204,797
008	Summerville High	High Schools	School	33,329,112
009	Gregg Middle	Middle Schools	School	11,021,116
010	Newington Elementary	Elementary Schools	School	10,937,716
011	Flowertown Elementary	Elementary Schools	School	9,477,124
012	DuBose Middle	Middle Schools	School	10,532,219
013	Oakbrook Elementary	Elementary Schools	School	9,083,870
014	Oakbrook Middle	Middle Schools	School	13,198,617
015	Windsor Hill Elementary	Elementary Schools	School	9,416,403
016	Fort Dorchester High	High Schools	School	27,523,219
017	Beech Hill Elementary	Elementary Schools	School	11,598,248
018	Fort Dorchester Elementary	Elementary Schools	School	10,800,598
020	Psychological Services	Non-Schools	Central	7,618,179
023	Transportation	Non-Schools	Central	5,556
025	Adult and Community Education	Middle Schools	School	2,353,345
026	Delivery Services	Non-Schools	Central	8,743
027	Development Center	Non-Schools	Central	4,046
028	Technology	Non-Schools	Central	9,167
030	St. George Adult Education	Non-Schools	Central	26,926
033	Dorchester County Career School	Other School	School	106,232
038	Private Schools	Non-Schools	Central	63,618
039	Givhans Alternative School	Alternative School	School	3,752,730
041	Eagle Nest Elementary	Elementary Schools	School	8,188,101
042	William Reeves Elementary	Elementary Schools	School	10,316,753
043	River Oaks Middle	Middle Schools	School	9,180,537
044	Ashley Ridge High	High Schools	School	26,806,561
045	Joseph Pye Elementary	Elementary Schools	School	9,290,436
046	Sires Elementary	Elementary Schools	School	9,227,433
047	Sand Hill Elementary	Elementary Schools	School	13,695,759
048	Alston-Bailey Elementary	Elementary Schools	School	8,333,233
049	New Middle School of the Arts	Middle Schools	School	211,976
050	Community Learning Center	Non-Schools	Central	15,527
052	East Edisto Middle School	Middle Schools	School	9,715,760
053	New Elementary School	Elementary Schools	School	1,250,125
				\$ 415,865,380

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

General Fund (subfund 100's)	\$ 292,262,560
Special Revenue Fund (subfunds 200's, 700's, 800's and 900's, excluding 820)	32,550,568
Special Revenue - EIA Fund (subfund 300's)	6,270,075
Special Revenue - Food Service Fund (subfund 600, 601 and 602)	14,202,455
Debt Service Fund - District (subfund 400)	30,042,734
Capital Projects Fund - District (School Building) (subfund 500's excluding 506)	28,157,058
Total Expenditures/Disbursements For All Funds	\$ 415,865,380

(This page intentionally left blank.)

COMPLIANCE SECTION

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

LEA Subfund Code	Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Share Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed-through S.C. Department of Education:				
Child Nutrition Cluster:				
600	National School Breakfast Program: Cash Assistance	10.553	N/A	\$ 2,227,980
600	National School Lunch Program: Cash Assistance	10.555	N/A	6,818,404
600	National School Lunch Program: Non-Cash Assistance (Co	10.555	N/A	735,032
600	Summer Food Service Program for Children	10.559	N/A	114,813
600	Operational Costs Reimbursement	10.555	N/A	51,997
Total Child Nutrition Cluster and Passed-through S.C. Department of Education				<u>9,948,226</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>9,948,226</u>
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
100	Impact Aid	84.041	N/A	81,922
Total Direct Programs				<u>81,922</u>
Passed-through S.C. Department of Education:				
201	Title I, Part A - Grants to LEA's carryover	84.010	23 Title I Regular (carryover)	33,932
201	Title I, Part A - Grants to LEA's carryover	84.010	24 Title I Regular (carryover)	426,093
201	Title I, Part A - Grants to LEA's	84.010	25 Title I Regular	5,452,759
237	Title I, Targeted School Impact	84.010	23 Title I Targeted School Improvmt	25,331
237	Title I, Targeted School Impact	84.010	24 Title I Targeted School Improvmt	344,303
221	Title I, Neglected & Delinquent	84.010	25 Title I N&D	43,833
221	Title I, Neglected & Delinquent - Prior Year	84.010	24 Title I N&D	19,715
Total Title I				<u>6,345,966</u>
IDEA Cluster:				
203	IDEA - FY25	84.027A	25 IDEA	5,042,000
203	IDEA - FY24	84.027A	24 IDEA c/o	191,887
203	IDEA - carryover FY23 grant	84.027A	23 IDEA	142,833
203	IDEA - State alloc/ Extended School Year	84.027	25 ESY	223,771
205	IDEA Pre-School Grants Current Year - Handicapped Capa	84.173	25 IDEA Preschool	248,490
205	IDEA Pre-School Grants FY24 carryover	84.173	24 IDEA Preschool	57,862
Total IDEA Cluster				<u>5,906,843</u>
207	Occupational Education	84.048	25 CATE Federal	363,722
Total Occupational Education				<u>\$ 363,722</u>

(Continued)

DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

LEA Subfund Code	Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Share Expenditures
U.S. DEPARTMENT OF EDUCATION (CONTINUED)				
Passed-through S.C. Department of Education: (Continued)				
210	Title IV SSAE	84.424A	25 Title IV SSAE	\$ 223,488
210	Title IV SSAE	84.424A	24 Title IV SSAE c/o	64,799
Total Title IV				<u>288,287</u>
218	COVID-19: SC ARPA ESSER III	84.425D	22 ESSER III ARP	5,600,467
263	COVID-19: ARP HOMELESS II	84.425W	22 ARP Homeless II	10,038
Total ESSER				<u>5,610,505</u>
232	McKinney-Vento Homeless Education Grant	84.196A	Mckinney-Vento Homeless Grant	32,411
Adult Education Cluster:				
243	Adult Education c/o	84.002	23 Adult Ed Reverted	5,119
243	Adult Education	84.002	25 Adult Ed	159,496
243	Adult Education - Family Literacy	84.002	25 AE - Family Literacy	30,000
Total Adult Education Cluster				<u>194,615</u>
Title III, English Language Acquisition:				
264	Title III, English Language Acquisition	84.365	25 Engl Lang Acqu Title III	6,903
264	Title III, English Language Acquisition Carryover	84.365	24 Engl Lang Acqu Title III c/o	79,182
264	Title III, English Language Acquisition Carryover	84.365	23 Engl Lang Acqu Title III c/o	19,548
264	Title III, Part A Immigrant Carryover	84.365	24 Immigrant Title III c/o	30,651
264	Title III, Part A Immigrant Carryover	84.365	23 Immigrant Title III c/o	28,696
Total Title III, English Language Acquisition				<u>164,980</u>
Improving Teacher Quality:				
267	Improving Teacher Quality Carryover	84.367	23 Title II - Improv Teachr Qual c/o	198,707
267	Improving Teacher Quality Carryover	84.367	24 Title II - Support Effect Inst c/o	105,279
267	Supporting Effective Instruction	84.367	25 Title II Support Effect Instr	424,147
Total Improving Teacher Quality				<u>728,133</u>
Total U.S. Department of Education Passed-through S.C. Department of Education				<u>19,684,973</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>19,717,384</u>
U.S. DEPARTMENT OF DEFENSE				
Direct Programs:				
271	U.S. Department of Defense - ROTC	12.000	N/A	377,186
TOTAL U.S. DEPARTMENT OF DEFENSE				<u>\$ 377,186</u>

(Continued)

DORCHESTER COUNTY SCHOOL DISTRICT TWO
 SUMMERVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

LEA Subfund Code	Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Share Expenditures
U.S. Department of Justice				
Direct Programs:				
299	Public Safety Partnership and Community Policing	16.710	23COPS School Violence Prevention	\$ 112,900
Total U.S. Department of Justice				<u>112,900</u>
Centers for Disease Control and Prevention				
Direct Programs:				
898	SC DHEC, School Health Room Aides	93.354	Cooperative Agreemt Emergency Resp	913,616
Total Centers for Disease Control and Prevention				<u>913,616</u>
TOTAL FEDERAL EXPENDITURES				<u>\$ 31,069,312</u>

Note: There were no federal awards disbursed to subrecipients in the year ended June 30, 2025.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Dorchester County School District Two (the “School District”) for the year ended June 30, 2025. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the School District’s financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported in the School District’s financial statements as expenditures in the General Fund, Special Revenue Fund, and Special Revenue – Food Service Fund.

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

E – Indirect Costs

The School District elected not to use the *de minimis* indirect cost rate.

(This page intentionally left blank.)



Greene Finney Cauley, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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*

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Dorchester County School District Two, South Carolina (the "School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
December 1, 2025



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dorchester County School District Two, South Carolina's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
December 1, 2025

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2025

2024-001: Allowable Costs (Payroll Disbursements)

Condition: The School District did not obtain proper documentation of time and effort to support payroll expenditures charged to the IDEA programs on a timely basis for the year ended June 30, 2024.

Criteria: The Uniform Guidance requires documentation of time and effort as support for payroll expenditures charged to federal programs. This documentation can be in the form of semiannual certifications for those employees charged 100% to a federal program or the documentation must show a daily breakdown of the employee's time if the employee is allocated between programs.

Status: The School District has addressed this finding as there were no similar issues in the current year.

**DORCHESTER COUNTY SCHOOL DISTRICT TWO
SUMMERVILLE, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

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?	_____ Yes	X	_____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	X	_____ None Reported
Noncompliance material to financial statements noted?	_____ Yes	X	_____ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	X	_____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	X	_____ None Reported

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

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs:	\$ 932,079
--	------------

Auditee qualified as low-risk auditee?	X Yes	_____ No
--	-------	----------

Section II - Findings - Current Year Financial Statement Audit

No matters to report.

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

No matters to report.