

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
JUNE 30, 2018

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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FINANCIAL SECTION

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PARTNERS

C.C. McGregor, CPA
1906-1968

G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
W.C. Stevenson, CPA
B.T. Kight, CPA

W.W. Francis, CPA
D.L. Richardson, CPA

E.C. Inabinet, CPA
S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA

D.K. Strickland, CPA
J.P. McGuire, CPA
L.H. Kelly, CPA
J.R. Matthews II, CPA
C.D. Hincee, CPA

G.P. Davis, CPA
H.J. Darver, CPA
H.O. Crider, Jr., CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA
D.M. Herpel, CPA
F.C. Gillam, Jr, CPA

M.L. Goode, CPA
H.S. Mims, CPA
T. Solorzano, CPA
C.W. Bolen, CPA
L.T. Hewitt, CPA

INDEPENDENT AUDITORS' REPORT

The Board of Education
Denmark-Olar School District No. Two
Bamberg County, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denmark-Olar School District No. Two of Bamberg County, South Carolina, as of and for the year ended June 30, 2018, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

COLUMBIA
3830 FOREST DRIVE | PO BOX 135
COLUMBIA, SC 29202
(803) 787-0003 | FAX (803) 787-2299

ORANGEBURG
1190 BOULEVARD STREET
ORANGEBURG, SC 29115
(803) 536-1015 | FAX (803) 536-1020

BARNWELL
340 FULDNER ROAD | PO BOX 1305
BARNWELL, SC 29812
(803) 259-1163 | FAX (803) 259-5469

GREENVILLE
101 N MAIN STREET | SUITE 1510
GREENVILLE, SC 29601
(864) 751-6556 | FAX (864) 751-6557

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denmark-Olar School District No. Two of Bamberg County, South Carolina as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 and the budgetary comparison information, schedule of the District's proportionate share of the net pension liability – SCRS, schedule of District contributions – SCRS, schedule of the District's proportionate share of the net OPEB liability – SCRHITF/SCLTDITF and schedules of District's contributions – SCRHITF/SCLTDITF on pages 52-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denmark-Olar School District No. Two of Bamberg County, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control over financial reporting and compliance.

M^{SE}Gregor & Company, LLP

Columbia, South Carolina
November 30, 2018

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

INTRODUCTION

This narrative overview gives an analysis of the financial activities of the District for the fiscal year ended June 30, 2018. Our purpose is to inform our citizens of the effect of our District's operations and to present our financial position.

FINANCIAL HIGHLIGHTS

During the 17/18 and 16/17 school years, the Board of Education utilized the funding flexibility to manage expenditures.

Other key financial aspects were as follows:

- **Net Position:** The District's Total Net Position (Deficit) as of June 30, 2018, was \$(5,012,689).

For the fiscal year ended June 30, 2018 the District's total net position increased by \$1,928,737. The Deficit Net Position is related to the implementation of GASB 75 during the fiscal year which required a restatement to the beginning net position of \$(7,307,160). See Notes 6 and 18 to the financial statements for more information about GASB 75 and the restatement to the prior year Net Position.

- **Revenues and Expenditures:** Revenues and Other Financing Sources totaled \$13,008,248 and Expenditures and Other Financing Uses totaled \$12,122,571 for all Governmental Funds at the fund level. Accordingly, revenues and other financing sources exceeded expenditures and other financing by \$885,677.
- **General Fund/Fund Balance:** Our principal operating fund, the General Fund, had \$7,471,775 in fiscal year 2018 revenues and other financing sources, which primarily consisted of state aid and property taxes, and \$6,572,464 in expenditures and other financing uses resulting in an increase for the year of \$899,311. This resulted in the General Fund fund balance increasing from \$2,878,003 as of June 30, 2017, to \$3,777,314 as of June 30, 2018. The current year actual increase in fund balance of the General Fund was favorable over the balanced budget which represented no growth in fund balance. This increase in fund balance for the year was primarily the result of strict budget monitoring.
- **Debt:** The District increased short-term general obligation bond indebtedness during the year by \$1,050,000. The Debt Service fund balance increased by \$27,867 from \$347,507 as of June 30, 2017, to \$375,374 as of June 30, 2018. At June 30, 2018, the District had \$2,000,000 of short-term general obligation bonds outstanding which are due in September of 2018.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. These statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, and intergovernmental expenditures. The government-wide financial statements can be found on pages 12-13 of this report.

Statement of Net Position (Deficit): The statement of net position (deficit) presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as a net position (deficit). Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities: 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.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 15 and 17. 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, Debt Service and Capital Projects Funds, all of which are considered to be major funds. The basic governmental funds financial statements can be found on pages 14 and 16 of this report.

Proprietary Funds: Proprietary (Food Service) funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that of monitoring the cost of such programs for public policy.

Fiduciary Funds: Fiduciary (Pupil Activity) funds are used to account for resources held for the benefit of students and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statement can be found on page 21 of this report.

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. The notes to the financial statements can be found on pages 22-51 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process, net pension liability/retirement contribution schedules under GASB 68 and its Other Post Employment Benefits (OPEB) liability contribution schedules under GASB 75. The District adopts an annual budget for its General Fund operations. A budgetary comparison statement has been provided for the General Fund as required supplementary information. This required supplementary information can be found on pages 52-56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position (deficit) may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(5,012,689) at June 30, 2018. As restated, the June 30, 2017 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(6,941,426).

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

The largest liabilities of the District are the net pension and net OPEB liabilities. With the reporting of the District's net pension and net OPEB liabilities as required under GASB Statement's 68 and 75, the District's net position is currently a deficit.

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

The following table presents a summary of the District's net position (deficit) for the fiscal years ended June 30, 2018 and 2017.

	2018	2017 As Restated
Current Assets	\$ 9,806,283	\$6,950,378
Capital Assets, Net	7,020,227	6,175,039
Deferred Outflows of Resources	<u>1,737,504</u>	<u>1,442,181</u>
Total Assets and Deferred Outflows of Resources	<u>18,564,014</u>	<u>14,567,598</u>
Current Liabilities	4,669,262	2,817,177
Compensated Absences	191,780	221,936
Net Pension and OPEB Liabilities	16,822,627	17,218,345
Deferred Inflows of Resources	<u>1,893,034</u>	<u>1,251,566</u>
Total Liabilities and Deferred Inflows of Resources	<u>23,576,703</u>	<u>21,509,024</u>
Net Position (Deficit):		
Invested in Capital Assets, Net of Related Debt	7,020,227	6,175,039
Restricted	844,929	835,770
Unrestricted	<u>(12,877,845)</u>	<u>(13,952,235)</u>
Total Net Position (Deficit)	<u>(5,012,689)</u>	<u>(6,941,426)</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position (Deficit):

- Increase in Short-Term G-O Debt to \$1,050,000
- Depreciation expense of \$207,530
- Current year excess of revenues over expenses of \$1,928,737

Changes in Net Position: The District's total revenues for the fiscal year ended June 30, 2018, were \$12,440,108. The total cost of all programs and services was \$10,511,371. The following table presents a summary of the activity that resulted in changes in net position for the fiscal years ended June 30, 2018 and 2017.

	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 92,437	\$ 105,895
Operating Grants and Contributions	<u>7,113,876</u>	<u>6,697,077</u>
Total Program Revenues	7,206,313	6,802,972
General Revenues:		
Property Taxes	3,677,188	3,550,224
Investment Earnings	10,586	4,148
State Unrestricted Aid/Miscellaneous	<u>1,546,021</u>	<u>1,544,725</u>
Total General Revenues	5,233,795	5,099,097
Total Revenues	<u>12,440,108</u>	<u>11,902,069</u>
Expenses and Transfers:		
Instruction	4,459,883	4,171,435
Support Services	5,240,688	5,046,083
Community Services	150,469	107,723
Pupil Activity	78,444	75,768
Interest and Other Charges	67,248	12,299
Food Service	<u>514,639</u>	<u>491,229</u>
Total Expenses and Transfers	<u>10,511,371</u>	<u>9,904,537</u>
Increase in Net Position	<u>1,928,737</u>	<u>1,997,532</u>

Governmental Activities: The following table presents the cost of the five major functional activities: instruction, support services, community services, pupil activity and debt service. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	June 30, 2018	
	Total Expenses	Net (Expense) Revenue
Instruction	\$ 4,459,883	\$ (1,463,954)
Support Services	5,240,688	(1,683,512)
Community Services	150,469	(55,785)
Pupil Activity	78,444	(78,444)
Interest and Other Charges	<u>67,248</u>	<u>(67,248)</u>
Totals	<u>9,996,732</u>	<u>(3,348,943)</u>

	June 30, 2017	
	Total Expenses	Net (Expense) Revenue
Instruction	\$ 4,171,435	\$(1,372,811)
Support Services	5,046,083	(1,719,089)
Community Services	107,723	(37,600)
Pupil Activity	75,768	(75,768)
Interest and Other Charges	12,299	(12,299)
Totals	<u>9,413,308</u>	<u>(3,217,567)</u>

- The costs of all governmental activities this year was \$9,996,732.
- Net current year cost of governmental activities was \$3,348,943 and financed by general revenues of \$5,233,795, which are made up primarily of property taxes of \$3,677,188.

FINANCIAL ANALYSIS OF THE DISTRICT FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$4,529,458, an increase of \$885,677 due primarily to strict budget monitoring. At year end, the District had an unassigned fund balance of \$3,637,925. The fund balance restricted which indicates that it is not available for general purpose spending is as follows:

Special Revenue	\$ 12,881
Debt Service	375,374
Capital Projects	363,889

The General Fund is the principal operating fund of the District. The increase in the fund balance in the General Fund for the fiscal year was \$899,311. The Debt Service fund balance showed an increase in fund balance of \$27,867 from the prior year while the Capital Projects Fund balance showed a decrease in fund balance of \$41,541 from the prior year primarily due to the costs associated with Phase One planning for the new combined Pre K-12 school and deferred maintenance performed on existing schools.

Proprietary Fund: Proprietary Funds are used to account for operations that are operated in a manner similar to private business enterprises. The Food Service Fund is the only Proprietary Fund. The Fund had a net income of \$43,885. The net position totaled \$173,574 as of June 30, 2018. The District's plan of continuing to effectively monitor services has allowed the Fund to increase its net position without affecting the quality of services provided to the students.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District was able to increase its fund balance in the General Fund to a June 30, 2018 balance of over \$3,700,000. The District will continue to explore new grant opportunities and reduce operation costs in order to control expenditures. The District anticipates being in the newly constructed facility in the 2020 which should also contribute to cost savings from operations and maintenance.

A schedule showing the budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information and is located on page 52.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: As of June 30, 2018, the District had invested \$7,022,227 in capital assets, including land, construction in progress, school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. Total depreciation expense for the year was \$207,530.

The following schedule presents capital asset balances, net of depreciation for the fiscal years ended June 30, 2018 and 2017.

	2018	2017
Land	\$ 149,722	\$ 149,722
Construction in Progress	1,620,771	644,470
Buildings and Improvements	5,065,617	5,240,509
Machinery and Equipment	<u>184,117</u>	<u>140,338</u>
Total	<u><u>7,020,227</u></u>	<u><u>6,175,039</u></u>

Additional information on the District's capital assets can be found in Note 9 of this report.

Debt Administration: At year-end, the District had \$17,014,407 in non-current liabilities, of which \$28,767 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal years ended June 30, 2018 and 2017.

	2018	2017 As Restated
Compensated Absences	\$ 191,780	\$ 221,936
Net Pension and OPEB Liabilities	<u>16,822,627</u>	<u>17,218,345</u>
Total Debt	<u><u>17,014,407</u></u>	<u><u>17,440,281</u></u>

MANAGEMENT'S PLAN TO GROW THE FUND BALANCE IN THE GENERAL FUND AND THE NET POSITION IN THE PROPRIETARY FUND

The following measures have been implemented for the 2018-2019 FY:

General Fund

The administration will:

- Employ new financial associate to aid in the separation of duties and account reconciliations while working towards eliminating the internal control audit findings
- Implement new financial software modules for HR and Fixed Asset management to assist in operating efficiencies
- Manage the current building program to limit budget overages
- Continue efforts to reduce employment and legal costs of foreign employees
- Increase initiatives to obtain/expand grants and other funding sources

Food Service

The administration will:

- Explore opportunities for additional staff training
- Employ an experienced Food Service manager whose time will be shared with neighboring district to reduce costs and improve consistency in operations.
- Establish sound record keeping for all items for each accounting period
- Improve staff's ability to plan and prepare balanced, wholesome meals in compliance with the Office of Health and Nutrition Program Standards
- Apply for grants to improve/update equipment

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Denmark-Oar School District No. Two of Bamberg County, is a rural district located in South Carolina. The County has lost several industries over the past several years with several grant programs having ended over the same period. These and other factors were considered by the District's administration during the process of developing the fiscal year 2018/19 budgets. The District's top goals were to maintain the fund balance in the General Fund and strengthen the net position in the Proprietary Fund. In striving to achieve these goals, the District will continue to work towards students' personal and academic growth in addition to providing healthy meal choices to its pupils.

Most of the District's facilities are old and in need of significant renovations and repairs. The Board of Education has broken ground on a new Pre K-12 facility that will be built at the current High School campus and incorporate renovations and updates to the current facility. Subsequent to year end, the District made its initial draw against its \$38 million USDA General Obligation Bonds to begin funding the construction costs of the new Pre K-12 facility. During the build process the District needs to continue to maintain the current facilities to allow for a safe and secure student learning environment. It is expected that the new facility will be complete in 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Office, Denmark-Oar School District No. Two of Bamberg County, 62 Holly Avenue, Denmark, South Carolina 29042 (Telephone 803-793-3346).

BASIC FINANCIAL STATEMENTS

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & Cash Equivalents	\$ 5,775,334	\$ -	\$ 5,775,334
Property Tax Receivable	440,021	-	440,021
Internal Balances	(156,391)	156,391	-
Due from County Government	2,419,131	-	2,419,131
Due from State Government	142,246	-	142,246
Due from Federal Government	846,793	25,579	872,372
Prepaid Expenses	139,389	-	139,389
Inventories - Supply & Materials	-	9,128	9,128
Other Receivables	7,351	1,311	8,662
Capital Assets (Net of Accumulated Depreciation)			
Land	149,722	-	149,722
Buildings & Improvements	5,065,617	-	5,065,617
Machinery, Equipment and Vehicles	178,085	6,032	184,117
Construction in Progress	1,620,771	-	1,620,771
Total Assets	16,628,069	198,441	16,826,510
Deferred Outflows of Resources			
Net Pension Deferred Outflows	1,479,575	-	1,479,575
Net OPEB Deferred Outflows	257,929	-	257,929
Total Deferred Outflows of Resources	1,737,504	-	1,737,504
Liabilities			
Accounts Payable and Other Liabilities	705,018	23,122	728,140
Due to State Government	1,133	-	1,133
Bonds Payable	2,000,000	-	2,000,000
Revenue Received in Advance	1,938,244	1,745	1,939,989
Noncurrent Liabilities:			
Due Within One Year	28,767	-	28,767
Due in More Than One Year	163,013	-	163,013
Net Pension Liability	9,758,107	-	9,758,107
Net OPEB Liability	7,064,520	-	7,064,520
Total Liabilities	21,658,802	24,867	21,683,669
Deferred Inflows of Resources			
Net Pension Deferred Inflows	1,225,108	-	1,225,108
Net OPEB Deferred Inflows	667,926	-	667,926
Total Deferred Inflows of Resources	1,893,034	-	1,893,034
Net Position (Deficit)			
Net Investment in Capital Assets	7,014,195	6,032	7,020,227
Restricted For:			
Special Projects	12,881	-	12,881
Debt Service	468,159	-	468,159
Capital Projects	363,889	-	363,889
Net Position - Unrestricted	(13,045,387)	167,542	(12,877,845)
Total Net Position (Deficit)	\$ (5,186,263)	\$ 173,574	\$ (5,012,689)

The notes to the basic financial statements are an integral part of this statement.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 4,459,883	\$ 19,604	\$ 2,976,325	\$ (1,463,954)	\$ -	\$ (1,463,954)
Support Services	5,240,688	23,276	3,533,900	(1,683,512)	-	(1,683,512)
Community Service	150,469	620	94,064	(55,785)	-	(55,785)
Pupil Activity	78,444	-	-	(78,444)	-	(78,444)
Interest & Other Charges	67,248	-	-	(67,248)	-	(67,248)
Total Governmental Activities	9,996,732	43,500	6,604,289	(3,348,943)	-	(3,348,943)
Business-Type Activities:						
Food Service	514,639	48,937	509,587	-	43,885	43,885
Total Business-Type Activities	514,639	48,937	509,587	-	43,885	43,885
Total Primary Government	\$ 10,511,371	\$ 92,437	\$ 7,113,876	\$ (3,348,943)	\$ 43,885	\$ (3,305,058)
General Revenues:						
Property Taxes Levied For:						
General Purposes				2,695,387	-	2,695,387
Debt Service				981,801	-	981,801
State Aid Not Restricted For Specific Purpose				1,546,021	-	1,546,021
Unrestricted Investment Earnings				10,586	-	10,586
Total General Revenues and Transfers				5,233,795	-	5,233,795
Change in Net Position				1,884,852	43,885	1,928,737
Net Position (Deficit) - Beginning - as Restated				(7,071,115)	129,689	(6,941,426)
Net Position (Deficit) - Ending				\$ (5,186,263)	\$ 173,574	\$ (5,012,689)

The notes to the basic financial statements are an integral part of this statement.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Special Revenue Funds</u>					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Debt Service	Capital Projects	
Assets						
Cash & Cash Equivalents	\$ 5,762,564	\$ 12,770	\$ -	\$ -	\$ -	\$ 5,775,334
Property Tax Receivable, Net	578,727	-	-	154,640	-	733,367
Due From Other Funds	-	-	1,392,511	-	364,924	1,757,435
Due From County Government	43,757	-	-	2,375,374	-	2,419,131
Due From State Government	66,737	59,188	16,321	-	-	142,246
Due From Federal Government	-	846,793	-	-	-	846,793
Prepaid Expenses	139,389	-	-	-	-	139,389
Other Receivables	7,083	268	-	-	-	7,351
Total Assets	<u>\$ 6,598,257</u>	<u>\$ 919,019</u>	<u>\$ 1,408,832</u>	<u>\$ 2,530,014</u>	<u>\$ 364,924</u>	<u>\$ 11,821,046</u>
Liabilities						
Accounts Payable	40,575	3,547	-	-	1,035	45,157
Accrued Salaries	332,286	2,414	-	-	-	334,700
Accrued Payroll Related Liabilities	324,976	185	-	-	-	325,161
Due To Other Funds	1,544,379	369,447	-	-	-	1,913,826
Due To State Government	-	-	1,133	-	-	1,133
Short-term Bond Obligation	-	-	-	2,000,000	-	2,000,000
Unearned Revenue	-	530,545	1,407,699	-	-	1,938,244
Total Liabilities	<u>2,242,216</u>	<u>906,138</u>	<u>1,408,832</u>	<u>2,000,000</u>	<u>1,035</u>	<u>6,558,221</u>
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	578,727	-	-	154,640	-	733,367
Total Deferred Inflows of Resources	<u>578,727</u>	<u>-</u>	<u>-</u>	<u>154,640</u>	<u>-</u>	<u>733,367</u>
Fund Balances						
Nonspendable	139,389	-	-	-	-	139,389
Restricted	-	12,881	-	375,374	363,889	752,144
Unassigned	3,637,925	-	-	-	-	3,637,925
Total Fund Balances	<u>3,777,314</u>	<u>12,881</u>	<u>-</u>	<u>375,374</u>	<u>363,889</u>	<u>4,529,458</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,598,257</u>	<u>\$ 919,019</u>	<u>\$ 1,408,832</u>	<u>\$ 2,530,014</u>	<u>\$ 364,924</u>	<u>\$ 11,821,046</u>

The notes to the basic financial statements are an integral part of this statement.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF NET POSITION (DEFICIT)
 JUNE 30, 2018

Amounts Reported for Governmental Activities in the Statement of Net Position (Deficit) are Different Because:

Ending Fund Balance - Governmental Fund Financial Statements	\$ 4,529,458
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	7,014,195
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period expenditures and, therefore, are deferred inflows of resources on the fund financial statements.	440,021
Deferred Outflows (Inflows) resulting from the recognition of the employer's share of the state's net pension and OPEB liability are not current financial resources; therefore, they are not reported on the fund financial statements.	(155,530)
Long-term liabilities, including compensated absences \$(191,780), net pension liability \$(9,758,107) and net OPEB liability \$(7,064,520) are not due and payable in the current period and therefore, are not reported in the fund financial statements.	<u>(17,014,407)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (5,186,263)</u></u>

The notes to the basic financial statements are an integral part of this statement.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major Funds					Total Governmental Funds
	Special Revenue			Debt Service	Capital Projects	
	General	Special Projects	Education Improvement Act			
Revenues						
Revenue From Local Governmental Units Other Than LEAs	\$ 2,646,646	\$ -	\$ -	\$ 959,007	\$ -	\$ 3,605,653
Earnings on Investments	8,483	40	-	2,063	-	10,586
Other Revenue from Local Sources	9,609	293,469	-	-	-	303,078
Total Local	<u>2,664,738</u>	<u>293,509</u>	<u>-</u>	<u>961,070</u>	<u>-</u>	<u>3,919,317</u>
State Sources	4,566,656	474,422	732,967	91,862	-	5,865,907
Federal Sources	-	2,024,826	-	-	-	2,024,826
Total Revenues	<u>7,231,394</u>	<u>2,792,757</u>	<u>732,967</u>	<u>1,052,932</u>	<u>-</u>	<u>11,810,050</u>
Expenditures						
Current:						
Instruction	3,069,838	1,325,882	366,624	-	-	4,762,344
Support Services	3,376,231	1,186,671	111,997	-	979,607	5,654,506
Community Services	2,523	147,946	-	-	-	150,469
Pupil Activities	78,444	-	-	-	-	78,444
Intergovernmental	19,535	-	1,133	-	-	20,668
Debt Service:						
Legal Services	-	-	-	18,250	-	18,250
Other Professional and Technical Services	-	-	-	26,500	-	26,500
Interest	-	-	-	22,483	-	22,483
Other Objects	-	-	-	15	-	15
Capital Outlay	<u>25,893</u>	<u>80,048</u>	<u>65,002</u>	<u>-</u>	<u>19,751</u>	<u>190,694</u>
Total Expenditures	<u>6,572,464</u>	<u>2,740,547</u>	<u>544,756</u>	<u>67,248</u>	<u>999,358</u>	<u>10,924,373</u>
Excess of Revenues Over (Under) Expenditures	<u>658,930</u>	<u>52,210</u>	<u>188,211</u>	<u>985,684</u>	<u>(999,358)</u>	<u>885,677</u>
Other Financing Sources (Uses)						
Transfers In	240,381	-	-	-	957,817	1,198,198
Transfers Out	-	(52,170)	(188,211)	(957,817)	-	(1,198,198)
Total Other Financing Sources (Uses)	<u>240,381</u>	<u>(52,170)</u>	<u>(188,211)</u>	<u>(957,817)</u>	<u>957,817</u>	<u>-</u>
Net Change in Fund Balances	899,311	40	-	27,867	(41,541)	885,677
Fund Balance, Beginning of Year	<u>2,878,003</u>	<u>12,841</u>	<u>-</u>	<u>347,507</u>	<u>405,430</u>	<u>3,643,781</u>
Fund Balance, Ending of Year	<u>\$ 3,777,314</u>	<u>\$ 12,881</u>	<u>\$ -</u>	<u>\$ 375,374</u>	<u>\$ 363,889</u>	<u>\$ 4,529,458</u>

The notes to the basic financial statements are an integral part of this statement.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS WITH THE
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**Amounts Reported for Governmental Activities in the Statement of Activities are
Different Because:**

Net Change in Fund Balances - Total Governmental Funds:	\$	885,677
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. This is the amount that current period cost of assets \$1,052,718 exceeds the depreciation \$204,809.		847,909
In the statement of activities, retirement and pension expense is measured by the District's proportionate share of the SCRS pension and SCRHITF and SCLTDITF OPEB total expense. In the governmental funds, however, the expenditure for retirement is measured by the current contributions to the retirement and pension system. The amount presented is the difference in the accounting for these costs during the current year.		49,574
Certain deferred revenues reported in the governmental funds are recognized subject to a reserve for uncollectible amounts in the statement of activities. This is the change in the amount of taxes receivable recognized under the accrual basis.		71,536
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used.		30,156
Change in Net Position - Governmental Activities	\$	1,884,852

The notes to the basic financial statements are an integral part of this statement.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF NET POSITION
PROPRIETARY FUND - FOOD SERVICE
JUNE 30, 2018

Assets

Due From Other Funds	\$	156,391
Due From Federal Government		25,579
Inventories - Supply & Materials		9,128
Other Receivables		1,311
Property and Equipment, Net		6,032
Total Assets		198,441

Liabilities

Accounts Payable		23,122
Unearned Revenue		1,745
Total Liabilities		24,867

Net Position

Investment in Capital Assets		6,032
Unrestricted		167,542
Total Net Position	\$	173,574

The notes to the basic financial statements are an integral part of this statement.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	Business-Type Activities
	Enterprise Fund - Food Service
Operating Revenues	
Proceeds from Sales of Meals	\$ 48,937
Total Operating Revenues	48,937
Operating Expenses	
Food Costs	219,144
Salaries & Employee Benefits	180,793
Supplies & Materials	106,320
Depreciation	2,721
Other Operating Costs	5,661
Total Operating Expenses	514,639
Operating Income (Loss)	(465,702)
Non-Operating Revenues (Expenses)	
USDA Reimbursements	479,170
Commodities Received from USDA	30,349
Other Federal & State Aid	68
Total Non-Operating Revenues	509,587
Change in Net Position	43,885
Net Position, Beginning of Year	129,689
Net Position, Ending of Year	\$ 173,574

The notes to the basic financial statements are an integral part of this statement.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Business-Type Activities Enterprise Fund - Food Service</u>
Cash Flows from Operating Activities	
Received from Patrons	\$ 44,520
Payments to Employees for Services	(180,793)
Payments to Suppliers for Goods and Services	(279,113)
	(415,386)
Net Cash Used by Operating Activities	(415,386)
Cash Flows from Noncapital Financing Activities	
Federal Subsidy	481,471
Other Federal and State Aid	68
Transfers from (to) Other Funds	(66,153)
	415,386
Net Cash Provided by Noncapital Financing Activities	415,386
Net Decrease in Cash and Cash Equivalents	-
Cash and Cash Equivalents - Beginning	-
Cash and Cash Equivalents - Ending	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	(465,702)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	
Depreciation Expense	2,721
Commodities Received from USDA	30,349
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(1,311)
Decrease in Inventories	2,141
Increase in Accounts Payable	19,522
Decrease in Unearned Revenue	(3,106)
	50,316
Total Adjustments	50,316
Net Cash Used by Operating Activities	\$ (415,386)
Non-Cash Transactions:	
Commodities Received from the USDA	\$ 30,349

The notes to the basic financial statements are an integral part of this statement.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
AGENCY FUND - PUPIL ACTIVITY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

Assets

Cash & Cash Equivalents	<u>\$ 56,745</u>
Total Assets	<u><u>\$ 56,745</u></u>

Liabilities

Due to School Organizations	<u>56,745</u>
Total Liabilities	<u><u>\$ 56,745</u></u>

The notes to the basic financial statements are an integral part of this statement.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

Denmark-Olar School District No. Two (the District) is located within Bamberg County, South Carolina. The District is governed by an elected Board of Education. The District provides regular and exceptional education for students in kindergarten through grade twelve.

The basic financial statements of Denmark-Olar School District No. Two have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. Basis of Presentation

Government-wide Financial Statements:

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

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or government function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The focus of fund financial statements are on major governmental and enterprise funds, each displayed in a separate column. All of the District's governmental and enterprise funds are reported as major funds. Fiduciary funds are reported by fund type.

Note 1 Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

B. Measurement Focus and Basis of Accounting

Fund Accounting:

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is designed as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds:

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund assets and liabilities is separated by fund balance. The following are the District's major governmental funds:

General Fund – The General Fund is the general operating fund of the District. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The District has two special revenue funds:

(1) - Special Projects Fund is a budgeted fund used to account for financial resources provided by federal, state and local projects and grants which are legally restricted for a specified purpose.

(2) - The Education Improvement Act (EIA) Fund is a budgeted fund used to account for the revenue from the State Education Improvement Act whose funds are legally required to be accounted for as a specific revenue source.

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Capital Projects (Building) Fund – The Capital Projects Fund is used to account for revenues and expenditures associated with building and site improvements and other capital outlay.

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

Proprietary Funds:

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

Within Proprietary Funds, operating revenues and expenses are presented in the Statement of Revenues, Expenses and Changes in Net Position. Operating revenues are those revenues that are generated directly from the primary activity of the Proprietary Funds. Sales for food service represent the operating revenues of the District's Proprietary Fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

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

Fiduciary Funds:

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

Basis of Accounting:

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared on the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and Fiduciary funds also use the accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2018, but which have not met the revenue recognition criteria have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On the governmental fund financial statements, receivables which will not be collected within the available period have also been reported as unearned revenue.

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

C. Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund each year. The budget is formally approved by the Board. Budgets for Special Revenue Funds are prepared by the Coordinator of the Special Revenue Program and submitted to the South Carolina Department of Education or other granting agencies for approval. The budget for the General Fund is adopted on a basis consistent with U. S. generally accepted accounting principles for governmental fund types.

Note 1 Summary of Significant Accounting Policies (Continued)

D. Reporting Entity

The District is the lowest level of government which has oversight responsibility and control over all activities related to public school education. The District receives funding from federal, state and local government sources and must comply with the concomitant requirements of such entities. However, the District is not included in any other governmental reporting entity since members of the Board of Education have decision making authority, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters.

The Governmental Accounting Standards Board provides guidance to determine whether certain organizations (such as parent-teacher organizations, foundations and athletic booster clubs) for which the District is not financially accountable should be reported as component units based on nature and significance of their relationship with the primary government. The District has determined that there are no support entities that meet the requirements for inclusion as a component unit under these standards.

E. Cash and Cash Equivalents

The District's cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

F. Inventories

Inventories consist of miscellaneous supplies and food of the Food Service Fund and are valued at the lower-of-cost (first-in, first-out) or market. Supplies and food are considered expenditures at the time of consumption or use. An amount for commodities received from the USDA, but not consumed as of June 30, 2018, has been recorded at fair value as provided by the United States Department of Agriculture.

G. Compensated Absences

Annual Leave (Vacation) - Except as otherwise specified in individual contracts or agreements, paid annual vacation leave is granted to 12-month employees only. Twelve-month employees shall be entitled to two weeks of vacation per calendar year, accumulative to a maximum of 45 days. Accumulated vacation days at the time of retirement or honorable severance from district employment shall be compensated to the employee at the employee's per diem rate of pay being earned at the time of retirement or severance.

Annual Leave is not expected to be liquidated with expendable available financial resources and is reported as an expenditure and a fund liability in the government-wide statements. The balance of the accrued annual leave as of June 30, 2018, was \$191,780 which includes an estimated 26.71% for related fringe benefits.

H. Tax Abatements

The Governmental Accounting Standards Board (GASB) issued Statement No. 77 entitled Tax Abatement Disclosures in 2015, effective for periods beginning after December 15, 2015. This statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and tax abatement agreements entered into by other governmental entities that reduce the reporting government's tax revenues.

Note 1 Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets, which include property, buildings and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost greater than or equal to \$5,000 and that have an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual asset costs of less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building and Site Improvements	20
Furnishings	20
Furniture and Equipment	10
Vehicles	10
Technology Equipment	7
Library Book Collections	5

Proprietary Fund equipment purchases are capitalized in the Proprietary Fund at cost and depreciated on a straight-line basis over 12 years at the rate of 8.33% per year.

J. Pensions

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 entitled *Accounting and Financial Reporting for Pension Plans* in June 2012. The disclosure requirements applicable to employers participating in the South Carolina Retirement System are prescribed in paragraphs 48 through 82 of GASB 68. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System and additions to/deductions from the South Carolina Retirement System's fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District did not charge any fringe costs to the Food Service Fund (business-type activity) during the current fiscal year. At June 30, 2018, the District did not allocate a portion of the net pension liability to Food Service since the General Fund (governmental activity) would be responsible for the required pension plan contributions.

Note 1 Summary of Significant Accounting Policies (Continued)

K. Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Accounts Receivable

The amounts shown as receivable and "Due from" on the Statement of Net Position are recorded at 100%. Management reviews these amounts for collectability and at June 30, 2018, all amounts are considered collectible; therefore, no allowance for doubtful accounts has been recorded.

M. Operating Revenues

Operating revenues are those revenues that are primarily generated directly from activity of the Proprietary Fund. For the District, those revenues consist of sales of breakfasts and lunches to students and teachers.

N. Non-Operating Revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include contributions, investment income, and any grants or contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for other purposes.

O. Classification of Net Position (Deficit)

The District's net position (deficit) in the government-wide financial statements is classified as follows:

- Invested in Capital Assets, Net of Related Debt - This represents the District's total investments in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of Invested in Capital Assets, Net of Related Debt.
- Restricted Net Position - Expendable - Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by third parties.
- Restricted Net Position - Non-Expendable - Non-Expendable restricted net position consists of funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- Unrestricted Net Position (Deficit) – Unrestricted net position (deficit) represents resources derived from ad valorem taxes, earnings on investments, and various local and state unrestricted grants, contracts and revenues net of the District's proportionate share of the outstanding net pension obligation from its retirement system.

Note 1 Summary of Significant Accounting Policies (Continued)

P. Classification of Fund Balances

Beginning in fiscal year 2011, the District implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grants, bondholders and higher level of government) through constitutional provisions or enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, which is the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts the District intends to use for a specific purpose; intent can be expressed by the governing body, which is the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

At June 30, 2018, the District has a nonspendable fund balance of \$139,389 representing the balance of prepaid expenditures at fiscal year end. At June 30, 2018, the District has an unassigned fund balance of \$3,637,925.

When committed, assigned or unassigned resources are available for use, it is the government's policy to use committed, assigned, and unassigned resources, respectively.

Q. Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) issued Statement No. 75 entitled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015 and is effective for fiscal years commencing after June 15, 2017. Paragraphs 89 through 98 of GASB Statement No. 75 discuss the note disclosures and RSI for cost-sharing employers.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts' fiduciary net position have been determined on the same basis as they are 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 District did not charge any fringe costs to the Food Service Fund (business-type activity) during the current fiscal year. At June 30, 2018, the District did not allocate a portion of the net OPEB liability to Food Service since the General Fund (governmental activity) would be responsible for the required OPEB plan contributions.

Note 2 Bank Deposits

The cash on deposit under the direction of the District consists solely of funds held in checking and savings accounts maintained at two regional financial institutions.

As of June 30, 2018, the accounts under the direction of the District had a total bank balance of \$6,335,835. Of that balance \$274,661 was covered by Federal Depository Insurance, leaving an uninsured balance of \$6,061,174.

It is the policy of the District to ask the financial institutions to cover the uninsured portion of its deposits with pledged securities that are adequate to cover the amount not covered by depository insurance.

At June 30, 2018, the entire uninsured portion of the balances was collateralized with securities pledged to the District by the financial institution; however, these securities remained in the institution's name and were held by a third party depository. Such collateral meets the requirements of the State of South Carolina statutes regarding bank balances maintained by governmental organizations.

Note 3 Property Taxes

Property taxes for school purposes are levied and collected by Bamberg County on real and personal properties owned on the preceding December 31 of each fiscal year ended June 30. Liens are attached to the property at the time the taxes are levied, which usually occurs in November of each year. These taxes are due without penalty through January 15. Penalties are added to taxes 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 16 - 15% of Tax

Current year real and personal property taxes become delinquent on April 1. The levy date for motor vehicle taxes is the first day of the month on which the motor vehicle license expires. These taxes are due by the last day of the same month.

Note 4 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the items related to the District's proportionate share of the SCRS net pension liability and the net OPEB liability, see Note 5 for Pension Plans and Note 6 for OPEB plans.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. This amount of unavailable revenues from property taxes is deferred and recognized as an inflow of resources in the period that the amount becomes available. The District has another item reported in the government-wide statement of net position in relation to its proportionate share of the SCRS net pension liability and the net OPEB liability; see Note 5 for Pension Plans and Note 6 for OPEB plans.

Note 5 Pension Plans

General Information about the Pension Plans - The District participates in the South Carolina Retirement System (SCRS) and the State Optional Retirement Program (State ORP). The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Plan Descriptions - The South Carolina Retirement System (SCRS), a cost-sharing multiple employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected in the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

Note 5 Pension Plans (Continued)

Benefits Provided - 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 legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals 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.

Contributions - Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS employer and employee contribution rates on a basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee or employer contributions provided in the statute or the rates last adopted by the Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

The Retirement System Funding and Administration Act increases the employer contribution rate to 13.56 percent for SCRS, effective July 1, 2017. It also removes the 2.9 percent differential and increases and establishes a ceiling on the employee contribution rate at 9 percent for SCRS. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty-five.

- Required **employee** contribution rates for fiscal year 2017-2018 are as follows:

SCRS

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

State ORP Employee

9.00% of earnable compensation

Note 5 Pension Plans (Continued)

- Required **employer** contribution rates for fiscal year 2017-2018 are as follows:

SCRS

Employer Class Two	13.41% of earnable compensation
Employer Class Three	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

State ORP

Employer Contribution	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

Of the employer contribution of 13.41% for State ORP, 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 SCRS.

The governmental unit's contributions to the SCRS for the last three fiscal years were as follows:

SCRS	2018	2017	2016
Employee Contributions	\$ 389,442	\$ 376,023	\$ 364,170
Employer Contributions	585,853	498,994	490,186
Employer Group Life Contributions	6,588	6,596	6,778
Total	\$ 981,883	\$ 881,613	\$ 861,134

The governmental unit contributed 100% of the required contributions for the current year and each of the two preceding years.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the District reported a liability of \$9,758,107 for its proportionate share of the net pension liability for SCRS. The net pension liability of the defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2016, using membership as of that date projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2018, the District's proportion was 0.043347%.

Note 5 Pension Plans (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$375,510 for SCRS. At June 30, 2018, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 43,502	\$ 5,409
Changes in Assumptions	571,232	-
Net Difference Between Projected and Actual Investment Earnings	272,400	-
Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Employer Contributions	-	1,219,699
Direct Contributions Subsequent to the Measurement Date	592,441	-
Total	\$ 1,479,575	\$ 1,225,108

The amount of \$592,441 for SCRS reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

The following schedule reflects the amortization of the net balance of remaining deferred outflows and inflows of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plans at the measurement date was 4.073 years for SCRS, which is being used for amortizing the difference between expected and actual variance and the changes in proportionate share of employer contributions. The difference between each year's projected and actual investment earnings is required to be amortized over a closed, 5-year period.

**Changes in Proportionate Share and Differences Between Employer Contributions &
Proportionate Share of Total Plan Employer Contributions**

Measurement Period Ending June 30,	SCRS
2018	\$ (299,460)
2019	(299,460)
2020	(299,460)
2021	(299,460)
2022	(21,859)
Net Balance of Deferred (Inflows) of Resources	\$ (1,219,699)

Note 5 Pension Plans (Continued)**Difference Between Expected and Actual Variance**

Measurement Period Ending June 30,	SCRS
2018	\$ 9,353
2019	9,353
2020	9,353
2021	9,353
2022	681
Net Balance of Deferred Outflows of Resources	\$ 38,093

Changes in Assumptions

Measurement Period Ending June 30,	SCRS
2018	\$ 140,248
2019	140,248
2020	140,248
2021	140,248
2022	10,240
Net Balance of Deferred Outflows of Resources	\$ 571,232

Difference Between Projected and Actual Investment Earnings

Measurement Period Ending June 30,	SCRS
2018	\$ 54,480
2019	54,480
2020	54,480
2021	54,480
2022	54,480
Net Balance of Deferred Outflows of Resources	\$ 272,400

Actuarial Assumptions and Methods - Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

Note 5 Pension Plans (Continued)

The June 30, 2017, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the Systems’ consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2017.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.0% to 12.5%
Includes inflation at	2.75%
Benefits adjustments	Lesser of 1% or \$500 annually

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

Assumptions used in the determination of the June 30, 2017, TPL are as follows:

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

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2017, for SCRS is presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers’ Net Pension Liability(Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$48,244,437,494	\$25,732,829,268	\$22,511,608,226	53.3%

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

Note 5 Pension Plans (Continued)

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

<u>Asset Class</u>	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			<u>7.56%</u>

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

Note 5 Pension Plans (Continued)

Sensitivity Analysis - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

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

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 12,576,859	\$ 9,758,107	\$ 8,047,786

Payables to the Pension Plan - As of June 30, 2018, the District had \$140,506 in payables outstanding to the pension plans for its legally required contributions.

Pension Plan Fiduciary Net Position - Detailed information regarding the fiduciary net position of the plan administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS. Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017.

Note 6 Other Post-Employment Benefits

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

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

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

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

Note 6 Other Post-Employment Benefits (Continued)

Benefits Provided - 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 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 government entities. The SCLTDITF provides disability payments to eligible employees who have been approved for disability.

Contributions and Funding Policies - Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office.

The District's contractually required contribution rate for the year ended June 30, 2018 was 5.50 percent of covered employee payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District for the SCRHITF and SCLTDITF were \$241,579 and \$3,720, respectively, for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2018. It is also funded through investment income.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2018, the District reported a liability of \$7,064,520 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was 0.052149% for SCRHITF and 0.05641% for SCLTDITF.

Note 6 Other Post-Employment Benefits (Continued)

For the year ended June 30, 2018, the District recognized OPEB expense of \$412,657. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SCRHITF</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual Experience	\$ -	\$ 3,066
Changes in Assumptions	-	664,642
Net difference between projected and actual Investment Experience	12,137	-
Changes in proportionate share and differences between District contributions and proportionate share of contributions	-	100
District contributions subsequent to the measurement date	<u>241,579</u>	<u>-</u>
	<u>\$ 253,716</u>	<u>\$ 667,808</u>

	<u>SCLTDITF</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ -	\$ 93
Net difference between projected and actual Investment Experience	493	-
Changes in proportionate share and differences between District contributions and proportionate share of contributions	-	25
District contributions subsequent to the measurement date	<u>3,720</u>	<u>-</u>
	<u>\$ 4,213</u>	<u>\$ 118</u>

Note 6 Other Post-Employment Benefits (Continued)

\$241,579 (SCRHITF) and \$3,720 (SCLTDITF) reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Difference between expected and actual experience

	<u>SCRHITF</u>	<u>SCLTDITF</u>
	<u>June 30, 2018</u>	<u>June 30, 2018</u>
Initial Balance (Inflow)/Outflow	\$ (3,066)	\$ -
Amortization period	7.2460	9.9570
Amortized period ended June 30,		
2018	\$ 423	\$ -
2019	423	-
2020	423	-
2021	423	-
2022	423	-
2023	423	-
Thereafter	528	-

Assumption changes

	<u>SCRHITF</u>	<u>SCLTDITF</u>
	<u>June 30, 2018</u>	<u>June 30, 2018</u>
Initial Balance (Inflow)/Outflow	\$ (664,642)	\$ (93)
Amortization period	7.2460	9.9570
Amortized period ended June 30,		
2018	\$ 91,725	\$ 9
2019	91,725	9
2020	91,725	9
2021	91,725	9
2022	91,725	9
2023	91,725	9
Thereafter	114,292	39

Difference between projected and actual investment earnings

	<u>SCRHITF</u>	<u>SCLTDITF</u>
	<u>June 30, 2018</u>	<u>June 30, 2018</u>
Initial Balance (Inflow)/Outflow	\$ 12,137	\$ 493
Amortization period	5.0000	5.0000
Amortized period ended June 30,		
2018	\$ (2,427)	\$ (99)
2019	(2,427)	(99)
2020	(2,427)	(99)
2021	(2,427)	(99)
2022	(2,429)	(97)

Note 6 Other Post-Employment Benefits (Continued)

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. 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 schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation.
Single Discount Rate:	3.56% as of June 30, 2017.
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend of 4.15% over a period of 15 years.
Aging Factors:	Based on plan specific experience.
Retiree Participation:	79% for retirees who are eligible for funded premiums.
Notes:	There were no benefit changes during the year; the discount rate changed from 2.5% as of June 30, 2016 to 3.56% as of June 30, 2017.

Note 6 Other Post-Employment Benefits (Continued)

Actuarial Assumptions (continued)

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation.
Single Discount Rate:	3.87% as of June 30, 2017
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans.
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years.
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group.
Notes:	There were no benefit changes during the year; the discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017.

Roll Forward Disclosure - The actuarial valuation was performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017.

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

Note 6 Other Post-Employment Benefits (Continued)

The following table represents the components of the net OPEB liability as of June 30, 2017:

<u>OPEB Trust</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Plan Fiduciary Net Position as a % of Total OPEB Liability</u>
SCRHITF	\$14,659,610,970	\$1,114,774,760	\$13,544,836,210	7.60%
SCLTDITF	\$ 38,510,568	\$ 36,697,589	\$ 1,812,979	95.29%

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

Single Discount Rate - The Single Discount Rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.87% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.56%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

Note 6 Other Post-Employment Benefits (Continued)

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

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

Sensitivity Analysis - The following table presents the District's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.56%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<u>1% Decrease</u> <u>2.56%</u>	<u>Current Discount Rate</u> <u>3.56%</u>	<u>1% Increase</u> <u>4.56%</u>
SCRHITF Net OPEB Liability \$	8,318,803	7,063,497	6,051,413

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
SCRHITF Net OPEB Liability \$	5,792,360	7,063,497	8,709,313

The following table represents the District's proportionate share of the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.87%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Note 6 Other Post-Employment Benefits (Continued)

	<u>1% Decrease</u> <u>2.87%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.87%</u>	<u>1% Increase</u> <u>4.87%</u>
SCLTDITF Net OPEB Liability	\$ 1,819	\$ 1,023	\$ 241

Additional Financial and Actuarial Information - Information in this note was compiled from the OPEB Trusts Funds' audited financial statement for the year ended June 30, 2017, and the accounting and financial reporting actuarial valuation as of June 30, 2017. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trusts Funds' audited financial statements.

Note 7 Short-Term Debt

Short-Term Obligations	June 30, 2017	Additions	Reductions	June 30, 2018
Governmental Activities:				
General Obligation Bonds	\$ 950,000	\$ 2,000,000	\$ (950,000)	\$ 2,000,000
Total Short-Term Obligations	<u>\$ 950,000</u>	<u>\$ 2,000,000</u>	<u>\$ (950,000)</u>	<u>\$ 2,000,000</u>

The District issued a general obligation bond anticipation note during September 2017 in the amount of \$2,000,000 and is outstanding at June 30, 2018. This bond was paid off on August 6, 2018 at an interest rate of 1.30%.

Note 8 Long-Term Debt

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general governmental activities in prior years and therefore are reported in the Debt Service Fund. The District did not have any outstanding long-term bonds as of June 30, 2018.

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2018:

	June 30, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 221,936	\$ 3,134	\$ (33,290)	\$ 191,780	\$ 28,767
Total Long-Term Liabilities	<u>\$ 221,936</u>	<u>\$ 3,134</u>	<u>\$ (33,290)</u>	<u>\$ 191,780</u>	<u>\$ 28,767</u>

Note 9 Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 149,722	\$ -	\$ -	\$ 149,722
Construction in Progress	644,470	976,301	-	1,620,771
Total Capital Assets Not Being Depreciated	<u>794,192</u>	<u>976,301</u>	<u>-</u>	<u>1,770,493</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	9,721,901	-	-	9,721,901
Vehicles	132,521	-	-	132,521
Furniture and Equipment	1,584,159	76,417	-	1,660,576
Total Capital Assets Being Depreciated	<u>11,438,581</u>	<u>76,417</u>	<u>-</u>	<u>11,514,998</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,481,392)	(174,892)	-	(4,656,284)
Vehicles	(111,152)	(2,514)	-	(113,666)
Furniture and Equipment	(1,473,943)	(27,403)	-	(1,501,346)
Total Accumulated Depreciation	<u>(6,066,487)</u>	<u>(204,809)</u>	<u>-</u>	<u>(6,271,296)</u>
Total Capital Assets Being Depreciated, Net	<u>5,372,094</u>	<u>(128,392)</u>	<u>-</u>	<u>5,243,702</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,166,286</u>	<u>\$ 847,909</u>	<u>\$ -</u>	<u>\$ 7,014,195</u>
Business-Type Activities:				
School Food Service Fund:				
Capital Assets Being Depreciated:				
Property and Equipment	\$ 330,052	\$ -	\$ -	\$ 330,052
Less Accumulated Depreciation for:				
Property and Equipment	(321,299)	(2,721)	-	(324,020)
Business-Type Activities Capital Assets, Net	<u>\$ 8,753</u>	<u>\$ (2,721)</u>	<u>\$ -</u>	<u>\$ 6,032</u>

Depreciation expense was charged as follows:

Governmental Activities:	
Instruction	\$ 93,634
Support	111,175
Total Depreciation - Governmental Activities	<u>\$ 204,809</u>
Business-Type Activities:	
Food Service	\$ 2,721
Total Depreciation - Business-Type Activities	<u>\$ 2,721</u>

Construction Commitment - The District is in the process of a construction/renovation project to the existing High School campus for the consolidation of the Pre K-12 facilities into one centralized location. The expected completed cost of this project is \$38,000,000 which will be funded with a USDA general obligation bond that is subject to a reimbursement draw down. The total outstanding construction commitment for this project at June 30, 2018 is approximately \$306,354.

Note 10 Property Taxes Receivables/Allowance for Doubtful Accounts

The amounts presented in the statement of net assets are net of the following allowances for doubtful accounts:

Property Taxes, Current	\$ 733,368
Allowance for Doubtful Accounts	(293,347)
	<hr/>
Property Taxes, Current	\$ 440,021
	<hr/> <hr/>

Note 11 Risk Management

The District is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for workers' compensation, property and casualty and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The District also pays insurance premiums to certain other commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accordance with insurance policy and benefit program limits.

Several state funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of state employees for unemployment compensation benefits (Employment Security Commission);
2. Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
3. Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums which are remitted to commercial carriers.

The District participates in the South Carolina School Boards' Insurance Trust/Property and Casualty Pool, a public entity risk pool for its property and casualty coverage. Pool members are subject to a supplemental assessment in the event of deficiencies.

The District participates in the South Carolina School Boards' Insurance Trust/Workers' Compensation Pool, a public entity risk pool for its workers' compensation coverage. Pool members are subject to a supplemental assessment in the event of deficiencies.

The District has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claim losses and estimable premium adjustments.

The District has not reported a supplemental premium assessment expenditure, and the related liability at June 30, 2018, because the requirements of GASB Statement No. 10 state that a liability for supplemental assessments must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2018, and the amount of the premium is reasonably estimable, have not been satisfied. In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the District.

Note 12 Commitments and Contingencies

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

Other - The District is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of the District's management, the ultimate effect of these legal matters will not have a material effect on the District's financial position.

Note 13 Operating Transfers In (Out)

A summary of Operating Transfers In (Out) for the year ending June 30, 2018, follows:

	Transfers In	Transfers Out
General Fund - Excluding Indirect Costs	\$ 188,211	\$ -
General Fund - Indirect Costs	52,170	-
Special Projects Fund - Indirect Costs	-	(52,170)
EIA Fund - Excluding Indirect Costs	-	(188,211)
Debt Service Fund - Excluding Indirect Costs	-	(957,817)
Capital Projects Fund - Excluding Indirect Costs	957,817	-
Total	<u>\$ 1,198,198</u>	<u>\$ (1,198,198)</u>

Note 14 Interfund Balances

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "Due From and Due To" on the Governmental Funds Balance Sheet.

A summary of these interfund balances at June 30, 2018, are as follows:

	General Fund	Special Projects	EIA Fund	Capital Projects	Proprietary Fund	Total
Due From:						
General Fund	\$ -	\$ -	\$ 1,392,511	\$ 364,924	\$ 156,391	\$ 1,913,826
Special Projects Fund	369,447	-	-	-	-	369,447
	<u>369,447</u>	<u>-</u>	<u>1,392,511</u>	<u>364,924</u>	<u>156,391</u>	<u>2,283,273</u>
Due to:						
General Fund	-	369,447	-	-	-	369,447
EIA Fund	1,392,511	-	-	-	-	1,392,511
Capital Projects	364,924	-	-	-	-	364,924
Proprietary Fund	156,391	-	-	-	-	156,391
	<u>1,913,826</u>	<u>369,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,283,273</u>
	<u>\$ (1,544,379)</u>	<u>\$ (369,447)</u>	<u>\$ 1,392,511</u>	<u>\$ 364,924</u>	<u>\$ 156,391</u>	<u>\$ -</u>

Note 15 Funding Flexibility

The State of South Carolina passed a Joint Resolution to provide funding flexibility for the fiscal year ended June 30, 2018. Under the resolution, school districts may transfer revenue between programs to any instructional program with the same funding source and may make expenditures for instructional programs and essential operating costs from any state source without regard to fund type except school building bond funds. Also, the District may defer certain revenue to be used within its strategy or as funding flexibility allows in future years. Certain funds and other exceptions apply. The District used this flexibility for the current fiscal year by transferring revenue between programs and deferring certain revenue allowed under the Joint Resolution. The impact of applying funding flexibility to the District's General Fund was not measured.

Note 16 Subsequent Events

The District evaluated the effects subsequent events would have on the financial statements through the date of the auditors' report, which is the date the financial statements were available for issuance. Based on this evaluation, the following subsequent events were noted:

On August 9, 2018, the District closed on the USDA general obligation bond of \$38,000,000. On the same date, an initial draw in the amount of \$1,852,492 was received.

Debt Issuance – The District issued a \$1,000,000 general obligation bond on September 27, 2018. The bond has a stated interest rate of 3.00%. The principal and interest payments for the short-term bond are due on March 1, 2019.

Note 17 Tax Abatements

The District's property tax revenues were reduced by \$418,516 under tax abatement agreements entered into by Bamberg County for the 2017 tax year. Below is a table that represents the amount of taxes abated by program:

Tax Abatement Program	Amount of Taxes Abated During the Fiscal Year
Fee-in-lieu of Taxes Program (FILOT)	\$ 148,001
Special Source Revenue Credit Program (SSRC)	67,633
Multi-County Industrial or Business Parks (MCIP)	202,882
	<u>\$ 418,516</u>

Note 18 Restatement of Net Position

Change in Accounting Principle - Effective July 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of implementing GASBS 75, the District recorded a total net OPEB liability in the amount of \$7,545,638 as of June 30, 2016, which comprises the District's proportionate share of the net OPEB liability for the South Carolina Retiree Health Care Plan of \$7,545,246 and the South Carolina Basic Long-Term Disability Plan of \$392. The effect on this net OPEB liability reduced the net position of the District by \$7,307,160 (net of \$238,478, which represents employer contributions to the trusts during the fiscal year June 30, 2017). This change in accounting principle created a change in the net position as follows:

	<u>Governmental Activities</u>
Net Position, Beginning of Year	\$ 236,045
Adjust for Net OPEB Liability as of June 30, 2017	<u>(7,307,160)</u>
Net Position (Deficit), Beginning of Year, As Restated	<u><u>\$ (7,071,115)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local	\$ 2,763,051	\$ 2,763,051	\$ 2,664,738	\$ (98,313)
State	4,571,932	4,571,932	4,566,656	(5,276)
Total Revenues	<u>7,334,983</u>	<u>7,334,983</u>	<u>7,231,394</u>	<u>(103,589)</u>
Expenditures				
Current:				
Instruction	3,388,540	3,351,908	3,069,838	282,070
Support Services	3,970,137	4,006,769	3,402,124	604,645
Community Services	-	-	2,523	(2,523)
Intergovernmental	53,221	53,221	19,535	33,686
Total Expenditures	<u>7,411,898</u>	<u>7,411,898</u>	<u>6,494,020</u>	<u>917,878</u>
Excess Revenues Over (Under) Expenditures	<u>(76,915)</u>	<u>(76,915)</u>	<u>737,374</u>	<u>814,289</u>
Other Financing Sources (Uses)				
Operating Transfers from Other Funds	76,915	76,915	161,937	85,022
Total Other Financing Sources (Uses)	<u>76,915</u>	<u>76,915</u>	<u>161,937</u>	<u>85,022</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	899,311	<u>\$ 899,311</u>
Fund Balance, Beginning of Year			<u>2,878,003</u>	
Fund Balance, End of Year			<u>\$ 3,777,314</u>	

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SCRS
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SCRS										
District's Proportion of the Net Pension Liability (Asset)	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 9,804,902	\$ 9,807,240	\$ 9,911,185	\$ 9,758,107
District's Proportionate Share of the Net Pension Liability (Asset)	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	0.056950%	0.051711%	0.046401%	0.043347%
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 5,177,950	\$ 4,871,526	\$ 4,518,488	\$ 4,397,664
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	189.36%	201.32%	219.35%	221.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	59.90%	57.00%	52.90%	53.30%

N/A* - Not Available

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Source: Audit report of employer allocations of the South Carolina Retirement System (SCRS), as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2017.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS - SCRS
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SCRS										
Contractually Required Contribution	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 547,829	\$ 528,493	\$ 496,964	\$ 505,590	\$ 592,441
Contributions in Relation to the Contractually Required Contribution	N/A*	N/A*	N/A*	N/A*	N/A*	\$(547,829)	(528,493)	(496,964)	(505,590)	(592,441)
Contribution Deficiency (Excess)	N/A*	N/A*	N/A*	N/A*	N/A*	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*	N/A*	5,177,950	4,871,526	4,518,488	4,397,664	4,392,353
Contributions as a Percentage of Covered-Employee Payroll	N/A*	N/A*	N/A*	N/A*	N/A*	10.58%	10.85%	11.00%	11.50%	13.49%

N/A* - Not Available

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Source: District quarterly retirement contribution reports.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SCRHIITF AND SCLTDITF
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2009*	2010*	2011*	2012*	2013*	2014*	2015*	2016*	2017	2018
SCRHIITF										
District's Proportion of Net OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 7,545,246	\$ 7,063,497
District's Proportionate Share of Net OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.052149%	0.052149%
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,518,488	4,397,664
District's Proportionate Share of Net OPEB Liability as a Percentage of Its Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	166.99%	160.62%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.60%
SCLTDITF										
District's Proportion of Net OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 392	\$ 1,023
District's Proportionate Share of Net OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.05641%	0.05641%
District's Covered-Employee Payroll (1)										
District's Proportionate Share of Net OPEB Liability as a Percentage of Its Covered-Employee Payroll (1)										
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95.29%

*** Note:**
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full ten year trend is compiled, information is presented for those years for which information is available.

(1): Long-Term Disability is assessed per covered individual, not as a percentage of covered payroll.

Source:

Audit report on the Schedules of Employer and Non-Employer Entity Allocations and Other Post-Employment Benefit (OPEB) Amounts by Employer for the South Carolina Retiree Health Insurance and Long-Term Disability Insurance Trust Funds, as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2017.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS - SCRHIITF AND SCLTDITF
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2009*	2010*	2011*	2012*	2013*	2014*	2015*	2016	2017	2018
SCRHIITF										
Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 240,835	\$ 234,395	\$ 241,579
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-(240,835)	-(234,395)	-(241,579)
District's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.33%	5.33%	5.50%
SCLTDITF										
Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 4,518,488	\$ 4,397,664	\$ 4,392,353
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-
District's Covered-Employee Payroll (1) Contributions as a Percentage of Covered-Employee Payroll (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 4,083	\$ 3,720
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-(4,083)	-(3,720)

*** Note:** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full ten year trend is compiled, information is presented for those years for which information is available.

(1): Long-Term Disability is assessed per covered individual, not as a percentage of covered payroll.

Source: District Quarterly Retirement Contribution Reports and Health Insurance Reports

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SUPPLEMENTAL FINANCIAL SCHEDULES

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GENERAL FUND

Accounts for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenues, and miscellaneous revenues are recorded in this fund except amounts which are specifically collected to service debt or for which the District collects other funds in a fiduciary capacity. Operational expenditures for general education, support services and other departments of the District are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the statement are also mandated by the South Carolina Department of Education.

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1200 Revenue From Local Governmental Units Other Than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	\$ 2,558,645	\$ 2,452,772	\$ (105,873)
1240 Penalties & Interest on Taxes (Dependent)	139,411	133,642	(5,769)
1280 Revenue in Lieu of Taxes (Independent and Dependent)	62,832	60,232	(2,600)
1500 Earnings on Investments:			
1510 Interest on Investments	1,463	8,483	7,020
1900 Other Revenue from Local Sources:			
1910 Rentals	700	900	200
1920 Contributions & Donations Private Sources	-	6,717	6,717
1950 Refund of Prior Year's Expenditures	-	1,510	1,510
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	-	482	482
Total Local Sources	<u>2,763,051</u>	<u>2,664,738</u>	<u>(98,313)</u>
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3130 Special Programs:			
3160 School Bus Driver Salary (Includes Hazardous Condition Transportation)	95,161	102,930	7,769
3162 Transportation Workers' Compensation	6,688	7,264	576
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	743,471	804,169	60,698
3181 Retiree Insurance (No Carryover Provision)	169,443	183,277	13,834
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	85,187	81,910	(3,277)
3312 Primary	293,760	282,461	(11,299)
3313 Elementary	424,371	408,048	(16,323)
3314 High School	1,358	1,306	(52)
3316 Speech Handicapped (Part-Time Program)	138,781	133,443	(5,338)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	8,397	8,074	(323)
3322 Educable Mentally Handicapped	24,925	23,966	(959)
3323 Learning Disabilities	170,827	164,256	(6,571)
3326 Orthopedically Handicapped	8,397	8,074	(323)
3327 Vocational	374,440	360,038	(14,402)
3330 Miscellaneous EFA Programs:			
3331 Autism	59,127	56,853	(2,274)
3332 High Achieving Students	4,322	4,156	(166)
3334 Limited English Proficiency	1,791	1,722	(69)
3351 Academic Assistance	80,185	77,101	(3,084)
3352 Pupils in Poverty	256,034	246,186	(9,848)
3353 Dual Credit Enrollment	12,513	12,032	(481)
3392 NBC Excess EFA Formula	-	7,238	7,238

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	\$ 364,492	\$ 349,410	\$ (15,082)
3820 Homestead Exemption (Tier 2)	221,315	212,157	(9,158)
3825 Reimbursement for Property Tax Relief (Tier 3)	554,426	531,485	(22,941)
3827 \$2.5 Million Tax Bonus	429,493	411,721	(17,772)
3830 Merchant's Inventory Tax	34,201	32,786	(1,415)
3890 Other State Property Tax Revenues (Includes Motor Carrier Tax)	8,827	8,462	(365)
3900 Other State Revenue:			
3993 PEBA On-Behalf	-	46,091	46,091
3999 Revenue From Other State Sources	-	40	40
Total State Sources	<u>4,571,932</u>	<u>4,566,656</u>	<u>(5,276)</u>
Total Revenues All Sources	<u>7,334,983</u>	<u>7,231,394</u>	<u>(103,589)</u>
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	122,000	84,028	37,972
200 Employee Benefits	51,529	32,934	18,595
300 Purchased Services	-	1,000	(1,000)
400 Supplies and Materials	2,000	-	2,000
112 Primary Programs:			
100 Salaries	353,600	341,431	12,169
200 Employee Benefits	120,118	89,038	31,080
300 Purchased Services	6,750	6,750	-
400 Supplies and Materials	1,000	-	1,000
113 Elementary Programs:			
100 Salaries	778,336	630,965	147,371
200 Employee Benefits	253,939	192,707	61,232
300 Purchased Services	2,250	2,250	-
400 Supplies and Materials	5,500	1,602	3,898
114 High School Programs:			
100 Salaries	672,979	712,443	(39,464)
200 Employee Benefits	220,750	228,209	(7,459)
300 Purchased Services	82,500	82,500	-
400 Supplies and Materials	11,200	9,055	2,145
115 Career and Technology Education Programs:			
100 Salaries	225,858	223,801	2,057
200 Employee Benefits	68,785	75,984	(7,199)
370 Tuition (Purchased Services)	50,000	21,281	28,719
400 Supplies and Materials	400	399	1
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	87,253	92,145	(4,892)
200 Employee Benefits	28,036	30,381	(2,345)
122 Trainable Mentally Handicapped:			
100 Salaries	12,977	12,975	2
200 Employee Benefits	7,248	8,331	(1,083)

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
127 Learning Disabilities:			
100 Salaries	\$ 108,540	\$ 135,179	\$ (26,639)
200 Employee Benefits	54,514	26,938	27,576
128 Emotionally Handicapped:			
100 Salaries	7,138	7,137	1
200 Employee Benefits	4,340	4,592	(252)
140 Special Programs			
145 Homebound:			
100 Salaries	7,400	1,150	6,250
200 Employee Benefits	1,869	71	1,798
149 Other Special Programs:			
400 Supplies and Materials	-	11,646	(11,646)
170 Summer School Program			
173 High School Summer School:			
100 Salaries	2,500	1,000	1,500
200 Employee Benefits	599	278	321
180 Adult/Continuing Educational Programs			
188 Parenting/Family Literacy:			
400 Supplies and Materials	-	1,638	(1,638)
Total Instruction	<u>3,351,908</u>	<u>3,069,838</u>	<u>282,070</u>
200 Support Services			
210 Pupil Services			
211 Attendance and Social Work Services:			
300 Purchased Services	-	317	(317)
212 Guidance Services:			
100 Salaries	152,046	152,877	(831)
200 Employee Benefits	44,097	56,234	(12,137)
213 Health Services:			
100 Salaries	39,163	44,483	(5,320)
200 Employee Benefits	14,086	16,733	(2,647)
400 Supplies and Materials	2,900	1,214	1,686
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development:			
100 Salaries	-	1,700	(1,700)
200 Employee Benefits	-	591	(591)
300 Purchased Services	8,000	2,244	5,756
400 Supplies and Materials	3,500	3,500	-
222 Library and Media Services:			
100 Salaries	59,603	55,218	4,385
200 Employee Benefits	21,851	20,029	1,822
400 Supplies and Materials	4,200	400	3,800

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
223 Supervision of Special Programs:			
100 Salaries	\$ 159,208	\$ 131,048	\$ 28,160
140 Terminal Leave	20,000	37,101	(17,101)
200 Employee Benefits	68,449	61,531	6,918
300 Purchased Services	31,800	18,101	13,699
400 Supplies and Materials	13,000	4,129	8,871
500 Capital Outlay	20,000	-	20,000
600 Other Objects	12,000	3,102	8,898
224 Improvement of Instruction Inserve and Staff Training:			
300 Purchased Services	17,000	10,847	6,153
230 General Administration Services			
231 Board of Education:			
100 Salaries	30,468	27,319	3,149
200 Employee Benefits	108,079	4,872	103,207
300 Purchased Services	74,800	69,941	4,859
318 Audit Services	65,000	61,950	3,050
400 Supplies and Materials	2,000	1,611	389
600 Other Objects	33,100	4,572	28,528
232 Office of the Superintendent:			
100 Salaries	171,219	165,561	5,658
200 Employee Benefits	54,708	57,225	(2,517)
300 Purchased Services	8,000	5,338	2,662
400 Supplies and Materials	4,000	1,961	2,039
600 Other Objects	9,200	3,223	5,977
233 School Administration:			
100 Salaries	365,941	353,589	12,352
200 Employee Benefits	116,107	148,649	(32,542)
300 Purchased Services	62,100	51,216	10,884
400 Supplies and Materials	6,100	3,849	2,251
600 Other Objects	1,200	-	1,200
250 Finance and Operations Services			
252 Fiscal Services:			
100 Salaries	150,800	117,168	33,632
200 Employee Benefits	52,959	47,912	5,047
300 Purchased Services	45,445	24,997	20,448
400 Supplies and Materials	7,000	7,000	-
600 Other Objects	50,000	5,629	44,371
253 Facilities Acquisition and Construction:			
500 Capital Outlay			
550 Vehicles	20,000	-	20,000
254 Operation and Maintenance of Plant:			
100 Salaries	262,357	241,425	20,932
200 Employee Benefits	111,559	119,047	(7,488)
300 Purchased Services	357,900	285,470	72,430
321 Public Utilities (Excludes gas, oil, elec. & other heating fuels)	42,000	26,848	15,152
400 Supplies and Materials	91,000	68,126	22,874
470 Energy (Include gas, oil, elec. & other heating fuels)	311,417	298,096	13,321
500 Capital Outlay	10,000	7,987	2,013
600 Other Objects	3,000	-	3,000

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
255 Student Transportation (State Mandated):			
100 Salaries	\$ 209,996	\$ 187,693	\$ 22,303
200 Employee Benefits	117,831	92,046	25,785
300 Purchased Services	15,100	7,583	7,517
400 Supplies and Materials	4,000	446	3,554
256 Food Service:			
100 Salaries	5,900	2,650	3,250
200 Employee Benefits	111,367	97,156	14,211
258 Security:			
300 Purchased Services	35,000	25,686	9,314
260 Central Support Services			
262 Planning, Research, Development & Evaluation:			
300 Purchased Services	5,000	-	5,000
400 Supplies and Materials	4,000	1,931	2,069
263 Information Services:			
300 Purchased Services	2,500	-	2,500
400 Supplies and Materials	3,000	-	3,000
266 Technology and Data Processing Services:			
100 Salaries	63,203	56,877	6,326
200 Employee Benefits	25,510	24,285	1,225
300 Purchased Services	57,000	51,813	5,187
400 Supplies and Materials	4,000	1,867	2,133
500 Capital Outlay	25,000	17,906	7,094
270 Support Services Pupil Activity			
271 Pupil Services Activities:			
300 Purchased Services (optional)	-	2,050	(2,050)
400 Supplies and Materials (optional)	-	155	(155)
Total Support Services	<u>4,006,769</u>	<u>3,402,124</u>	<u>604,645</u>
300 Community Services			
390 Other Community Services:			
300 Purchased Services	-	2,462	(2,462)
400 Supplies and Materials	-	61	(61)
Total Community Services	<u>-</u>	<u>2,523</u>	<u>(2,523)</u>
400 Other Charges			
410 Intergovernmental Expenditures			
411 Payments to the South Carolina Department of Education			
720 Transits	53,221	19,535	33,686
Total Intergovernmental Expenditures	<u>53,221</u>	<u>19,535</u>	<u>33,686</u>
Total Expenditures	<u>7,411,898</u>	<u>6,494,020</u>	<u>917,878</u>

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 174,005	\$ 188,211	\$ 14,206
5280 Transfer from Other Funds Indirect Costs	-	52,170	52,170
426-710 Transfer to Pupil Activity Fund	<u>(97,090)</u>	<u>(78,444)</u>	<u>18,646</u>
Total Other Financing Sources (Uses)	<u>76,915</u>	<u>161,937</u>	<u>85,022</u>
Excess/(Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>899,311</u>	<u>\$ 899,311</u>
Fund Balance, Beginning of Year		<u>2,878,003</u>	
Fund Balance, End of Year		<u>\$ 3,777,314</u>	

SPECIAL REVENUE FUND

Accounts for the operations of federal, state, and local projects which are required to be accounted for in separate funds.

Special Revenue Funds (excluding Education Improvement Act) - These funds are used to account for all federal and state projects except for those subject to Education Improvement Act requirements.

Education Improvement Act - These funds are used to account for the District's expenditures as a result of receiving funds subject to the guidelines set by the State of South Carolina.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance, Non-Education Improvement Act Funds, Summary Schedule for Designated State Restricted Grants, the Education Improvement Act Schedule of Revenues, Expenditures and Changes in Fund Balance and the Education Improvement Act Summary Schedule by Program, have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers are also mandated by the South Carolina State Department of Education.

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
Revenues								
1000 Revenue from Local Sources								
1500 Earnings on Investments:								
1510 Interest on Investments	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40
1900 Other Revenue from Local Sources:								
1920 Contributions & Donations Private Sources	-	-	-	-	-	-	14,329	14,329
1930 Special Needs Transportation - Medicaid	-	-	-	-	-	-	42,600	42,600
1990 Miscellaneous Local Revenue:								
1999 Revenue from Other Local Sources	-	-	-	-	-	-	236,540	236,540
Total Local Sources	40	-	-	-	-	-	293,469	293,509
3000 Revenue from State Sources								
3100 Restricted State Funding:								
3105 Technology Technical Assistance	-	-	-	-	-	64,212	-	64,212
3118 EEDA Career Specialists	-	-	-	-	-	101,605	-	101,605
3127 Student Health and Fitness - PE Teachers	-	-	-	-	-	12,487	-	12,487
3130 Special Programs:								
3134 CDEP Expansion	-	-	-	-	-	148,626	-	148,626
3135 Reading Coaches	-	-	-	-	-	71,345	-	71,345
3136 Student Health and Fitness - Nurses	-	-	-	-	-	27,191	-	27,191
3193 Education License Plates	-	-	-	-	-	249	-	249
3199 Other Restricted State Grants	-	-	-	-	-	-	780	780
3600 Education Lottery:								
3630 K-12 Technology Initiative	-	-	-	-	-	17,749	-	17,749
3655 Classroom Libraries	-	-	-	-	-	7,085	-	7,085
3660 Mobile Device Access	-	-	-	-	-	18,338	-	18,338
3900 Other State Revenue:								
3999 Revenue From Other State Sources	-	-	-	-	-	-	4,755	4,755
Total State Sources	-	-	-	-	-	468,887	5,535	474,422

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
4000 Revenue from Federal Sources								
4200 Occupational Education:								
4210 Perkins Aid, Title I - CATE - Basic Grants to States	\$ -	\$ -	\$ -	\$ 20,173	\$ -	\$ -	\$ -	\$ 20,173
4300 Elementary and Secondary Education Act of 1965 (ESEA):								
4310 Title I, Basic State Grant Programs	682,571	-	-	-	-	-	106,308	788,879
4312 Rural and Low-Income School Program, Title VI	-	-	-	-	-	-	25,272	25,272
4351 Improving Teacher Quality (Carryover Provision)	-	-	-	-	-	-	59,198	59,198
4500 Programs for Children with Disabilities:								
4510 Individuals With Disabilities Education Act (IDEA)	-	499,856	-	-	-	-	23,431	523,287
4520 Preschool Grants (Carryover Provision)	-	-	34,021	-	-	-	-	34,021
4900 Other Federal Sources:								
4924 21st Century Community Learning Centers Program, (Title IV, 21st Century Schools)	-	-	-	-	-	-	259,058	259,058
4990 Other Federal Revenue:								
4999 Revenue from Other Federal Sources	-	-	-	-	-	-	314,938	314,938
Total Federal Sources	682,571	499,856	34,021	20,173	-	-	788,205	2,024,826
Total Revenues All Sources	682,611	499,856	34,021	20,173	-	468,887	1,087,209	2,792,757
Expenditures								
100 Instruction								
110 General Instruction								
111 Kindergarten Programs:								
100 Salaries	-	-	-	-	-	28,071	6,174	34,245
200 Employee Benefits	-	-	-	-	-	5,697	2,231	7,928
112 Primary Programs:								
300 Purchased Services	-	-	-	-	-	-	114,700	114,700
400 Supplies and Materials	-	-	-	-	-	7,085	300	7,385
113 Elementary Programs:								
100 Salaries	-	-	-	-	-	10,380	-	10,380
200 Employee Benefits	-	-	-	-	-	2,107	-	2,107
300 Purchased Services	-	-	-	-	-	-	23,450	23,450

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
114 High School Programs:								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,233	\$ 55,233
200 Employee Benefits	-	-	-	-	-	-	4,225	4,225
300 Purchased Services	-	-	-	-	-	-	46,350	46,350
400 Supplies and Materials	-	-	-	-	-	-	6,566	6,566
500 Capital Outlay	-	-	-	-	-	17,801	-	17,801
115 Career and Technology Education Programs:								
100 Salaries	-	-	-	5,839	-	-	-	5,839
200 Employee Benefits	-	-	-	3,708	-	-	-	3,708
120 Exceptional Programs								
121 Educable Mentally Handicapped:								
100 Salaries	-	81,951	-	-	-	-	21,671	103,622
200 Employee Benefits	-	30,127	-	-	-	-	6,976	37,103
400 Supplies and Materials	-	13,914	-	-	-	-	-	13,914
126 Speech Handicapped:								
400 Supplies and Materials	-	-	557	-	-	-	-	557
127 Learning Disabilities:								
100 Salaries	-	45,161	-	-	-	-	11,552	56,713
200 Employee Benefits	-	5,392	-	-	-	-	3,238	8,630
140 Special Programs								
145 Homebound:								
100 Salaries	4,883	338	-	-	-	-	-	5,221
200 Employee Benefits	1,015	2	-	-	-	-	-	1,017
147 CDEP:								
100 Salaries	-	-	-	-	-	74,362	-	74,362
200 Employee Benefits	-	-	-	-	-	12,643	-	12,643
300 Purchased Services	-	-	-	-	-	884	-	884
400 Supplies and Materials	-	-	-	-	-	14,336	-	14,336
149 Other Special Programs:								
100 Salaries	171,522	-	-	-	-	-	-	171,522
200 Employee Benefits	74,430	-	-	-	-	4,287	-	78,717
400 Supplies and Materials	119,313	-	-	-	-	-	55,840	175,153

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
170 Summer School Program								
172 Elementary Summer School:								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,150	\$ 17,150
200 Employee Benefits	-	-	-	-	-	-	3,288	3,288
175 Instructional Programs Beyond Regular School Day:								
100 Salaries	44,848	-	-	-	-	-	90,969	135,817
200 Employee Benefits	8,734	-	-	-	-	-	15,589	24,323
300 Purchased Services	-	-	-	-	-	-	780	780
400 Supplies and Materials	1,596	-	-	-	-	-	59,764	61,360
180 Adult/Continuing Educational Programs								
188 Parenting/Family Literacy:								
400 Supplies and Materials	5,017	-	-	-	-	-	1,636	6,653
Total Instruction	431,358	176,885	557	9,547	-	177,653	547,682	1,343,682
200 Support Services								
210 Pupil Services								
211 Attendance and Social Work Services:								
100 Salaries	-	-	-	-	-	-	29,800	29,800
200 Employee Benefits	-	-	-	-	-	-	8,153	8,153
300 Purchased Services	-	107,644	12,742	-	-	-	21,738	142,124
400 Supplies and Materials	2,915	7,653	-	-	-	-	-	10,568
212 Guidance Services:								
100 Salaries	-	-	-	3,303	-	72,574	-	75,877
200 Employee Benefits	-	-	-	1,135	-	29,030	-	30,165
213 Health Services:								
100 Salaries	-	-	-	-	-	17,367	-	17,367
200 Employee Benefits	-	-	-	-	-	9,825	-	9,825
400 Supplies and Materials	-	6,020	-	-	-	-	-	6,020
214 Psychological Services:								
300 Purchased Services	-	34,070	3,410	-	-	-	-	37,480
400 Supplies and Materials	-	4,913	422	-	-	-	-	5,335
215 Exceptional Program Services:								
300 Purchased Services	-	3,438	3,084	-	-	-	-	6,522
400 Supplies and Materials	-	-	2,634	-	-	-	-	2,634

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
220 Instructional Staff Services								
221 Improvement of Instruction Curriculum Development:								
100 Salaries	\$ 55,750	\$ -	\$ -	\$ -	\$ -	\$ 50,554	\$ 31,785	\$ 138,089
200 Employee Benefits	19,448	-	-	-	-	20,791	7,704	47,943
300 Purchased Services	-	-	-	-	-	-	5,392	5,392
400 Supplies and Materials	7,000	-	-	-	-	-	7,152	14,152
222 Library and Media Services:								
400 Supplies and Materials	-	-	-	-	-	-	4,475	4,475
223 Supervision of Special Programs:								
100 Salaries	45,354	77,287	5,167	-	-	-	32,995	160,803
200 Employee Benefits	16,705	34,599	2,720	-	-	-	9,030	63,054
300 Purchased Services	5,444	21,966	1,616	-	-	-	697	29,723
400 Supplies and Materials	9,239	4,684	1,669	1,600	-	-	23,982	41,174
224 Improvement of Instruction Inserve and Staff Training:								
100 Salaries	800	-	-	-	-	-	8,850	9,650
200 Employee Benefits	-	-	-	-	-	-	2,231	2,231
300 Purchased Services	30,248	694	-	4,588	-	8,346	81,227	125,103
400 Supplies and Materials	3,077	2,130	-	-	-	-	13,722	18,929
250 Finance and Operations Services								
251 Student Transportation (Federal/District Mandated):								
100 Salaries	9,300	1,246	-	-	-	-	11,850	22,396
200 Employee Benefits	2,883	149	-	-	-	-	3,673	6,705
300 Purchased Services	7,228	5,254	-	-	-	-	17,001	29,483
400 Supplies and Materials	-	1,981	-	-	-	-	-	1,981
254 Operation and Maintenance of Plant:								
300 Purchased Services	-	-	-	-	-	-	900	900
400 Supplies and Materials	-	-	-	-	-	-	188	188
255 Student Transportation (State Mandated):								
100 Salaries	-	7,184	-	-	-	-	-	7,184
200 Employee Benefits	-	2,059	-	-	-	-	-	2,059
256 Food Service:								
100 Salaries	-	-	-	-	-	-	517	517
200 Employee Benefits	-	-	-	-	-	-	147	147

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
260 Central Support Services								
264 Staff Services:								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308	\$ 308
300 Purchased Services	-	-	-	-	-	-	11,546	11,546
400 Supplies and Materials	-	-	-	-	-	-	27,808	27,808
266 Technology and Data Processing Services:								
100 Salaries	-	-	-	-	-	5,186	-	5,186
200 Employee Benefits	-	-	-	-	-	1,025	-	1,025
300 Purchased Services	-	-	-	-	-	7,855	-	7,855
400 Supplies and Materials	-	-	-	-	-	6,434	-	6,434
500 Capital Outlay	-	-	-	-	-	62,247	-	62,247
270 Support Services Pupil Activity								
271 Pupil Services Activities:								
300 Purchased Services (optional)	-	-	-	-	-	-	5,400	5,400
400 Supplies and Materials (optional)	858	-	-	-	-	-	6,104	6,962
Total Support Services	216,249	322,971	33,464	10,626	-	291,234	374,375	1,248,919
300 Community Services								
390 Other Community Services:								
300 Purchased Services	-	-	-	-	-	-	144,132	144,132
400 Supplies and Materials	-	-	-	-	-	-	3,814	3,814
Total Community Services	-	-	-	-	-	-	147,946	147,946
Total Expenditures	647,607	499,856	34,021	20,173	-	468,887	1,070,003	2,740,547

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.

SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
\$ (34,964)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,206)	\$ (52,170)
(34,964)	-	-	-	-	-	(17,206)	(52,170)
40	-	-	-	-	-	-	40
12,841	-	-	-	-	-	-	12,841
\$ 12,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,881

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

431-791 Special Revenue Fund Indirect Costs

Total Other Financing Sources (Uses)

Excess/(Deficiency) of Revenues over Expenditures

Fund Balance, Beginning of Year

Fund Balance, End of Year

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND
 SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
 AND OTHER SPECIAL REVENUE PROGRAMS
 FOR FISCAL YEAR ENDED JUNE 30, 2018

Designated State Restricted Grants:

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue		Unearned Revenue
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
915	3105	Technology Technical Assistance	\$ 64,212	\$ 64,212	\$ -	\$ -	\$ -
919	3193	Education License Plates	249	249	-	-	400
924	3134	CDEP Expansion	148,626	148,626	-	-	121,952
928	3118	EEDA - Career Specialist	101,605	101,605	-	-	25,816
935	3135	Reading Coaches	71,345	71,345	-	-	17,916
936	3136	Student Health and Fitness - Nurses	27,191	27,191	-	-	-
937	3127	Student Health and Fitness - PE Teachers	12,487	12,487	-	-	-
939	3393	Capital Improvement Plan	-	-	-	-	197,822
963	3630	K-12 Technology Initiative	17,749	17,749	-	-	-
966	3660	Mobile Device Access	18,338	18,338	-	-	-
968	3655	Classroom Libraries	7,085	7,085	-	-	515
969	3699	Other State Lottery Program	-	-	-	-	32,025
Totals - Other Restricted State Grants			\$ 468,887	\$ 468,887	\$ -	\$ -	\$ 396,446

Other Special Revenue Programs:

212	4510	IDEA - Extended School Year	\$ 23,431	\$ 23,431	\$ -	\$ -	\$ 12,708
224	4924	21st Century Community Learning Centers Program	259,058	259,058	-	-	-
238	4210	Title I Support Services	106,308	106,308	-	-	-
251	4312	Rural and Low Income School Program, Title VI	25,272	25,272	-	-	-
267	4351	Improving Teacher Quality	59,198	59,198	-	-	-
802	1920/1950	New Morning Foundation	9,029	9,029	-	-	700
803	1999	TLC - Sunshine Fund	-	-	-	-	1,509
804	4999	Personal Responsibility Education Program (PREP)	58,899	58,899	-	-	-
810	1930	Medicaid Special Services	42,600	42,600	-	-	79,474
815	1920	The Arts (Local Contributions)	5,300	5,300	-	-	2,870
817	4999	Title V - Abstinence Grant	193,088	175,882	-	(17,206)	-
819	3199	Profound Mentally Disabled	-	-	-	-	825
820	4999	Youth Risk Behavior	350	350	-	-	-
852	4999	JROTC	59,458	59,458	-	-	-
856	1999	Fitness Program	1,088	1,088	-	-	156
859	1999	Music Pilot Quaver	780	780	-	-	-
860	3999	Recycling Education Grant	4,755	4,755	-	-	249
862	4999	National Writing Project	1,721	1,721	-	-	-
863	4999	USC Math Partnership	1,421	1,421	-	-	19
866	1999	MUSC Wellness	3,133	3,133	-	-	7,277
867	1999	Center of Recruitment	232,320	232,320	-	-	28,262
Totals			\$ 1,087,209	\$ 1,070,003	\$ -	\$ (17,206)	\$ 134,049

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

Revenues

3000 Revenue from State Sources

3500 Education Improvement Act:	
3502 ADEPT	\$ 2,233
3507 Aid to District Technology	7,673
3511 Professional Development	11,097
3512 Technology Professional Development	3,600
3518 Formative Assessment	7,427
3519 Grade 10 Assessments	495
3525 Career and Technology Education Equipment	46,291
3526 Refurbishment of K-8 Science Kits	12,707
3528 Industry Certifications/Credentials	440
3529 Career and Technology Education	50,000
3538 Students At Risk of School Failure	78,280
3550 Teacher Salary Increase (No Carryover Provision)	161,979
3555 Teacher Salary Fringe (No Carryover Provision)	26,232
3558 Reading	3,131
3571 Palmetto Priority Schools	8,446
3577 Teacher Supplies (No Carryover Provision)	16,225
3578 High Schools That Work/Making Middle Grades Work	4,961
3587 IDEA MOE Tier 1	2,768
3589 Maintenance of State Financial Support (MES) Tier II	282,129
3592 Work-Based Learning	3,031
3595 EEDA - Supplies and Materials - Career Awareness	2,195
3597 Aid to Districts	1,627
	<hr/>
Total State Sources	732,967
	<hr/>
Total Revenues All Sources	732,967
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Expenditures

100 Instruction

110 General Instruction

112 Primary Programs:	
400 Supplies and Materials	13,927
113 Elementary Programs:	
100 Salaries	53,803
200 Employee Benefits	19,477
400 Supplies and Materials	12,197
114 High School Programs:	
400 Supplies and Materials	11,227

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2018**

115 Career and Technology Education Programs:		
500 Capital Outlay	\$	57,329
120 Exceptional Programs		
121 Educable Mentally Handicapped:		
300 Purchased Services		169,151
400 Supplies and Materials		5,467
126 Speech Handicapped:		
400 Supplies and Materials		12,290
127 Learning Disabilities:		
400 Supplies and Materials		61,204
170 Summer School Program		
173 High School Summer School:		
400 Supplies and Materials		1,038
175 Instructional Programs Beyond Regular School Day:		
100 Salaries		938
200 Employee Benefits		78
300 Purchased Services		827
180 Adult/Continuing Educational Programs		
187 Adult Education Remedial:		
300 Purchased Services		<u>5,000</u>
Total Instruction		<u>423,953</u>
200 Support Services		
210 Pupil Services		
211 Attendance and Social Work Services:		
400 Supplies and Materials		2,614
212 Guidance Services:		
400 Supplies and Materials		825
220 Instructional Staff Services		
221 Improvement of Instruction Curriculum Development:		
100 Salaries		5,575
200 Employee Benefits		1,375
300 Purchased Services		100
222 Library and Media Services:		
400 Supplies and Materials		27,144

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

223 Supervision of Special Programs:			
100 Salaries	\$		35,032
200 Employee Benefits			10,035
400 Supplies and Materials			1,862
224 Improvement of Instruction Inserve and Staff Training:			
100 Salaries			1,250
200 Employee Benefits			247
300 Purchased Services			6,527
400 Supplies and Materials			5,270
250 Finance and Operations Services			
251 Student Transportation (Federal/District Mandated):			
100 Salaries			118
200 Employee Benefits			36
300 Purchased Services			3,976
260 Central Support Services			
266 Technology and Data Processing Services:			
100 Salaries			544
200 Employee Benefits			42
300 Purchased Services			1,933
400 Supplies and Materials			800
500 Capital Outlay			<u>7,673</u>
270 Support Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries (optional)			90
200 Employee Benefits (optional)			27
300 Purchased Services (optional)			902
400 Supplies and Materials (optional)			<u>5,673</u>
Total Support Services			<u>119,670</u>
400 Other Charges:			
410 Intergovernmental Expenditures			
411 Payments to the South Carolina Department of Education			
720 Transits			<u>1,133</u>
Total Intergovernmental Expenditures			<u>1,133</u>
Total Expenditures			<u>544,756</u>

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

420-710 Transfer to General Fund (Exclude Indirect Costs)	\$ (188,211)
---	--------------

Total Other Financing Sources (Uses)	(188,211)
---	------------------

Excess/(Deficiency) of Revenues over Expenditures	-
--	----------

Fund Balance, Beginning of Year	-
--	----------

Fund Balance, End of Year	\$ -
----------------------------------	-------------

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
 SUMMARY SCHEDULE BY PROGRAM
 FOR FISCAL YEAR ENDED JUNE 30, 2018

Program	Revenues		Expenditures		EIA Interfund Transfers		Other Fund Transfers		Unearned Revenue
		\$		\$	In (Out)		In (Out)		
3500 Education Improvement Act:									
3502 ADEPT		2,233		2,233					2,048
3507 Aid to District Technology		7,673		7,673					9,999
3511 Professional Development		11,097		11,097					478
3512 Technology Professional Development		3,600		3,600					-
3518 Formative Assessment		7,427		7,427					-
3519 Grade 10 Assessments		495		495					914
3525 Career and Technology Education Equipment		46,291		46,291					-
3526 Refurbishment of Science Kits		12,707		12,707					11,188
3528 Industry Certifications/Credentials		440		440					22,557
3529 Career and Technology Education		50,000		50,000					-
3538 Students at Risk of School Failure		78,280		78,280					35,732
3550 Teacher Salary Increase		161,979		-			(161,979)		-
3555 Teacher Salary Fringe		26,232		-			(26,232)		-
3557 Summer Reading Program		-		-			-		9,617
3558 Reading		3,131		3,131			-		225
3571 Palmetto Priority Schools		8,446		8,446			-		111,554
3577 Teacher Supplies		16,225		16,225			-		-
3578 High Schools that Work		4,961		4,961			-		-
3587 IDEA MOE Tier 1		2,768		2,768			-		-
3589 Maintenance of State Financial Support (MES) Tier II		282,129		282,129			-		209,995
3592 School-to-Work Transition		3,031		3,031			-		-
3593 Capital Improvement Plan		-		-			-		965,280
3595 EEDA - Supplies and Materials - Career Awareness		2,195		2,195			-		1,143
3597 Aide to Districts		1,627		1,627			-		11,346
3599 Other EIA Funds		-		-			-		15,623
Total		\$ 732,967		\$ 544,756			\$ (188,211)		\$ 1,407,699

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DEBT SERVICE FUND

Accumulates monies for payment of the District's general obligation bonds which are serial bonds due in annual installments. Also, accounts for Other Long-Term Debt repayments including Notes Payable and Capital Lease Obligations.

The following schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown are also mandated by the South Carolina State Department of Education.

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

Revenues

1000 Revenue from Local Sources

1200 Revenue From Local Governmental Units Other Than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	\$	891,439	
1240 Penalties & Interest on Taxes (Dependent)		58,508	
1280 Revenue in Lieu of Taxes		9,060	
1500 Earnings on Investments:			
1510 Interest on Investments		2,063	

Total Local Sources 961,070

3000 Revenue from State Sources

3800 State Revenue in Lieu of Taxes:			
3820 Homestead Exemption (Tier 2)		86,698	
3830 Merchant's Inventory Tax		2,610	
3890 Other State Property Tax Revenues		2,554	

Total State Sources 91,862

Total Revenues All Sources 1,052,932

Expenditures

500 Debt Service

319 Legal Services			18,250
395 Other Professional and Technical Services			26,500
620 Interest			22,483
690 Other Objects (Includes Fees For Servicing Bonds)			15

Total Debt Service 67,248

Total Expenditures 67,248

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

424-710 Transfer to Capital Projects Fund			(957,817)
---	--	--	-----------

Total Other Financing Sources (Uses) (957,817)

Excess/(Deficiency) of Revenues over Expenditures 27,867

Fund Balance, Beginning of Year 347,507

Fund Balance, End of Year \$ 375,374

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CAPITAL PROJECTS FUND - SCHOOL BUILDING

Accounts for financial resources to be used for the acquisition and construction of major capital facilities.

The following schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown are also mandated by the South Carolina State Department of Education.

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

Revenues

Total Revenues All Sources	\$ -
-----------------------------------	------

Expenditures

200 Support Services

250 Finance and Operations Services

253 Facilities Acquisition and Construction:

300 Purchased Services	979,607
------------------------	---------

500 Capital Outlay	19,751
--------------------	--------

520 Construction Services	19,751
---------------------------	--------

Total Support Services	999,358
-------------------------------	---------

Total Expenditures	999,358
---------------------------	---------

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5240 Transfer from Debt Service Fund	957,817
--------------------------------------	---------

Total Other Financing Sources (Uses)	957,817
---	---------

Excess/(Deficiency) of Revenues over Expenditures	(41,541)
--	----------

Fund Balance, Beginning of Year	405,430
--	---------

Fund Balance, End of Year	\$ 363,889
----------------------------------	------------

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PROPRIETARY FUND - FOOD SERVICE FUND

Accounts for the provision of food services to the students of the District. All activities necessary to provide such service are accounted for in this fund.

The accompanying Statement of Revenues, Expenses and Changes in Retained Earnings has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown are also mandated by the South Carolina State Department of Education.

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 PROPRIETARY FUND - FOOD SERVICE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018**

Revenues

1000 Revenue from Local Sources

1600 Food Service:	
1630 Special Sales to Pupils	\$ 6,276
1640 Lunch Sales to Adults	5,059
1650 Breakfast Sales to Adults	235
1660 Special Sales to Adults	3,066
1990 Miscellaneous Local Revenue:	
1999 Revenue from Other Local Sources	34,301
	48,937
Total Local Sources	48,937

3000 Revenue from State Sources

3140 School Lunch:	
3142 Program Aid	68
	68
Total State Sources	68

4000 Revenue from Federal Sources

4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	324,509
4830 School Breakfast Program	135,612
4860 Fresh Fruit & Vegetable Program (FFVP) (Carryover Provision)	19,049
4900 Other Federal Sources:	
4990 Other Federal Revenue:	
4991 USDA Commodities (Food Distribution Program)	30,349
	30,349

Total Federal Sources	509,519
------------------------------	----------------

Total Revenues All Sources	558,524
-----------------------------------	----------------

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
PROPRIETARY FUND - FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Expenses

200 Support Services

256 Food Service:

100 Salaries	\$ 180,793
400 Supplies and Materials	315,678
500 Capital Outlay	12,507
600 Other Objects	5,661
	5,661

Total Support Services	514,639
-------------------------------	---------

Total Expenses	514,639
-----------------------	---------

Excess/(Deficiency) of Revenues over Expenses	43,885
--	--------

Net Position, Beginning of Year	129,689
--	---------

Net Position, End of Year	\$ 173,574
----------------------------------	------------

FIDUCIARY FUND - PUPIL ACTIVITY FUND

Agency Fund - Accounts for the collection and payment of pupil activity receipts and disbursements from and on behalf of the District's students.

The following individual fund statements have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various statements are also mandated by the South Carolina State Department of Education.

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
FIDUCIARY FUND - PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS
DUE TO SCHOOL ORGANIZATIONS
FOR THE YEAR ENDED JUNE 30, 2018

Receipts

1000 Receipts from Local Sources

1700 Pupil Activities:	
1710 Admissions	\$ 20,941
1790 Other Pupil Activity Income	95,685
	95,685

Total Local Sources	116,626
----------------------------	---------

Total Receipts All Sources	116,626
-----------------------------------	---------

Disbursements

200 Support Services

270 Support Services Pupil Activity

271 Pupil Services Activities:	
100 Salaries (optional)	30,216
200 Employee Benefits (optional)	7,634
300 Purchased Services (optional)	37,237
400 Supplies and Materials (optional)	15,944
600 Other Objects (optional)	
660 Pupil Activity	105,564
	105,564

Total Support Services	196,595
-------------------------------	---------

Total Disbursements	196,595
----------------------------	---------

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)	78,444
--	--------

Total Other Financing Sources (Uses)	78,444
---	--------

Excess/(Deficiency) of Receipts over Disbursements	(1,525)
---	---------

Due to School Organizations, Beginning of Year	58,270
---	--------

Due to School Organizations, End of Year	\$ 56,745
---	-----------

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**ADDITIONAL SCHEDULES REQUIRED BY THE
SOUTH CAROLINA DEPARTMENT OF EDUCATION**

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
DETAILED SCHEDULE OF DUE TO STATE
DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
FOR FISCAL YEAR ENDED JUNE 30, 2018

Program	Revenue/ Subfund Code	Description	Total Due June 30, 2018	Status of Amount Due to Grantors
Pass-Through the State Department of Education:				
ADEPT	3502/302	Unspent Allocation	\$ 637.92	Unpaid
Grade 10 Assessments	3519/319	Unspent Allocation	<u>495.00</u>	Unpaid
Total Pass-Through the State Department of Education			<u><u>1,132.92</u></u>	

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
LOCATION RECONCILIATION SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2018**

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
07	Denmark-Olar High	High Schools	School	\$ 2,760,833
08	Denmark-Olar Middle	Middle Schools	School	1,798,650
09	Future Pre-K - 12 Complex	All School Levels	School	976,301
10	Denmark-Olar Primary	Elementary Schools	School	3,396,809
00	District Wide	Non-School	Central	<u>2,624,570</u>
Total Expenditures/Disbursements for All Funds				<u><u>\$ 11,557,163</u></u>
The above expenditures are reconciled to the District's financial statements as follows:				
	General Fund (Subfund 100s)			\$ 6,494,020
	Special Revenue Fund (Subfunds 200s, 800s and 900s)			2,740,547
	Special Revenue EIA Fund (Subfunds 300s)			544,756
	Debt Service Fund (Subfunds 400s)			67,248
	Capital Projects Fund (School Building)(Subfunds 500s)			999,358
	Proprietary Fund (Food Service)(Subfund 600s)			514,639
	Agency Fund (Pupil Activity)(Subfunds 700s)			<u>196,595</u>
Total by Fund				<u><u>\$ 11,557,163</u></u>

SINGLE AUDIT SECTION

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PARTNERS

C.C. McGregor, CPA
1906–1968

G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
W.C. Stevenson, CPA
B.T. Kight, CPA

W.W. Francis, CPA
D.L. Richardson, CPA

E.C. Inabinet, CPA
S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA

D.K. Strickland, CPA
J.P. McGuire, CPA
L.H. Kelly, CPA
J.R. Matthews II, CPA
C.D. Hincee, CPA

G.P. Davis, CPA
H.J. Darver, CPA
H.O. Crider, Jr., CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA
D.M. Herpel, CPA
F.C. Gillam, Jr, CPA

M.L. Goode, CPA
H.S. Mims, CPA
T. Solorzano, CPA
C.W. Bolen, CPA
L.T. Hewitt, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Education
Denmark-Olar School District No. Two
Bamberg County, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Denmark-Olar School District Two of Bamberg County, South Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Denmark-Olar School District No. Two of Bamberg County, South Carolina's basic financial statements and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Denmark-Olar School District No. Two of Bamberg County, South Carolina'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses. Items 2018-001, 2018-002, 2018-003, 2018-004, 2018-005 and 2018-006.

COLUMBIA

3830 FOREST DRIVE | PO BOX 135
COLUMBIA, SC 29202
(803) 787-0003 | FAX (803) 787-2299

ORANGEBURG

1190 BOULEVARD STREET
ORANGEBURG, SC 29115
(803) 536-1015 | FAX (803) 536-1020

BARNWELL

340 FULDNER ROAD | PO BOX 1305
BARNWELL, SC 29812
(803) 259-1163 | FAX (803) 259-5469

GREENVILLE

101 N MAIN STREET | SUITE 1510
GREENVILLE, SC 29601
(864) 751-6556 | FAX (864) 751-6557

Compliance and Other Matters

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

Denmark-Olar School District No. Two of Bamberg County, South Carolina's Response to Findings

Denmark-Olar School District No. Two of Bamberg County, South Carolina's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Denmark-Olar School District No. Two of Bamberg County, South Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

M. E. Gregory Company, LLP

Columbia, South Carolina
November 30, 2018

PARTNERS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Denmark-Olar School District No. Two
Bamberg County, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Denmark-Olar School District No. Two of Bamberg County, South Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Denmark-Olar School District No. Two of Bamberg County, South Carolina's major federal programs for the year ended June 30, 2018. Denmark-Olar School District No. Two of Bamberg County, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Denmark-Olar School District No. Two of Bamberg County, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Denmark-Olar School District No. Two of Bamberg County, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Denmark-Olar School District No. Two of Bamberg County, South Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, Denmark-Olar School District No. Two of Bamberg County, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

COLUMBIA

3830 FOREST DRIVE | PO BOX 135
COLUMBIA, SC 29202
(803) 787-0003 | FAX (803) 787-2299

ORANGEBURG

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BARNWELL, SC 29812
(803) 259-1163 | FAX (803) 259-5469

GREENVILLE

101 N MAIN STREET | SUITE 1510
GREENVILLE, SC 29601
(864) 751-6556 | FAX (864) 751-6557

Report on Internal Control over Compliance

Management of Denmark-Olar School District No. Two of Bamberg County, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-005 and 2018-006 that we consider to be material weaknesses.

Denmark-Olar School District No. Two of Bamberg County, South Carolina's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Denmark-Olar School District No. Two of Bamberg County, South Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

M^EGregor & Company, LLP

Columbia, South Carolina
November 30, 2018

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I. Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? X Yes No

Significant Deficiencies 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 Federal Programs:

Material Weakness(es) Identified? X Yes No

Significant Deficiencies Identified That Are Not
Considered To Be Material Weaknesses Yes X None Reported

Type of Auditors' Report Issued on Compliance for Major Federal Programs: Unmodified for
All Major Programs

Any Audit Findings Disclosed That are Required
To be Reported in Accordance With
The Uniform Guidance X Yes No

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I. Summary of Auditors' Results (Continued)

Identification of Major Federal Programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.027, 84.173	IDEA Cluster
10.555, 10.553, 10.559	Child Nutrition Cluster

Dollar Threshold Used to Distinguish Between Type A and Type B Programs
\$750,000.

Auditee qualified as low-risk auditee? Yes No

Part II. Financial Statement Findings

Finding 2018-001 (Internal Control – Material Weakness)

Criteria: Sound internal control allows for timely review and reconciliation of all significant balance sheet accounts.

Condition: The District lacks the control procedure required to review and reconcile payroll withholdings and matching fringe on a timely basis.

Effect: There is a potential that over withholding from employees and/or incorrect posting of employer fringe may occur and not be detected by employees performing their assigned functions.

Cause: The District lacks a control procedure which requires an employee to properly and timely review and reconcile payroll withholdings and employer fringe matching.

Identification of a Repeat Finding: Repeat finding from the previous audit, 2017-001.

Recommendation: Management and the Board of Education need to establish a control procedure whereby an employee is responsible for the review and reconciliation of employee withholdings and matching fringe on at least a quarterly basis.

Views of Responsible Officials: Management agrees with the finding and will implement controls to require timely reconciliation and review of payroll withholdings and matching fringe. A newly created financial assistant position was filled in fiscal year 2019 to assist with this control.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part II. Financial Statement Findings (Continued)

Finding 2018-002 (Internal Control – Material Weakness)

Criteria: Sound fiscal management requires that account balances and funds be reconciled on a timely basis and that restricted and unrestricted funds be closed at least annually, but no later than the end of the period of funding availability, to allow for the most effective use of funding.

Condition: The District's books and records are kept in balance with inter-fund activity reconciled. However, funds are not reconciled and closed as required by sound fiscal management. Year end balances in the General Fund as well as various other funds kept by the District require material adjustments to transfer allowable expenditures between funds.

Effect: There is a potential that without proper account/fund management the District may not fully take advantage of state and federal funding which would allow the District to expand current programs or share financial responsibilities between all possible funding sources. Also, without timely reconciliations, the District may claim for expenditures which do not match reconciled project expenditures.

Cause: The District lacks the resources and expertise required to fully initiate, record and disclose transactions in a manner consistent with sound fiscal management.

Identification of a Repeat Finding: Repeat finding from the previous audit, 2017-002.

Recommendation: Management and the Board of Education need to determine if the lack of resources and expertise needed to fully develop an accounting department to properly maintain fiscal management is within the cost benefit of the District. Management and the Board of Education also need to continue to emphasize that the independent auditor cannot be part of the District's internal control.

Views of Responsible Officials: Management and the Board of Education agree with the finding and they will work towards a remedy to this finding with the newly created financial assistant position that was filled in fiscal year 2019.

Finding 2018-003 (Internal Control – Material Weakness)

Criteria: Sound internal control over financial reporting requires that there be in place adequate controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles and there is an effective control environment and oversight of the District's financial reporting and internal control by those charged with governance.

Condition: We identified material misstatements in certain accounts and funds for the period under audit that were not prevented or detected and corrected by the District's internal control over financial reporting.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part II. Financial Statement Findings (Continued)

Finding 2018-003 (Internal Control – Material Weakness) (Continued)

Effect: The District does not have the resources to properly prepare the financial statements and note disclosures in accordance with generally accepted accounting principles.

Cause: Ineffective oversight of the District's financial reporting and internal control by those charged with governance. Inadequate qualifications or knowledge by employees or management to apply generally accepted accounting principles in preparing its financial statements in accordance with GAAP.

Identification of a Repeat Finding: Repeat finding from the previous audit, 2017-003.

Recommendation: Management and the Board of Education need to determine if the lack of resources and expertise needed to prepare financial statements in accordance with generally accepted accounting principles is within the cost benefit of the District. Management and the Board of Education also need to continue to emphasize that the independent auditor cannot be part of the District's internal control.

Views of Responsible Officials: Management and the Board of Education agree with the finding and they will work towards a remedy to this finding with the newly created financial assistant position that was filled in fiscal year 2019.

Finding 2018-004 (Internal Control – Material Weakness)

Criteria: Sound internal control over financial reporting requires that all transactions are accounted for in the books and records of the District.

Condition: During our audit we noted that the District does not have a centralized accounting of pupil activity transactions. Each school and the applicable school principal have a checkbook and are required to account for and reconcile their school's transactions.

Effect: During the year the District does not have an accounting of the pupil activity transactions made at the school level.

Cause: The District has no controls in place to initiate the recording of centralized pupil activity records into its computerized general ledger accounting records.

Identification of a Repeat Finding: Repeat finding from the previous audit, 2017-004.

Recommendation: Management and the Board of Education need to determine the controls which need to be established to incorporate the school pupil activity transactions into the District's centralized general ledger accounting system.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part II. Financial Statement Findings (Continued)

Finding 2018-004 (Internal Control – Material Weakness) (Continued)

Views of Responsible Officials: Management and the Board of Education agree with the finding and the newly created financial assistant position that was filled in fiscal year 2019 is expected to assist in establishing and monitoring this control.

Finding 2018-005 (Internal Control – Material Weakness)

Criteria: Sound internal control allows for the proper tracking and recording of all inventory items during each accounting period.

Conditions: During our audit, we noted that the District is not properly accounting for its inventory transactions in food service operations. The District's inventory record keeping system should be updated daily for all activity and reconciled monthly with inventory counts performed.

Effect: During the year, the District's inventory system did not properly account for all inventory transactions for the Middle and High schools.

Cause: The District's current procedures in place related to its inventory record keeping system are not being performed efficiently to properly account for its inventory during an accounting period.

Identification of a Repeat Finding: Repeat finding from the previous audit, 2017-005.

Recommendation: Management needs to determine the procedures that need to be established to ensure the food service inventory transactions are properly accounted for in its inventory record keeping system at the Middle and High schools.

Views of Responsible Officials: Management agrees with the finding and the new food service director is planning to implement controls so that food inventories are properly maintained in a timely manner.

Finding 2018-006 (Internal Control – Material Weakness)

Criteria: Financial reporting requirements for the request of reimbursement of meals served require that the claims submitted are supported by the District's meal serving records.

Condition: The District failed to properly reconcile its record of participation and income forms to the monthly USDA reimbursements submitted through the SC Automated Payment System (SCAPS).

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part II. Financial Statement Findings (Continued)

Finding 2018-006 (Internal Control – Material Weakness) (Continued)

Effect: The District under claimed reimbursements for two different months based on the allowable meals served during these months for breakfast and lunch. The total amount under claimed during the fiscal year was \$24,268.

Cause: The District failed to properly review and reconcile the meals claimed to its record of participation and income forms prior to requesting reimbursement.

Recommendation: Management needs to establish procedures to ensure that the meals claimed agree to the meals served per its record of participation and income forms so that its USDA reimbursements are not under/over stated in the future.

Views of Responsible Officials: Management agrees with the finding and the new food service director plans to implement controls so that the District properly reconciles the meals served to the claims before submitting for reimbursement in SCAPS.

Compliance and Other Matters

None

Part III. Federal Award Findings and Questioned Costs

Finding 2018-002 (Material Weakness)

Major Program - U.S. Department of Education; Passed through the S.C. Department of Education
Program Name: IDEA Cluster
CFDA # 84.027 and 84.173
Grant No.'s H63010100918, H63010100917, H63010100818 & H63010100817
Grant Period: June 30, 2018

U.S. Department of Agriculture; Passed through the S.C. Department of Education
Program Name: Child Nutrition Cluster
CFDA # 10.553, 10.555 and 10.559
Grant Period: June 30, 2018

See Financial Statement Finding 2018-002 above as it relates to each major program's internal control over account and fund reconciliations.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part III. Federal Award Findings and Questioned Costs (Continued)

Finding 2018-005 (Material Weakness)

Major Program - U.S. Department of Agriculture; Passed through the S.C. Department of Education
Program Name: Child Nutrition Cluster
CFDA # 10.553, 10.555 and 10.559
Grant No. H63010103218
Grant Period: June 30, 2018

See Financial Statement Finding 2018-005 above as it relates to the major program's internal control over accounting of the District's inventory in food service operations.

Finding 2018-006 (Material Weakness)

Major Program - U.S. Department of Agriculture; Passed through the S.C. Department of Education
Program Name: Child Nutrition Cluster
CFDA # 10.553, 10.555 and 10.559
Grant No. H63010103218
Grant Period: June 30, 2018

See Financial Statement Finding 2018-006 above as it relates to the major program's internal control over claim reimbursements.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

CORRECTIVE ACTION PLAN

JUNE 30, 2018

Finding 2018-001

Contact Person: Mr. Rodney Anderson, Finance Director

Action Plan: Controls will be placed in service to require the timely reconciliation and review of payroll withholdings and matching fringe. The District hired a financial accounting assistant during the current fiscal year and it is expected that this individual will assist in establishing and monitoring these controls.

Anticipated

Completion Date: The controls will be placed in service during the current fiscal year and will be monitored to ensure compliance for the year ending June 30, 2019.

Finding 2018-002

Contact Person: Dr. Thelma Sojourner, Superintendent and the Board of Education

Action Plan: The District hired a financial accounting assistant during the current fiscal year and it is expected that this individual, once settled and gains experience with the District's accounting procedures, will assist in establishing and monitoring these controls.

Anticipated

Completion Date: The controls are expected to be placed in service during the current fiscal year and will be monitored to ensure compliance for the year ending June 30, 2019.

Finding 2018-003

Contact Person: Dr. Thelma Sojourner, Superintendent and the Board of Education

Action Plan: The District hired a financial accounting assistant during the current fiscal year and it is expected that this individual, once settled and gains experience with the District's accounting procedures, will assist in establishing and monitoring these controls.

Anticipated

Completion Date: Evaluations will be made annually until such a time where changes in the financial staffing allow for the implementation of such controls.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

CORRECTIVE ACTION PLAN

JUNE 30, 2018

Finding 2018-004

Contact Person: Dr. Thelma Sojourner, Superintendent and the Board of Education

Action Plan: The District hired a financial accounting assistant during the current fiscal year and it is expected that this individual, once settled and gains experience with the District's accounting procedures, will assist in establishing and monitoring these controls.

Anticipated

Completion Date: The controls will be placed in service during the current fiscal year and will be monitored to ensure compliance for the year ending June 30, 2019.

Finding 2018-005

Contact Person: Mr. Rodney Anderson, Finance Director

Action Plan: Management agrees with the auditors' recommendation and procedures will be implemented to require the food service inventory record keeping system to be updated daily and reconciled monthly with inventory counts performed at the schools.

Anticipated

Completion Date: The procedures will be placed in service during the current fiscal year and will be monitored to ensure compliance for the year ending June 30, 2019.

Finding 2018-006

Contact Person: Mr. Rodney Anderson, Finance Director

Action Plan: Controls will be placed in service to require the review and reconciliation of claims to the District's meal serving records before requesting reimbursement.

Anticipated

Completion Date: The controls will be placed in service during the current fiscal year and will be monitored to ensure compliance for the year ending June 30, 2019.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part II. Financial Statement Findings

Finding 2017-001

Condition: The District lacks the control procedure required to review and reconcile payroll withholdings and matching fringe on a timely basis.

Recommendation: Management and the Board of Education need to establish a control procedure whereby an employee is responsible for the review and reconciliation of employee withholdings and matching fringe on at least a quarterly basis.

Current Status: Sustained in current year. Repeated as Finding 2018-001

Finding 2017-002

Condition: The District's books and records are kept in balance with inter-fund activity reconciled. However, funds are not reconciled and closed as required by sound fiscal management. Year end balances in the General Fund as well as various other funds kept by the District require material adjustments to transfer allowable expenditures between funds.

Recommendation: Management and the Board of Education need to determine if the lack of resources and expertise needed to fully develop an accounting department to properly maintain fiscal management is within the cost benefit of the District. Management and the Board of Education need to fully understand that the independent auditor is not part of the District's internal control.

Current Status: Sustained in current year. Repeated as Finding 2018-002

Finding 2017-003

Condition: We identified material misstatements in certain accounts and funds for the period under audit that were not prevented or detected and corrected by the District's internal control over financial reporting.

Recommendation: Management and the Board of Education need to determine if the lack of resources and expertise needed to prepare financial statements in accordance with generally accepted accounting principles is within the cost benefit of the District. Management and the Board of Education need to fully understand that the independent auditor is not part of the District's internal control.

Current Status: Sustained in current year. Repeated as Finding 2018-003

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part II. Financial Statement Findings (Continued)

Finding 2017-004

Condition: During our audit we noted that the District does not have a centralized accounting of pupil activity transactions. Each school and the applicable school principal have a checkbook and are required to account for and reconcile their school's transactions.

Recommendation: Management and the Board of Education need to determine the controls which need to be established to incorporate the school pupil activity transactions into the District's centralized general ledger accounting system.

Current Status: Sustained in current year. Repeated as Finding 2018-004

Finding 2017-005

Condition: During our audit, we noted that the District is not properly accounting for its inventory transactions in food service operations. The District's inventory record keeping system should be updated daily for all activity and reconciled monthly with inventory counts performed.

Recommendation: Management needs to determine the procedures that need to be established to ensure the food service inventory transactions are properly accounted for in its inventory record keeping system.

Current Status: Sustained in current year. Repeated as Finding 2018-005

Finding 2017-006

Condition: The District failed to properly reconcile general ledger expenditures to the request for reimbursement on a pass-through grant from the S.C. Campaign to Prevent Teen Pregnancy.

Recommendation: Management needs to follow its established procedures to ensure amounts claimed reconcile to the amounts expended.

Current Status: Not sustained in current year.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part III. Federal Award Findings and Questioned Costs

Finding 2017-002

See Financial Statement Finding 2017-002 above as it relates to each major program's internal control over account and fund reconciliations.

Current Status: Sustained in current year. Repeated as Finding 2018-002

Finding 2017-005

See Financial Statement Finding 2017-005 above as it relates to the major program's internal control over accounting of the District's inventory in food service operations.

Current Status: Sustained in current year. Repeated as Finding 2018-005

Finding 2017-006

See Financial Statement Finding 2017-006 above as it relates to the federal program's internal control over claim reimbursements.

Current Status: Not sustained in current year.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
U. S. Department of Agriculture				
Pass-Through State Department of Education:				
Child Nutrition Cluster (Major Program) :				
Non-Cash Assistance (Commodities):				
600	National School Lunch Program	10.555	N/A	\$ 30,349
	Non-Cash Assistance Subtotal			<u>30,349</u>
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	118,976
600	National School Lunch Program	10.555	N/A	321,129
600	Summer Food Service Program for Children	10.559	N/A	<u>20,016</u>
	Cash Assistance Subtotal			<u>460,121</u>
	Total for Program (Cluster) (Major Program)			<u>490,470</u>
600	Fresh Fruit and Vegetable Program	10.582	H63010002118	<u>19,049</u>
	Total U. S. Department of Agriculture			<u>509,519</u>
U. S. Department of Education				
Pass-Through State Department of Education:				
201	Title I - Regular Grants to LEA's	84.010	H63010100118	503,684
201	Title I - Mini Grant, Program H	84.010	H63010100118	45,884
202	Title I - Regular Grants to LEA's	84.010	H63010100117	133,004
238	Title I Support Services	84.010	H63010100118	79,968
238	Title I Support Services	84.010	H63010100117	26,340
	Total CFDA 84.010			<u>788,880</u>
IDEA Cluster (Major Program)				
203	IDEA - Children with Disabilities	84.027	H63010100918	370,045
203	IDEA - Children with Disabilities	84.027	H63010100917	124,327
203	IDEA - Children with Disabilities	84.027	H63010100916	5,484
205	Special Education Pre-school Grant	84.173	H63010100818	12,812
205	Special Education Pre-school Grant	84.173	H63010100817	11,659
206	Special Education Pre-school Grant	84.173	H63010100816	9,550
212	IDEA - Extended School Year	84.027	H63010100917	23,431
	Total IDEA Cluster (Major Program)			<u>557,308</u>
207	Vocational Education - Subprogram 4	84.048	H63010107118	4,588
207	Vocational Education - Subprogram 8	84.048	H63010107118	9,547
207	Vocational Education - Subprogram 9	84.048	H63010107118	4,438
207	Vocational Education - Subprogram 18	84.048	H63010107118	1,600
	Total CFDA 84.048			<u>20,173</u>
224	21st Century Community Learning Centers	84.287	H63010006918	259,058

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
251	Title VI - Rural/Low Income	84.358B	H63010007018	\$ 14,262
251	Title VI - Rural/Low Income	84.358B	H63010007017	11,010
	Total CFDA 84.358B			<u>25,272</u>
267	Improving Teacher Quality	84.367	H63010006818	32,952
267	Improving Teacher Quality	84.367	H63010006817	26,246
	Total CFDA 84.367			<u>59,198</u>
	Total Pass-Through State Department of Education			<u>1,709,889</u>
862	Pass-Through University of California: Investing in Innovation Fund i3 Grant Program	84.411B	13SG03-3CTRL	1,721
863	Pass-Through University of South Carolina Aiken: USCA Math Partnership	84.366B	N/A	<u>1,421</u>
	Total U. S. Department of Education			<u>1,713,031</u>
	U. S. Department of Defense			
852	Direct Program: JROTC	12.000	N/A	<u>59,458</u>
	Total U. S. Department of Defense			<u>59,458</u>
	U. S. Department of Health & Human Services			
804	Pass-Through S. C. Campaign to Prevent Teen Pregnancy: Personal Responsibility Education Program	93.092	1001SCPREP	<u>58,899</u>
817	Pass-Through S. C. Department of Health and Environmental Control: State Abstinence Education - Emerging Program	93.235	CY-5-438	<u>193,088</u>
820	Pass-Through State Department of Education: Youth Risk Behavior Survey	93.079	N/A	<u>350</u>
	Total U. S. Department of Health & Human Services			<u>252,337</u>
	Total Federal Awards Expended			<u>\$ 2,534,345</u>

Notes: The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The financial activity shown in this schedule reflects amounts recorded by the District during its fiscal year July 1, 2017 through June 30, 2018, and, accordingly, does not include a full year's financial activity for grants awarded or terminated on dates not coinciding with the District's year.