

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**  
**BAMBERG COUNTY, S. C.**  
**BASIC FINANCIAL STATEMENTS AND**  
**SUPPLEMENTAL INFORMATION**  
**JUNE 30, 2016**

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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, 2016**

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## **FINANCIAL SECTION**

		<b>PARTNERS</b>				<b>ASSOCIATES</b>			
<b>C.C. McGregor, CPA</b> 1906–1968	W.C. Stevenson, CPA	D.L. Richardson, CPA	D.K. Strickland, CPA	V.K. Laroche, CPA	G.P. Davis, CPA	B.A.G. Felch, CPA			
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA	H.S. Mims, CPA			
	G.D. Skipper, CPA	S.S. Luoma, CPA	L.H. Kelly, CPA	M.L. Layman, CPA	D.M. Herpel, CPA	T. Solorzano, CPA			
	L.R. Leaphart, Jr, CPA	T.M. McCall, CPA	J.R. Matthews II, CPA	P.A. Betette, Jr, CPA	H.O. Crider, Jr, CPA				
	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	F.C. Gillam, CPA				
W.W. Francis, CPA	L.B. Salley, CPA		C.D. Hincee, CPA	M.L. Goode, 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, 2016, 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.



## 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, 2016, 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 share of the net pension liability – SCRS and schedule of District contributions – SCRS on pages 42-44 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, 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 of Bamberg County, South Carolina's internal control over financial reporting and compliance.

*M. S. Gregory & Company, LLP*

Columbia, South Carolina  
November 28, 2016

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**INTRODUCTION**

This narrative overview gives an analysis of the financial activities of the District for the fiscal year ended June 30, 2016. 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 15/16 and 14/15 school years, the Board of Education utilized the funding flexibility to manage state imposed budget reductions and a loss of Average Daily Membership (ADM) during both school years. These state imposed reductions and loss of ADM also caused an increase in the teacher/pupil ratio within the District.

Other key financial aspects were as follows:

- **Net Position:** The District's Total Net Position (Deficit) as of June 30, 2016, was \$(1,631,798).

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* in 2015 to improve on accounting and reporting of pensions that governments provide to their employees. This was a mandatory requirement for the years beginning after June 15, 2014, which required the District to recognize a net pension liability on its statement of net position (deficit) and pension expense on its statement of activities for the year ending June 30, 2015 based on the actuarial calculation of future retirement benefits performed by the SC Public Employee Benefit Authority (PEBA). Additional information on the District's pension plan and GASBS 68 implementation can be found in Note 5 of the financial statements.

For the fiscal year ended June 30, 2016 the District's total net position improved by \$386,609.

- **Revenues and Expenditures:** Revenues and Other Financing Sources totaled \$10,794,376 and Expenditures and Other Financing Uses totaled \$10,231,724 for all Governmental Funds at the fund level. Accordingly, revenues and other financing sources exceeded expenditures and other financing by \$562,652.
- **General Fund/Fund Balance:** Our principal operating fund, the General Fund, had \$6,877,694 in fiscal year 2016 revenues and other financing sources, which primarily consisted of state aid and property taxes, and \$6,328,007 in expenditures and other financing uses resulting in an increase for the year of \$549,687. This resulted in the General Fund fund balance increasing from \$1,222,129 as of June 30, 2015, to \$1,771,816 as of June 30, 2016. The current year actual increase in fund balance of the General Fund was favorable over the budgeted reduction in fund balance. This was primarily the result of increased tax revenues based on a millage increase, reduced salary and benefit costs as well as spending cuts and efficiency measures taken.

- **Debt:** The District increased short term general obligation bond indebtedness during the year by \$850,000. The Debt Service fund balance increased by \$22,032 from \$263,169 as of June 30, 2015, to \$285,201 as of June 30, 2016. At June 30, 2016, the District had \$850,000 of short term general obligation bonds outstanding which are due in March of 2017.

## 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 22-41 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 and net pension liability/retirement contribution schedules under GASB 68 described earlier. 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 43-44 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 \$1,631,798 at June 30, 2016. At June 30, 2015, liabilities and deferred inflows of resources exceeded assets and deferred outflow of resources by \$2,018,407.

By far the largest portion of the District's net position 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 liability for the District is the net pension liability. With the reporting of the District's net pension liability as required under GASBS 68 beginning in fiscal year 2015, the District's net position was 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, 2016 and 2015.

	<b>2016</b>	<b>2015</b>
Current Assets	\$ 5,486,828	\$3,699,985
Capital Assets, Net	5,060,011	5,287,007
Deferred Outflows of Resources	<u>736,850</u>	<u>806,323</u>
Total Assets and Deferred Outflows of Resources	<u>11,283,689</u>	<u>9,793,315</u>
Current Liabilities	2,165,957	1,001,969
Compensated Absences	200,841	178,226
Net Pension Liability	9,807,240	9,804,902
Deferred Inflows of Resources	<u>741,449</u>	<u>826,625</u>
Total Liabilities and Deferred Inflows of Resources	<u>12,915,487</u>	<u>11,811,722</u>
Net Position (Deficit):		
Invested in Capital Assets, Net of Related Debt	5,060,011	5,287,007
Restricted	1,212,398	1,194,186
Unrestricted	<u>(7,904,207)</u>	<u>(8,499,600)</u>
Total Net Position (Deficit)	<u>(1,631,798)</u>	<u>(2,018,407)</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 of \$850,000
- Depreciation expense of \$252,135
- Current year excess of revenues over expenses of \$386,609

**Changes in Net Position:** The District's total revenues for the fiscal year ended June 30, 2016, were \$10,484,572. The total cost of all programs and services was \$10,097,963. The following table presents a summary of the activity that resulted in changes in net position for the fiscal years ended June 30, 2016 and 2015.

	2016	2015
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 145,011	\$ 133,318
Operating Grants and Contributions	<u>5,618,111</u>	<u>5,923,723</u>
<b>Total Program Revenues</b>	5,763,122	6,057,041
<b>General Revenues:</b>		
Property Taxes	3,219,478	2,803,800
Investment Earnings	2,575	1,931
State Unrestricted Aid/Miscellaneous	<u>1,499,397</u>	<u>1,545,659</u>
<b>Total General Revenues</b>	4,721,450	4,351,390
<b>Total Revenues</b>	<u>10,484,572</u>	<u>10,408,431</u>
<b>Expenses and Transfers:</b>		
Instruction	4,458,751	4,693,068
Support Services	4,967,248	4,678,932
Community Services	84,893	82,305
Pupil Activity	61,011	63,802
Interest and Other Charges	2,848	13,690
Food Service	<u>523,212</u>	<u>562,076</u>
<b>Total Expenses and Transfers</b>	<u>10,097,963</u>	<u>10,093,873</u>
<b>Increase in Net Position</b>	<u><u>386,609</u></u>	<u><u>314,558</u></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, 2016	
	Total Expenses	Net (Expense) Revenue
Instruction	\$ 4,458,751	\$ (2,052,541)
Support Services	4,967,248	(2,254,821)
Community Services	84,893	(36,109)
Pupil Activity	61,011	(61,011)
Interest and Other Charges	<u>2,848</u>	<u>(2,848)</u>
<b>Totals</b>	<u><u>9,574,751</u></u>	<u><u>(4,407,330)</u></u>

	June 30, 2015	
	Total Expenses	Net (Expense) Revenue
Instruction	\$ 4,693,068	\$(2,052,545)
Support Services	4,678,932	(1,911,461)
Community Services	82,305	(32,245)
Pupil Activity	63,802	(63,802)
Interest and Other Charges	13,690	(13,690)
<b>Totals</b>	<u>9,531,797</u>	<u>(4,073,743)</u>

- The costs of all governmental activities this year was \$9,574,751.
- Net current year cost of governmental activities was \$4,407,330 and financed by general revenues of \$4,751,945, which are made up primarily of property taxes of \$3,219,478.

## 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 \$2,922,823, an increase of \$562,652 due primarily increased tax revenue and the reduction of salaries and benefit costs implemented as part of the District's financial plan. At year end, the District had an unassigned fund balance of \$1,581,943. The fund balance restricted which indicates that it is not available for general purpose spending is as follows:

Special Revenue	\$ 12,827
Debt Service	285,201
Capital Projects	852,979

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 \$549,687. The Debt Service fund balance showed an increase in fund balance of \$22,032 from the prior year while the Capital Projects Fund balance showed a decrease in fund balance of \$9,070 from the prior year.

**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 \$41,994. The net position totaled \$59,421 as of June 30, 2016. The District is continuing its plan of cost cutting and monitoring services to allow the Fund to continue 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 at over \$1,700,000. The District plans to continue to look for ways to reduce spending as well as obtain additional supporting grants.

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 42.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets:** As of June 30, 2016, the District had invested \$5,060,011 in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. Total depreciation expense for the year was \$252,135.

The following schedule presents capital asset balances, net of depreciation for the fiscal years ended June 30, 2016 and 2015.

	<b>2016</b>	<b>2015</b>
Land	\$ 149,722	\$ 149,722
Buildings and Improvements	4,771,523	4,960,659
Machinery and Equipment	<u>138,766</u>	<u>176,626</u>
<b>Total</b>	<u><u>5,060,011</u></u>	<u><u>5,287,007</u></u>

Additional information on the District's capital assets can be found in Note 6 of this report.

**Debt Administration:** At year-end, the District had \$10,008,081 in non-current liabilities, of which \$30,126 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, 2016 and 2015.

	<b>2016</b>	<b>2015</b>
Compensated Absences	\$ 200,841	\$ 178,226
Net Pension Liability	<u>9,807,240</u>	<u>9,804,902</u>
<b>Total Debt</b>	<u><u>10,008,081</u></u>	<u><u>9,983,128</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 2016-2017 FY:

### General Fund

- Perform needed building improvements and renovations which will reduce energy usage.
- Expand efforts to reduce employment and legal costs of foreign employees.
- Implement an automated time and attendance system to ensure accurate payroll recordkeeping.
- The administration intends to:
  - Continue to utilize the funding flexibility proviso.
  - Increase the initiative to obtain grants and other innovative funding sources.

### Food Service

- Monitor food and supply costs to make sure meal costs are appropriate.
- Continue participation in the Community Eligibility Provision Program (CEP).
- Improve staff's ability to plan and prepare balanced, wholesome meals according to the Office of Health and Nutrition Program standards.
- Apply for grants to improve/update equipment.

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

Denmark-Olar 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 and several grant programs have ended over the same period. These and other factors were considered by the District's administration during the process of developing the fiscal year 2016/17 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 aggressive 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. Several energy audits have suggested that renovating the District's current facilities is not a prudent decision. The Board of Education has decided that a new Pre K-12 facility will be the most efficient means of saving energy costs and providing a more ideal instructional environment for students. Having the proposed new facility may increase student enrollment resulting in increased state funding. Subsequent to year end, the District's taxpayers voted to approve a \$38 million bond referendum which paves the way to make the new Pre K-12 campus a reality. During the design and build process the District needs to continue to maintain the current facilities to allow for a safe and secure student learning environment.

## **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-Olar School District No. Two of Bamberg County, 62 Holly Avenue, Denmark, South Carolina 29042 (Telephone 803-793-3346).

## **BASIC FINANCIAL STATEMENTS**

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**  
**BAMBERG COUNTY, S.C.**  
**STATEMENT OF NET POSITION (DEFICIT)**  
**JUNE 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash & Cash Equivalents	\$ 2,254,888	\$ 1,985	\$ 2,256,873
Property Tax Receivable	350,462	-	350,462
Internal Balances	(29,882)	29,882	-
Due From County Government	1,186,716	-	1,186,716
Due From State Government	131,394	-	131,394
Due From Federal Government	1,339,736	-	1,339,736
Prepaid Expenses	189,873	15,656	205,529
Inventories - Supply & Materials	-	7,992	7,992
Other Receivables	6,928	1,198	8,126
Capital Assets (Net of Accumulated Depreciation)			
Land	149,722	-	149,722
Buildings & Improvements	4,771,523	-	4,771,523
Machinery, Equipment and Vehicles	126,931	11,835	138,766
<b>Total Assets</b>	<b>10,478,291</b>	<b>68,548</b>	<b>10,546,839</b>
<b>Deferred Outflows of Resources</b>			
Employer Contributions Subsequent to Measurement Date	496,964	-	496,964
Net Pension Deferred Outflows	239,886	-	239,886
<b>Total Deferred Outflows of Resources</b>	<b>736,850</b>	<b>-</b>	<b>736,850</b>
<b>Liabilities</b>			
Accounts Payable and Other Liabilities	809,244	6,242	815,486
Due To State Government	13,792	-	13,792
Due to Federal Government	29,592	-	29,592
Bonds Payable	850,000	-	850,000
Revenue Received in Advance	454,202	2,885	457,087
Noncurrent Liabilities:			
Due Within One Year	30,126	-	30,126
Due in More Than One Year	170,715	-	170,715
Net Pension Liability	9,807,240	-	9,807,240
<b>Total Liabilities</b>	<b>12,164,911</b>	<b>9,127</b>	<b>12,174,038</b>
<b>Deferred Inflows of Resources</b>			
Net Pension Deferred Inflows	741,449	-	741,449
<b>Total Deferred Inflows of Resources</b>	<b>741,449</b>	<b>-</b>	<b>741,449</b>
<b>Net Position (Deficit)</b>			
Net Investment in Capital Assets	5,048,176	11,835	5,060,011
Restricted For:			
Special Projects	12,827	-	12,827
Debt Service	346,592	-	346,592
Capital Projects	852,979	-	852,979
Net Position - Unrestricted	(7,951,793)	47,586	(7,904,207)
<b>Total Net Position (Deficit)</b>	<b>\$ (1,691,219)</b>	<b>\$ 59,421</b>	<b>\$ (1,631,798)</b>

*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, 2016**

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	
<b>Governmental Activities:</b>						
Instruction	\$ 4,458,751	\$ 45,190	\$ 2,361,020	\$ (2,052,541)	\$ -	\$ (2,052,541)
Support Services	4,967,248	50,941	2,661,486	(2,254,821)	-	(2,254,821)
Community Service	84,893	916	47,868	(36,109)	-	(36,109)
Pupil Activity	61,011	-	-	(61,011)	-	(61,011)
Interest & Other Charges	2,848	-	-	(2,848)	-	(2,848)
<b>Total Governmental Activities</b>	<b>9,574,751</b>	<b>97,047</b>	<b>5,070,374</b>	<b>(4,407,330)</b>	<b>-</b>	<b>(4,407,330)</b>
<b>Business-Type Activities:</b>						
Food Service	523,212	47,964	547,737	-	72,489	72,489
<b>Total Business-Type Activities</b>	<b>523,212</b>	<b>47,964</b>	<b>547,737</b>	<b>-</b>	<b>72,489</b>	<b>72,489</b>
<b>Total Primary Government</b>	<b>\$ 10,097,963</b>	<b>\$ 145,011</b>	<b>\$ 5,618,111</b>	<b>\$ (4,407,330)</b>	<b>\$ 72,489</b>	<b>\$ (4,334,841)</b>
<b>General Revenues:</b>						
Property Taxes Levied For:						
General Purposes				2,552,373	-	2,552,373
Debt Service				667,105	-	667,105
State Aid Not Restricted For Specific Purpose				1,499,397	-	1,499,397
Unrestricted Investment Earnings				2,575	-	2,575
Transfers				30,495	(30,495)	-
<b>Total General Revenues and Transfers</b>				<b>4,751,945</b>	<b>(30,495)</b>	<b>4,721,450</b>
<b>Change in Net Position</b>				<b>344,615</b>	<b>41,994</b>	<b>386,609</b>
<b>Net Position (Deficit) - Beginning</b>				<b>(2,035,834)</b>	<b>17,427</b>	<b>(2,018,407)</b>
<b>Net Position (Deficit) - Ending</b>				<b>\$ (1,691,219)</b>	<b>\$ 59,421</b>	<b>\$ (1,631,798)</b>

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, 2016**

	<u>Special Revenue Funds</u>					<b>Total Governmental Funds</b>
	<b>General</b>	<b>Special Projects</b>	<b>Education Improvement Act</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Assets</b>						
Cash & Cash Equivalents	\$ 2,242,061	\$ 12,827	\$ -	\$ -	\$ -	\$ 2,254,888
Property Tax Receivable, Net	481,786	-	-	102,318	-	584,104
Due From Other Funds	-	-	236,664	-	863,728	1,100,392
Due From County Government	51,515	-	-	1,135,201	-	1,186,716
Due From State Government	76,959	54,435	-	-	-	131,394
Due From Federal Government	-	1,339,736	-	-	-	1,339,736
Prepaid Expenses	189,873	-	-	-	-	189,873
Other Receivables	6,928	-	-	-	-	6,928
<b>Total Assets</b>	<u>\$ 3,049,122</u>	<u>\$ 1,406,998</u>	<u>\$ 236,664</u>	<u>\$ 1,237,519</u>	<u>\$ 863,728</u>	<u>\$ 6,794,031</u>
<b>Liabilities</b>						
Accounts Payable	126,599	-	7,713	-	998	135,310
Accrued Salaries	341,926	-	-	-	9,000	350,926
Accrued Payroll Related Liabilities	322,257	-	-	-	751	323,008
Due To Other Funds	4,738	1,125,536	-	-	-	1,130,274
Due To State Government	-	11,667	2,125	-	-	13,792
Due to Federal Government	-	29,592	-	-	-	29,592
Short-term Bond Obligation	-	-	-	850,000	-	850,000
Unearned Revenue	-	227,376	226,826	-	-	454,202
<b>Total Liabilities</b>	<u>795,520</u>	<u>1,394,171</u>	<u>236,664</u>	<u>850,000</u>	<u>10,749</u>	<u>3,287,104</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue - Property Taxes	481,786	-	-	102,318	-	584,104
<b>Total Deferred Inflows of Resources</b>	<u>481,786</u>	<u>-</u>	<u>-</u>	<u>102,318</u>	<u>-</u>	<u>584,104</u>
<b>Fund Balances</b>						
Nonspendable	189,873	-	-	-	-	189,873
Restricted	-	12,827	-	285,201	852,979	1,151,007
Unassigned	1,581,943	-	-	-	-	1,581,943
<b>Total Fund Balances</b>	<u>1,771,816</u>	<u>12,827</u>	<u>-</u>	<u>285,201</u>	<u>852,979</u>	<u>2,922,823</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 3,049,122</u>	<u>\$ 1,406,998</u>	<u>\$ 236,664</u>	<u>\$ 1,237,519</u>	<u>\$ 863,728</u>	<u>\$ 6,794,031</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, 2016

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

Ending Fund Balance - Governmental Fund Financial Statements	\$ 2,922,823
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	5,048,176
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.	350,462
Deferred Outflows (Inflows) resulting from the recognition of the employer's share of the state's net pension liability are not current financial resources; therefore, they are not reported on the fund financial statements.	(4,599)
Long-term liabilities, including compensated absences \$(200,841) and net pension liability \$(9,807,240) are not due and payable in the current period and therefore, are not reported in the fund financial statements.	<u>(10,008,081)</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<u><u>\$ (1,691,219)</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 BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Major Funds</b>					<b>Total Governmental Funds</b>
	<b>Special Revenue</b>					
	<b>General</b>	<b>Special Projects</b>	<b>Education Improvement Act</b>	<b>Debt Service</b>		
<b>Revenues</b>						
Revenue From Local Governmental Units Other Than LEAs	\$ 2,543,243	\$ -	\$ -	\$ 661,859	\$ -	\$ 3,205,102
Tuition	1,517	-	-	-	-	1,517
Earnings on Investments	2,108	3	-	464	-	2,575
Other Revenue from Local Sources	11,846	101,981	-	-	-	113,827
<b>Total Local</b>	<b>2,558,714</b>	<b>101,984</b>	<b>-</b>	<b>662,323</b>	<b>-</b>	<b>3,323,021</b>
Intergovernmental	1,284	-	-	-	-	1,284
State Sources	4,119,789	252,676	406,177	62,807	-	4,841,449
Federal Sources	-	1,708,741	-	-	-	1,708,741
<b>Total Revenues</b>	<b>6,679,787</b>	<b>2,063,401</b>	<b>406,177</b>	<b>725,130</b>	<b>-</b>	<b>9,874,495</b>
<b>Expenditures</b>						
<b>Current:</b>						
Instruction	3,077,147	934,099	215,119	-	-	4,226,365
Support Services	3,135,227	981,824	21,920	-	625,246	4,764,217
Community Services	-	84,893	-	-	-	84,893
Pupil Activities	61,011	-	-	-	-	61,011
Intergovernmental	54,622	28,956	2,125	-	-	85,703
<b>Debt Service:</b>						
Interest	-	-	-	5,562	-	5,562
Other Objects	-	-	-	19,010	-	19,010
<b>Capital Outlay</b>	<b>-</b>	<b>6,951</b>	<b>26,276</b>	<b>-</b>	<b>84,074</b>	<b>117,301</b>
<b>Total Expenditures</b>	<b>6,328,007</b>	<b>2,036,723</b>	<b>265,440</b>	<b>24,572</b>	<b>709,320</b>	<b>9,364,062</b>
Excess of Revenues Over (Under) Expenditures	351,780	26,678	140,737	700,558	(709,320)	510,433
<b>Other Financing Sources (Uses)</b>						
Premiums on Bonds Sold	-	-	-	21,724	-	21,724
Transfers In	197,907	-	-	-	700,250	898,157
Transfers Out	-	(26,675)	(140,737)	(700,250)	-	(867,662)
<b>Total Other Financing Sources (Uses)</b>	<b>197,907</b>	<b>(26,675)</b>	<b>(140,737)</b>	<b>(678,526)</b>	<b>700,250</b>	<b>52,219</b>
<b>Net Change in Fund Balances</b>	<b>549,687</b>	<b>3</b>	<b>-</b>	<b>22,032</b>	<b>(9,070)</b>	<b>562,652</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,222,129</b>	<b>12,824</b>	<b>-</b>	<b>263,169</b>	<b>862,049</b>	<b>2,360,171</b>
<b>Fund Balance, Ending of Year</b>	<b>\$ 1,771,816</b>	<b>\$ 12,827</b>	<b>\$ -</b>	<b>\$ 285,201</b>	<b>\$ 852,979</b>	<b>\$ 2,922,823</b>



**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, 2016**

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

Net Change in Fund Balances - Total Governmental Funds:	\$ 562,652
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 depreciation \$248,303 exceeds the cost of assets \$25,139.	(223,164)
In the statement of activities, retirement expense is measured by the District's proportionate share \$483,598 of the SCRS total pension expense. In the governmental funds, however, the expenditure for retirement is measured by the current contributions to the retirement system \$496,964. The amount presented is the difference in the accounting for these costs during the current year.	13,366
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.	14,376
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.	<u>(22,615)</u>
<b>Change in Net Position - Governmental Activities</b>	<b><u><u>\$ 344,615</u></u></b>

*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, 2016**

<b>Assets</b>	
Cash & Cash Equivalents	\$ 1,985
Due From Other Funds	29,882
Due From Federal Government	15,656
Inventories - Supply & Materials	7,992
Other Receivables	1,198
Property and Equipment, Net	<u>11,835</u>
<b>Total Assets</b>	<u>68,548</u>
<b>Liabilities</b>	
Accounts Payable	6,242
Unearned Revenue	<u>2,885</u>
<b>Total Liabilities</b>	<u>9,127</u>
<b>Net Position</b>	
Investment in Capital Assets	11,835
Unrestricted	<u>47,586</u>
<b>Total Net Position</b>	<u><u>\$ 59,421</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, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u><b>Business-Type Activities</b></u> <b>Enterprise Fund - Food Service</b>
<b>Operating Revenues</b>	
Proceeds from Sales of Meals	\$ 47,964
<b>Total Operating Revenues</b>	<u>47,964</u>
<b>Operating Expenses</b>	
Food Costs	229,670
Salaries & Employee Benefits	188,853
Supplies & Materials	95,954
Depreciation	3,832
Other Operating Costs	4,903
<b>Total Operating Expenses</b>	<u>523,212</u>
<b>Operating Income (Loss)</b>	<u>(475,248)</u>
<b>Non-Operating Revenues (Expenses)</b>	
USDA Reimbursements	513,810
Commodities Received from USDA	33,858
Other Federal & State Aid	69
<b>Total Non-Operating Revenues</b>	<u>547,737</u>
<b>Net Income Before Transfers</b>	72,489
Transfers In (Out)	<u>(30,495)</u>
<b>Change in Net Position</b>	41,994
<b>Net Position, Beginning of Year</b>	<u>17,427</u>
<b>Net Position, End of Year</b>	<u><u>\$ 59,421</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 CASH FLOWS  
PROPRIETARY FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	<u><b>Business-Type Activities Enterprise Fund - Food Service</b></u>
<b>Cash Flows from Operating Activities</b>	
Received from Patrons	\$ 47,258
Payments to Employees for Services	(188,853)
Payments to Suppliers for Goods and Services	(294,147)
	(435,742)
<b>Net Cash Used by Operating Activities</b>	<b>(435,742)</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Federal Subsidy	573,259
Other Federal and State Aid	138
Transfers from (to) Other Funds	(135,670)
	437,727
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>437,727</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,985</b>
Cash and Cash Equivalents - Beginning	-
Cash and Cash Equivalents - Ending	\$ 1,985
<b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities</b>	
Operating Income (Loss)	(475,248)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	
Depreciation Expense	3,832
Commodities Received from USDA	33,858
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(1,198)
Increase in Inventories	(1,111)
Increase in Accounts Payable	3,633
Increase in Unearned Revenue	492
	39,506
<b>Total Adjustments</b>	<b>39,506</b>
<b>Net Cash Used by Operating Activities</b>	<b>\$ (435,742)</b>
Non-Cash Transactions:	
Commodities Received from the USDA	\$ 33,858

*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, 2016**

**Assets**

Cash & Cash Equivalents	<u>\$ 50,574</u>
<b>Total Assets</b>	<u><u>\$ 50,574</u></u>

**Liabilities**

Due to School Organizations	<u>50,574</u>
<b>Total Liabilities</b>	<u><u>\$ 50,574</u></u>

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

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**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, 2016, 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.

## **Note 1 Summary of Significant Accounting Policies (Continued)**

### **C. 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.

### **D. 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.

### **E. 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, 2016, has been recorded at fair value as provided by the United States Department of Agriculture.

### **F. 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.

### **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 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 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, 2016, was \$200,841 which includes an estimated 24.04% for related fringe benefits.

## Note 1 Summary of Significant Accounting Policies (Continued)

### H. 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 assets 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:

<b>Assets</b>	<b>Years</b>
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.

### I. 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, 2016, 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)**

### **J. 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.

### **K. 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, 2016, all amounts are considered collectible; therefore, no allowance for doubtful accounts has been recorded.

### **L. 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.

### **M. 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.

### **N. 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)**

### **O. 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, 2016, the District has a nonspendable fund balance of \$189,873 representing the balance of prepaid expenditures at fiscal year end. At June 30, 2016, the District has an unassigned fund balance of \$1,581,943.

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

### **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, 2016, the accounts under the direction of the District had a total bank balance of \$2,784,341. Of that balance \$277,305 was covered by Federal Depository Insurance, leaving an uninsured balance of \$2,507,036.

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, 2016, all of the 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, see Note 5 for Pension 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; see Note 5 for Pension 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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

**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.

## **Note 5 Pension Plans (Continued)**

Employees eligible for service retirement may participate in the Teacher and Employee Retention Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. TERI participants with retirement dates on or after July 1, 2005, make the same pre-tax contributions to the SCRS as active members. In addition, they are eligible to receive group life insurance benefits, but are ineligible to receive service credit or disability retirement benefits. The TERI program will be closed effective June 30, 2018; therefore, only those participants that enter the program beginning July 1, 2013 will be eligible to participate in the program for five full years.

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 (8 percent) 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 (5.75 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

**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.



**Note 5 Pension Plans (Continued)**

- 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.

- Required **employee** contribution rates for fiscal year 2015-2016 are as follows:

**SCRS**

Employee Class Two	8.16% of earnable compensation
Employee Class Three	8.16% of earnable compensation

**State ORP Employee**

8.16% of earnable compensation

- Required **employer** contribution rates for fiscal year 2015-2015 are as follows:

**SCRS**

Employer Class Two	10.91% of earnable compensation
Employer Class Three	10.91% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

**State ORP**

Employer Contribution	10.91% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

Of the employer contribution of 10.91% 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.

**Note 5 Pension Plans (Continued)**

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

<b>SCRS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employee Contributions	\$ 364,170	\$ 385,718	\$ 384,963
Employer Contributions	490,186	521,186	540,062
Employer Group Life Contributions	6,778	7,307	7,767
Employer Retiree Insurance Surcharge	240,835	243,576	254,755
<b>Total</b>	<b>\$ 1,101,969</b>	<b>\$ 1,157,787</b>	<b>\$ 1,187,547</b>

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, 2016, the District reported a liability of \$9,807,240 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, 2014, 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, 2015. 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, 2016, the District's proportion was 0.051711%.

For the year ended June 30, 2016, the District recognized pension expense of \$483,601 for SCRS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>SCRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 174,241	\$ 17,538
Net Difference Between Projected and Actual Investment Earnings	65,645	-
Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Employer Contributions	-	723,911
Direct Contributions Subsequent to the Measurement Date	496,964	-
<b>Total</b>	<b>\$ 736,850</b>	<b>\$ 741,449</b>

The amount of \$496,964 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, 2017.

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 4.233 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.

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

<b>Measurement Period Ending June 30,</b>	<b>SCRS</b>
2016	\$ 37,633
2017	37,633
2018	37,633
2019	37,633
Thereafter	6,171
<b>Net Balance of Deferred Outflows of Resources</b>	<b>\$ 156,703</b>

**Difference Between Projected and Actual Investment Earnings**

<b>Measurement Period Ending June 30,</b>	<b>SCRS</b>
2016	\$ 13,129
2017	13,129
2018	13,129
2019	13,129
Thereafter	13,129
<b>Net Balance of Deferred Outflows of Resources</b>	<b>\$ 65,645</b>

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

<b>Measurement Period Ending June 30,</b>	<b>SCRS</b>
2016	\$ (173,850)
2017	(173,850)
2018	(173,850)
2019	(173,850)
Thereafter	(28,511)
<b>Net Balance of Deferred (Inflows) of Resources</b>	<b>\$ (723,911)</b>

**Actuarial Assumptions** - Actuarial valuations 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 during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

**Note 5 Pension Plans (Continued)**

The most recent actuarial valuation reports adopted by PEBA Board and Budget and Control Board are as of July 1, 2014. The following provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for SCRS:

	<b>SCRS</b>
<b>Actuarial Cost Method</b>	Entry Age
<b>Actuarial Assumptions:</b>	
Investment rate of return	7.5%
Projected salary increases	3.5% to 12.5%
Includes inflation at	2.75%
Benefits adjustments	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used are as follows:

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

**Long-term Expected Rate of Return** - The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**Note 5 Pension Plans (Continued)**

		Expected	Long - Term Expected
Asset Class	Target Asset Allocation	Arithmetic Real Rate of Return	Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity Analysis** - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

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

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 12,364,128	\$ 9,807,240	\$ 7,664,244

**Payables to the Pension Plan** - As of June 30, 2016, the District had \$110,675 in payables outstanding to the pension plans for its legally required contributions.

**Note 5 Pension Plans (Continued)**

**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. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

**Note 6 Capital Assets**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 149,722	\$ -	\$ -	\$ 149,722
Total Capital Assets Not Being Depreciated	149,722	-	-	149,722
Capital Assets Being Depreciated:				
Buildings and Improvements	9,117,010	-	-	9,117,010
Vehicles	107,382	25,139	-	132,521
Furniture and Equipment	1,529,555	-	-	1,529,555
Total Capital Assets Being Depreciated	10,753,947	25,139	-	10,779,086
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,156,351)	(189,136)	-	(4,345,487)
Vehicles	(107,382)	(1,257)	-	(108,639)
Furniture and Equipment	(1,368,596)	(57,910)	-	(1,426,506)
Total Accumulated Depreciation	(5,632,329)	(248,303)	-	(5,880,632)
Total Capital Assets Being Depreciated, Net	5,121,618	(223,164)	-	4,898,454
Governmental Activities Capital Assets, Net	\$ 5,271,340	\$ (223,164)	\$ -	\$ 5,048,176
<b>Business-Type Activities:</b>				
School Food Service Fund:				
Capital Assets Being Depreciated:				
Property and Equipment	\$ 330,052	\$ -	\$ -	\$ 330,052
Less Accumulated Depreciation for:				
Property and Equipment	(314,385)	(3,832)	-	(318,217)
Business-Type Activities Capital Assets, Net	\$ 15,667	\$ (3,832)	\$ -	\$ 11,835

Depreciation expense was charged as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 120,704
Support	127,599
<b>Total Depreciation - Governmental Activities</b>	<b>\$ 248,303</b>
<b>Business-Type Activities:</b>	
Food Service	\$ 3,832
<b>Total Depreciation - Business-Type Activities</b>	<b>\$ 3,832</b>

## Note 7 Short-Term Debt

Short-Term Obligations	June 30, 2015	Additions	Reductions	June 30, 2016
<b>Governmental Activities:</b>				
General Obligation Bonds	\$ -	\$ 1,557,000	\$ (707,000)	\$ 850,000
<b>Total Short-Term Obligations</b>	<b>\$ -</b>	<b>\$ 1,557,000</b>	<b>\$ (707,000)</b>	<b>\$ 850,000</b>

The District issued two general obligation bonds during the current fiscal year to be used for capital projects. One was issued in September 2015 in the amount of \$707,000 and was retired in February 2016 utilizing debt service fund property tax revenues. The second bond was issued in May 2016 in the amount of \$850,000 and is outstanding at June 30, 2016. This bond is due and payable on March 1, 2017 at an interest rate of 3.0%.

## 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, 2016.

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2016:

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 178,226	\$ 49,349	\$ (26,734)	\$ 200,841	\$ 30,126
<b>Total Long-Term Liabilities</b>	<b>\$ 178,226</b>	<b>\$ 49,349</b>	<b>\$ (26,734)</b>	<b>\$ 200,841</b>	<b>\$ 30,126</b>

## Note 9 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).

**Note 9 Risk Management (Continued)**

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, 2016, 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, 2016, 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 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	\$	584,104
Allowance for Doubtful Accounts		(233,642)
		<hr/>
Property Taxes, Current	\$	350,462
		<hr/> <hr/>

**Note 11 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 12 Operating Transfers In (Out)

A summary of Operating Transfers In (Out) for the year ending June 30, 2016, follows:

	Transfers In	Transfers Out
General Fund - Excluding Indirect Costs	\$ 140,737	
General Fund - Indirect Costs	57,170	
Special Projects Fund - Indirect Costs		\$ (26,675)
EIA Fund - Excluding Indirect Costs		(140,737)
Debt Service Fund - Excluding Indirect Costs		(700,250)
Capital Projects Fund - Excluding Indirect Costs	700,250	
Proprietary Fund - Indirect Costs		(30,495)
<b>Total</b>	<b>\$ 898,157</b>	<b>\$ (898,157)</b>

## Note 13 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, 2016, are as follows:

	General Fund	Special Projects	EIA Fund	Debt Service	Capital Projects	Proprietary Fund	Total
Due From:							
General Fund			\$ 236,664		\$ 863,728	\$ 29,882	\$ 1,130,274
Special Projects Fund	\$ 1,125,536						1,125,536
	1,125,536	-	236,664	-	863,728	29,882	2,255,810
Due to:							
General Fund		\$ 1,125,536					1,125,536
EIA Fund	236,664						236,664
Capital Projects	863,728						863,728
Proprietary Fund	29,882						29,882
	1,130,274	1,125,536	-	-	-	-	2,255,810
	\$ (4,738)	\$ (1,125,536)	\$ 236,664	\$ -	\$ 863,728	\$ 29,882	\$ -

## Note 14 Funding Flexibility

The State of South Carolina passed a Joint Resolution to provide funding flexibility for the fiscal year ended June 30, 2016. 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 15 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 event was noted: On November 8, 2016 a \$38 million bond referendum was approved by voters of the District. Upon issuance of these bonds the proceeds will be used to build/renovate on the existing High School campus a Pre K–12 complex that will combine the District's current three campuses onto one centralized location.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO  
BAMBERG COUNTY, S.C.  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Local	\$ 1,962,480	\$ 2,140,043	\$ 2,558,714	\$ 418,671
State	3,867,770	3,867,770	4,119,789	252,019
Intergovernmental	-	-	1,284	1,284
<b>Total Revenues</b>	<u>5,830,250</u>	<u>6,007,813</u>	<u>6,679,787</u>	<u>671,974</u>
<b>Expenditures</b>				
Current:				
Instruction	3,031,219	3,031,219	3,077,147	(45,928)
Support Services	3,752,328	3,677,328	3,135,227	542,101
Intergovernmental	-	-	54,622	(54,622)
<b>Total Expenditures</b>	<u>6,783,547</u>	<u>6,708,547</u>	<u>6,266,996</u>	<u>441,551</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(953,297)</u>	<u>(700,734)</u>	<u>412,791</u>	<u>1,113,525</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers from Other Funds	<u>220,568</u>	<u>220,568</u>	<u>136,896</u>	<u>(83,672)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>220,568</u>	<u>220,568</u>	<u>136,896</u>	<u>(83,672)</u>
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ (732,729)</u>	<u>\$ (480,166)</u>	<u>549,687</u>	<u>\$ 1,029,853</u>
<b>Fund Balance, Beginning of Year</b>			<u>1,222,129</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 1,771,816</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>SCRS</b>										
District's proportion of the net pension liability (asset)	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 9,804,902	\$ 9,807,240
District's proportionate share of the net pension liability (asset)	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	0.056950%	0.051711%
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 4,871,526	\$ 4,518,488
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*	N/A*	N/A*	201.27%	217.05%
Plan fiduciary net position as a percentage of the total pension liability	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	59.90%	57.00%

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, 2015.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>SCRS</b>										
Contractually required contribution	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 528,493	\$ 496,964
Contributions in relation to the contractually required contribution	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	(528,493)	(496,964)
Contribution deficiency (excess)	N/A*	N/A*	N/A*	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*	N/A*	N/A*	N/A*	4,871,526	4,518,488
Contributions as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	10.85%	11.00%

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.

**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.

**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, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>1000 Revenue from Local Sources</b>			
1200 Revenue From Local Governmental Units Other Than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	\$ 1,973,868	\$ 2,341,296	\$ 367,428
1240 Penalties & Interest on Taxes (Dependent)	111,674	145,555	33,881
1280 Revenue in Lieu of Taxes (Independent and Dependent)	43,265	56,392	13,127
1300 Tuition:			
1350 From Patrons for Summer School	-	1,517	1,517
1510 Interest on Investments	1,616	2,108	492
1900 Other Revenue from Local Sources:			
1910 Rentals	9,620	3,865	(5,755)
1920 Contributions & Donations Private Sources	-	5,712	5,712
1950 Refund of Prior Year's Expenditures	-	639	639
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	-	1,630	1,630
<b>Total Local Sources</b>	<b>2,140,043</b>	<b>2,558,714</b>	<b>418,671</b>
<b>2000 Intergovernmental Revenue</b>			
2100 Payments from Other Governmental Units	-	1,284	1,284
<b>Total Intergovernmental Revenues</b>	<b>-</b>	<b>1,284</b>	<b>1,284</b>
<b>3000 Revenue from State Sources</b>			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	705	702	(3)
3160 School Bus Driver Salary (Includes Hazardous Condition Transportation)	67,271	66,971	(300)
3161 EAA Bus Driver Salary and Fringe	308	307	(1)
3162 Transportation Workers' Compensation	7,210	7,178	(32)
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	707,023	703,874	(3,149)
3181 Retiree Insurance (No Carryover Provision)	187,843	187,006	(837)
3199 Other Restricted State Grants	54	54	-
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	103,417	97,931	(5,486)
3312 Primary	293,620	278,043	(15,577)
3313 Elementary	371,359	351,658	(19,701)
3314 High School	69,625	65,931	(3,694)
3315 Trainable Mentally Handicapped	23,908	22,640	(1,268)
3316 Speech Handicapped (Part-Time Program)	43,620	41,306	(2,314)

**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, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 5,474	\$ 5,184	\$ (290)
3322 Educable Mentally Handicapped	29,766	28,187	(1,579)
3323 Learning Disabilities	166,919	158,064	(8,855)
3324 Hearing Handicapped	1,266	1,199	(67)
3326 Orthopedically Handicapped	7,673	7,266	(407)
3327 Vocational	291,162	275,716	(15,446)
3330 Miscellaneous EFA Programs:			
3331 Autism	35,758	33,861	(1,897)
3332 High Achieving Students	5,924	5,610	(314)
3334 Limited English Proficiency	3,780	3,579	(201)
3351 Academic Assistance	48,770	46,183	(2,587)
3352 Pupils in Poverty	244,937	231,941	(12,996)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	268,077	349,410	81,333
3820 Homestead Exemption (Tier 2)	162,773	212,157	49,384
3825 Reimbursement for Property Tax Relief (Tier 3)	387,856	505,530	117,674
3827 \$2.5 Million Tax Bonus	301,541	393,027	91,486
3830 Merchant's Inventory Tax	25,154	32,786	7,632
3890 Other State Property Tax Revenues (Includes Motor Carrier Tax)	4,977	6,488	1,511
<b>Total State Sources</b>	<u>3,867,770</u>	<u>4,119,789</u>	<u>252,019</u>
<b>Total Revenues All Sources</b>	<u>6,007,813</u>	<u>6,679,787</u>	<u>671,974</u>
<b>Expenditures</b>			
<b>100 Instruction</b>			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	160,765	105,231	55,534
200 Employee Benefits	57,412	42,356	15,056
300 Purchased Services		993	(993)
400 Supplies and Materials	2,000	-	2,000
112 Primary Programs:			
100 Salaries	307,522	374,595	(67,073)
200 Employee Benefits	108,991	139,793	(30,802)
300 Purchased Services	32,700	32,700	-
400 Supplies and Materials	1,000	-	1,000
113 Elementary Programs:			
100 Salaries	690,629	621,080	69,549
200 Employee Benefits	228,993	197,607	31,386
300 Purchased Services	20,000	12,300	7,700
400 Supplies and Materials	5,500	6,688	(1,188)
114 High School Programs:			
100 Salaries	599,648	634,298	(34,650)
200 Employee Benefits	199,287	203,986	(4,699)
300 Purchased Services	31,620	100,000	(68,380)
400 Supplies and Materials	11,200	2,821	8,379

**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, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
115 Career and Technology Education Programs:			
100 Salaries	\$ 214,013	\$ 216,011	\$ (1,998)
200 Employee Benefits	76,313	66,745	9,568
370 Tuition (Purchased Services)	50,000	11,509	38,491
400 Supplies and Materials	400	399	1
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	80,121	93,873	(13,752)
200 Employee Benefits	31,186	36,012	(4,826)
122 Trainable Mentally Handicapped:			
100 Salaries	12,722	12,721	1
200 Employee Benefits	6,910	7,624	(714)
127 Learning Disabilities:			
100 Salaries	47,830	110,434	(62,604)
200 Employee Benefits	28,675	36,176	(7,501)
128 Emotionally Handicapped:			
100 Salaries	6,870	6,997	(127)
200 Employee Benefits	4,198	4,198	-
140 Special Programs			
145 Homebound:			
100 Salaries	7,400	-	7,400
200 Employee Benefits	4,215	-	4,215
170 Summer School Program			
173 High School Summer School:			
100 Salaries	2,500	-	2,500
200 Employee Benefits	599	-	599
<b>Total Instruction</b>	<u>3,031,219</u>	<u>3,077,147</u>	<u>(45,928)</u>
<b>200 Support Services</b>			
210 Pupil Services			
212 Guidance Services:			
100 Salaries	144,021	146,659	(2,638)
200 Employee Benefits	57,455	45,238	12,217
213 Health Services:			
100 Salaries	38,395	38,192	203
200 Employee Benefits	11,318	14,001	(2,683)
400 Supplies and Materials	2,900	2,223	677
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development:			
300 Purchased Services	7,000	5,417	1,583
400 Supplies and Materials	3,500	1,779	1,721
222 Library and Media Services:			
100 Salaries	56,555	53,629	2,926
200 Employee Benefits	19,547	17,762	1,785
400 Supplies and Materials	4,200	250	3,950

**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, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
223 Supervision of Special Programs:			
100 Salaries	\$ 154,321	\$ 154,446	\$ (125)
140 Terminal Leave	20,000	2,466	17,534
200 Employee Benefits	75,844	52,538	23,306
300 Purchased Services	35,000	11,284	23,716
400 Supplies and Materials	13,000	1,935	11,065
600 Other Objects	12,000	176	11,824
224 Improvement of Instruction Inserve and Staff Training:			
300 Purchased Services	17,000	1,745	15,255
230 General Administration Services			
231 Board of Education:			
100 Salaries	24,400	22,887	1,513
200 Employee Benefits	44,987	6,799	38,188
300 Purchased Services	77,100	67,393	9,707
318 Audit Services	63,300	62,500	800
400 Supplies and Materials	2,000	939	1,061
600 Other Objects	21,940	6,654	15,286
232 Office of the Superintendent:			
100 Salaries	165,806	164,821	985
200 Employee Benefits	51,200	54,760	(3,560)
300 Purchased Services	9,000	5,256	3,744
400 Supplies and Materials	4,000	3,957	43
600 Other Objects	9,200	4,170	5,030
233 School Administration:			
100 Salaries	358,763	358,757	6
200 Employee Benefits	123,724	134,687	(10,963)
300 Purchased Services	62,000	45,830	16,170
400 Supplies and Materials	6,100	2,785	3,315
600 Other Objects	1,200	-	1,200
250 Finance and Operations Services			
252 Fiscal Services:			
100 Salaries	114,284	114,282	2
200 Employee Benefits	37,153	41,296	(4,143)
300 Purchased Services	26,200	22,017	4,183
400 Supplies and Materials	7,000	2,211	4,789
600 Other Objects	37,400	391	37,009
254 Operation and Maintenance of Plant:			
100 Salaries	251,634	245,522	6,112
200 Employee Benefits	108,204	115,950	(7,746)
300 Purchased Services	293,100	235,587	57,513
321 Public Utilities (Excludes gas, oil, elec. & other heating fuels)	42,000	23,011	18,989
400 Supplies and Materials	91,000	56,667	34,333
470 Energy (Include gas, oil, elec. & other heating fuels)	311,417	282,034	29,383
600 Other Objects	3,000	-	3,000
255 Student Transportation (State Mandated):			
100 Salaries	272,960	174,056	98,904
200 Employee Benefits	70,145	78,923	(8,778)
300 Purchased Services	13,300	341	12,959
400 Supplies and Materials	4,000	449	3,551
256 Food Service:			
100 Salaries	3,500	-	3,500
200 Employee Benefits	110,123	97,052	13,071

**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, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
258 Security:			
300 Purchased Services	\$ 35,000	\$ 16,316	\$ 18,684
260 Central Support Services			
262 Planning, Research, Development & Evaluation:			
300 Purchased Services	6,000	-	6,000
400 Supplies and Materials	4,000	100	3,900
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	53,380	61,379	(7,999)
200 Employee Benefits	18,252	23,948	(5,696)
300 Purchased Services	58,000	47,841	10,159
400 Supplies and Materials	4,000	3,919	81
<b>Total Support Services</b>	<u>3,677,328</u>	<u>3,135,227</u>	<u>542,101</u>
<b>400 Other Charges</b>			
<b>410 Intergovernmental Expenditures</b>			
411 Payments to the South Carolina Department of Education			
720 Transits	-	54,622	(54,622)
<b>Total Intergovernmental Expenditures</b>	<u>-</u>	<u>54,622</u>	<u>(54,622)</u>
<b>Total Expenditures</b>	<u>6,708,547</u>	<u>6,266,996</u>	<u>441,551</u>
<b>Other Financing Sources (Uses)</b>			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	156,367	140,737	(15,630)
5270 Transfer from Pupil Activity Fund	28,000	-	(28,000)
5280 Transfer from Other Funds Indirect Costs	36,201	57,170	20,969
426-710 Transfer to Pupil Activity Fund	-	(61,011)	(61,011)
<b>Total Other Financing Sources (Uses)</b>	<u>220,568</u>	<u>136,896</u>	<u>(83,672)</u>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<u>\$ (480,166)</u>	<u>549,687</u>	<u>\$ 1,029,853</u>
<b>Fund Balance, Beginning of Year</b>		<u>1,222,129</u>	
<b>Fund Balance, End of Year</b>		<u>\$ 1,771,816</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.

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, 2016

	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
<b>Revenues</b>								
<b>1000 Revenue from Local Sources</b>								
1500 Earnings on Investments:								
1510 Interest on Investments	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
1900 Other Revenue from Local Sources:								
1920 Contributions & Donations Private Sources	-	-	-	-	-	-	1,533	1,533
1930 Medicaid	-	-	-	-	-	-	91,665	91,665
1990 Miscellaneous Local Revenue:								
1999 Revenue from Other Local Sources	-	-	-	-	-	-	8,783	8,783
<b>Total Local Sources</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,981</b>	<b>101,984</b>
<b>3000 Revenue from State Sources</b>								
3100 Restricted State Funding:								
3118 EEDA Career Specialists	-	-	-	-	-	42,533	-	42,533
3130 Special Programs:								
3134 CDEP Expansion	-	-	-	-	-	64,671	-	64,671
3135 Reading Coaches	-	-	-	-	-	51,695	-	51,695
3136 Student Health and Fitness - Nurses	-	-	-	-	-	29,528	-	29,528
3177 Summer Reading Camp	-	-	-	-	-	5,313	-	5,313
3193 Education License Plates	-	-	-	-	-	593	-	593
3198 Technology Professional Development	-	-	-	-	-	315	-	315
3600 Education Lottery:								
3610 K-5 Enhancement	-	-	-	-	-	14,037	-	14,037
3620 Digital Instructional Materials	-	-	-	-	-	11,667	-	11,667
3630 K-12 Technology Initiative	-	-	-	-	-	32,324	-	32,324
<b>Total State Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252,676</b>	<b>-</b>	<b>252,676</b>
<b>4000 Revenue from Federal Sources</b>								
4200 Occupational Education:								
4210 Vocational Aid, Title I	-	-	-	16,235	-	-	91,028	107,263



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, 2016

	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
4300 Elementary and Secondary Education Act of 1965 (ESEA):	\$ 621,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 621,218
4310 Title I, Basic State Grant Programs	-	-	-	-	-	-	-	14,447
4312 Rural and Low-Income School Program, Title VI	-	-	-	-	-	-	-	32,452
4342 Title II Teacher Advancement Program (TAP)	-	-	-	-	-	-	-	116,216
4348 Teacher Incentive Fund (TIF) 4	-	-	-	-	-	-	-	113,765
4351 Improving Teacher Quality (Carryover Provision)	-	-	-	-	-	-	-	423,354
4500 Programs for Children with Disabilities:	-	409,464	-	-	-	-	-	7,804
4510 Individuals With Disabilities Education Act (IDEA)	-	-	7,804	-	-	-	-	-
4520 Preschool Grants (Carryover Provision)	-	-	-	-	-	-	-	272,222
4900 Other Federal Sources:	-	-	-	-	-	-	-	-
4990 Other Federal Revenue:	-	-	-	-	-	-	-	-
4999 Revenue from Other Federal Sources	-	-	-	-	-	-	-	-
<b>Total Federal Sources</b>	621,218	409,464	7,804	16,235	-	-	654,020	1,708,741
<b>Total Revenues All Sources</b>	621,221	409,464	7,804	16,235	-	252,676	756,001	2,063,401
<b>Expenditures</b>								
<b>100 Instruction</b>								
110 General Instruction								
111 Kindergarten Programs:								
100 Salaries	-	-	-	-	-	-	36,475	36,475
200 Employee Benefits	-	-	-	-	-	-	13,856	13,856
112 Primary Programs:								
100 Salaries	-	-	-	-	-	10,200	19,252	29,452
200 Employee Benefits	-	-	-	-	-	2,528	9,365	11,893
400 Supplies and Materials	-	-	-	-	-	1,309	17,355	18,664
113 Elementary Programs:								
100 Salaries	-	-	-	-	-	-	19,225	19,225
200 Employee Benefits	-	-	-	-	-	-	9,170	9,170
400 Supplies and Materials	-	-	-	-	-	123	12,773	12,896
114 High School Programs:								
100 Salaries	-	-	-	-	-	-	46,047	46,047
200 Employee Benefits	-	-	-	-	-	-	11,414	11,414
115 Career and Technology Education Programs:								
100 Salaries	-	-	-	5,725	-	-	-	5,725
200 Employee Benefits	-	-	-	3,425	-	-	-	3,425
300 Purchased Services - Other Than Tuition	-	-	-	668	-	-	-	668

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, 2016

	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
120 Exceptional Programs								
121 Educable Mentally Handicapped:								
100 Salaries	\$ -	\$ 77,607	\$ -	\$ -	\$ -	\$ -	\$ 19,936	\$ 97,543
200 Employee Benefits	-	20,370	-	-	-	-	4,484	24,854
400 Supplies and Materials	-	1,210	-	-	-	-	-	1,210
127 Learning Disabilities:								
100 Salaries	-	14,751	-	-	-	-	43,028	57,779
200 Employee Benefits	-	4,950	-	-	-	-	9,677	14,627
140 Special Programs								
145 Homebound:								
100 Salaries	-	631	-	-	-	-	-	631
200 Employee Benefits	-	156	-	-	-	-	-	156
147 CDEP:								
100 Salaries	-	-	-	-	-	43,912	-	43,912
200 Employee Benefits	-	-	-	-	-	12,485	-	12,485
400 Supplies and Materials	-	-	-	-	-	1,428	-	1,428
149 Other Special Programs:								
100 Salaries	131,545	-	-	-	-	-	-	131,545
200 Employee Benefits	39,382	-	-	-	-	3,360	-	42,742
400 Supplies and Materials	179,795	-	-	-	-	-	-	179,795
170 Summer School Program								
171 Primary Summer School:								
100 Salaries	11,506	-	-	-	-	-	-	11,506
200 Employee Benefits	2,353	-	-	-	-	-	-	2,353
400 Supplies and Materials	-	-	-	-	-	-	681	681
172 Elementary Summer School:								
100 Salaries	11,225	-	-	-	-	-	10,763	21,988
200 Employee Benefits	2,776	-	-	-	-	-	2,203	4,979
173 High School Summer School:								
200 Employee Benefits	-	-	-	-	-	5,313	-	5,313
400 Supplies and Materials	-	-	-	-	-	-	-	-
175 Instructional Programs Beyond Regular School Day:								
100 Salaries	45,250	-	-	-	-	-	-	45,250
200 Employee Benefits	9,945	-	-	-	-	-	-	9,945
400 Supplies and Materials	-	-	-	-	-	-	901	901

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, 2016

	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
180 Adult/Continuing Educational Programs								
188 Parenting/Family Literacy:								
400 Supplies and Materials	3,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,066
189 CDEP (Parenting):								
400 Supplies and Materials	-	-	-	-	-	500	-	500
<b>Total Instruction</b>	<b>436,843</b>	<b>119,675</b>	<b>-</b>	<b>9,818</b>	<b>-</b>	<b>81,158</b>	<b>286,605</b>	<b>934,099</b>
<b>200 Support Services</b>								
210 Pupil Services								
211 Attendance and Social Work Services:								
100 Salaries	-	-	-	-	-	-	30,000	30,000
200 Employee Benefits	-	-	-	-	-	-	7,422	7,422
300 Purchased Services	-	146,983	433	-	-	-	36,229	183,645
400 Supplies and Materials	3,597	-	-	-	-	-	1,986	5,583
212 Guidance Services:								
100 Salaries	-	-	-	3,103	-	30,600	-	33,703
200 Employee Benefits	-	-	-	986	-	11,933	-	12,919
213 Health Services:								
100 Salaries	-	-	-	-	20,533	-	1,711	22,244
200 Employee Benefits	-	-	-	-	8,995	-	958	9,953
214 Psychological Services:								
400 Supplies and Materials	-	327	-	-	-	-	-	327
220 Instructional Staff Services								
221 Improvement of Instruction Curriculum Development:								
100 Salaries	36,424	-	-	-	-	47,718	126,246	210,388
200 Employee Benefits	9,575	-	-	-	-	3,977	22,671	36,223
300 Purchased Services	-	-	-	-	-	-	34,154	34,154
222 Library and Media Services:								
400 Supplies and Materials	-	-	-	-	-	-	1,838	1,838
223 Supervision of Special Programs:								
100 Salaries	36,029	80,755	4,506	-	-	-	27,505	148,795
200 Employee Benefits	12,102	32,641	2,197	-	-	-	9,764	56,704
300 Purchased Services	2,374	7,580	251	-	-	-	308	10,513
400 Supplies and Materials	12,402	1,712	-	-	-	-	20,063	34,167
500 Capital Outlay	-	-	-	-	-	-	3,531	3,531

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, 2016

	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
224 Improvement of Instruction Inserve and Staff Training:								
100 Salaries	\$ 5,000	-	\$ -	-	\$ -	-	-	\$ 5,000
200 Employee Benefits	1,216	-	-	-	-	-	-	1,216
300 Purchased Services	18,861	2,109	-	1,842	-	2,986	20,424	46,222
400 Supplies and Materials	6,636	1,354	-	-	-	-	8,304	16,294
250 Finance and Operations Services								
251 Student Transportation (Federal/District Mandated):								
100 Salaries	6,685	7,892	-	-	-	-	-	14,577
200 Employee Benefits	1,900	1,079	-	-	-	-	-	2,979
300 Purchased Services	10,238	1,828	417	-	-	-	-	12,483
254 Operation and Maintenance of Plant:								
300 Purchased Services	-	-	-	-	-	-	3,600	3,600
400 Supplies and Materials	-	-	-	-	-	-	750	750
255 Student Transportation (State Mandated):								
100 Salaries	-	-	-	-	-	-	1,142	1,142
200 Employee Benefits	-	-	-	-	-	-	299	299
256 Food Service:								
100 Salaries	-	-	-	-	-	-	1,053	1,053
200 Employee Benefits	-	-	-	-	-	-	269	269
260 Central Support Services								
264 Staff Services:								
400 Supplies and Materials	-	-	-	-	-	-	2,134	2,134
266 Technology and Data Processing Services:								
300 Purchased Services	-	-	-	-	-	16,628	-	16,628
400 Supplies and Materials	-	-	-	-	-	13,061	-	13,061
500 Capital Outlay	-	-	-	-	-	3,420	-	3,420
270 Support Services Pupil Activity								
271 Pupil Services Activities:								
300 Purchased Services (optional)	-	-	-	-	-	-	210	210
400 Supplies and Materials (optional)	5,329	-	-	-	-	-	-	5,329
<b>Total Support Services</b>	<b>168,368</b>	<b>284,260</b>	<b>7,804</b>	<b>5,931</b>	<b>-</b>	<b>159,851</b>	<b>362,561</b>	<b>988,775</b>

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, 2016

	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
<b>300 Community Services</b>								
390 Other Community Services:								
300 Purchased Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,107	\$ 81,107
400 Supplies and Materials	-	-	-	-	-	-	3,786	3,786
<b>Total Community Services</b>	-	-	-	-	-	-	84,893	84,893
<b>400 Other Charges:</b>								
<b>410 Intergovernmental Expenditures</b>								
411 Payments to the South Carolina Department of Education								
720 Transits	5,633	5,529	-	486	-	11,667	5,641	28,956
<b>Total Intergovernmental Expenditures</b>	5,633	5,529	-	486	-	11,667	5,641	28,956
<b>Total Expenditures</b>	610,844	409,464	7,804	16,235	-	252,676	739,700	2,036,723
<b>Other Financing Sources (Uses)</b>								
Interfund Transfers, From (To) Other Funds:								
431-791 Special Revenue Fund Indirect Costs	(10,374)	-	-	-	-	-	(16,301)	(26,675)
<b>Total Other Financing Sources (Uses)</b>	(10,374)	-	-	-	-	-	(16,301)	(26,675)
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	3	-	-	-	-	-	-	3
<b>Fund Balance, Beginning of Year</b>	12,824	-	-	-	-	-	-	12,824
<b>Fund Balance, End of Year</b>	\$ 12,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,827

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, 2016

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue		Unearned Revenue
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
918	3198	Technology Professional Development	\$ 315	\$ 315	\$ -	\$ -	\$ -
919	3193	Education License Plates	593	593	-	-	329
924	3134	CDEP Expansion	64,671	64,671	-	-	96,395
926	3177	Summer Reading Camp	5,313	5,313	-	-	5,801
928	3118	EEDA - Career Specialist	42,533	42,533	-	-	15,216
935	3135	Reading Coaches	51,695	51,695	-	-	24,376
936	3136	Student Health and Fitness - Nurses	29,528	29,528	-	-	-
937	3127	Student and Health Fitness - PE Teachers	-	-	-	-	5,514
960	3610	K-5 Enhancement	14,037	14,037	-	-	-
963	3630	K-12 Technology Initiative	32,324	32,324	-	-	29,554
965	3620	Digital Instructional Materials	11,667	11,667	-	-	-
<b>Totals - Other Restricted State Grants</b>			<b>\$ 252,676</b>	<b>\$ 252,676</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 177,185</b>
<b>Other Special Revenue Programs:</b>							
212	4510	IDEA - Extended School Year	\$ 13,890	\$ 13,890	\$ -	\$ -	\$ 12,069
239	4210	Vocational Aid, Title I	91,028	91,028	-	-	-
245	4342	Title II - Teacher Advancement Program (TAP)	32,452	32,452	-	-	-
251	4312	Rural and Low Income School Program, Title VI	14,447	14,447	-	-	-
267	4351	Improving Teacher Quality	113,765	113,765	-	-	-
268	4348	Teacher Incentive Fund (TIF)	116,216	116,216	-	-	-
803	1999	TLC - Sunshine Fund	852	852	-	-	1,509
804	4999	Personal Responsibility Education Program (PREP)	25,190	25,190	-	-	1,281
807	1930	Special Needs Transportation	444	444	-	-	1,136
810	1930	Medicaid Special Services	91,221	91,221	-	-	12,477
814	1920	St. Francis Church	681	681	-	-	-
815	1920	The Arts (Local Contributions)	-	-	-	-	3,000
817	4999	Title V - Abstinence Grant	186,938	170,637	-	(16,301)	-
819	3199	Profound Mentally Disabled	-	-	-	-	707
852	4999	JROTC	57,461	57,461	-	-	-
853	3199	Level Data Reimbursement	-	-	-	-	969
856	1999	Fitness Program	4,350	4,350	-	-	1,284
862	4999	National Writing Project	2,434	2,434	-	-	1,721
863	4999	USC Math Partnership	200	200	-	-	10,549
866	1999	MUSC Wellness	2,298	2,298	-	-	2,702
867	1999	Center of Recruitment	2,134	2,134	-	-	787
<b>Totals</b>			<b>\$ 756,001</b>	<b>\$ 739,700</b>	<b>\$ -</b>	<b>\$ (16,301)</b>	<b>\$ 50,191</b>

**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, 2016**

**Revenues**

**3000 Revenue from State Sources**

3500 Education Improvement Act:		
3505 Technology Support	\$	10,000
3511 Professional Development		2,761
3518 Formative Assessment		7,129
3525 Career and Technology Education Equipment		26,967
3526 Refurbishment of K-8 Science Kits		7,712
3538 Students At Risk of School Failure		102,926
3541 Child Development Education Pilot Program (CDEPP) (Full Day 4K)		54,856
3550 Teacher Salary Increase (No Carryover Provision)		122,382
3555 Teacher Salary Fringe (No Carryover Provision)		18,355
3558 Reading		3,229
3577 Teacher Supplies (No Carryover Provision)		13,750
3578 High Schools That Work/Making Middle Grades Work		6,622
3592 Work-Based Learning		994
3597 Aid to Districts		28,494
		<hr/>
<b>Total State Sources</b>		<b>406,177</b>

**Total Revenues All Sources**

---

**406,177**

**Expenditures**

**100 Instruction**

110 General Instruction

112 Primary Programs:		
400 Supplies and Materials		3,250
113 Elementary Programs:		
100 Salaries		67,642
200 Employee Benefits		27,797
400 Supplies and Materials		13,872
114 High School Programs:		
400 Supplies and Materials		15,115
115 Career and Technology Education Programs:		
400 Supplies and Materials		26,967

**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, 2016**

140 Special Programs		
147 CDEP:		
100 Salaries	\$	37,353
200 Employee Benefits		12,818
300 Purchased Services		3,263
400 Supplies and Materials		823
170 Summer School Program		
173 High School Summer School:		
400 Supplies and Materials		1,219
180 Adult/Continuing Educational Programs		
187 Adult Education Remedial:		
300 Purchased Services		<u>5,000</u>
<b>Total Instruction</b>		<u>215,119</u>
<b>200 Support Services</b>		
210 Pupil Services		
212 Guidance Services:		
400 Supplies and Materials		500
220 Instructional Staff Services		
222 Library and Media Services:		
400 Supplies and Materials		250
223 Supervision of Special Programs:		
300 Purchased Services		852
224 Improvement of Instruction Inserve and Staff Training:		
300 Purchased Services		6,107
400 Supplies and Materials		1,000
250 Finance and Operations Services		
255 Student Transportation (State Mandated):		
300 Purchased Services		993



**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, 2016**

260 Central Support Services	
266 Technology and Data Processing Services:	
300 Purchased Services	\$ 10,778
400 Supplies and Materials	1,440
500 Capital Outlay	<u>26,276</u>
<b>Total Support Services</b>	<u>48,196</u>
<b>400 Other Charges:</b>	
<b>410 Intergovernmental Expenditures</b>	
411 Payments to the South Carolina Department of Education	
720 Transits	<u>2,125</u>
<b>Total Intergovernmental Expenditures</b>	<u>2,125</u>
<b>Total Expenditures</b>	<u>265,440</u>
<b>Other Financing Sources (Uses)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	<u>(140,737)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(140,737)</u>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	-
<b>Fund Balance, Beginning of Year</b>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ -</u></u>

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, 2016

Program	Revenues	Expenditures	EIA Interfund Transfers		Other Fund Transfers		Unearned Revenue
			In (Out)	In (Out)	In (Out)	In (Out)	
3500 Education Improvement Act:							
3502 ADEPT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	272
3505 Technology Support	10,000	10,000	-	-	-	-	-
3511 Professional Development	2,761	2,761	-	-	-	-	3,981
3512 Technology Professional Development	-	-	-	-	-	-	3,706
3518 Formative Assessment	7,129	7,129	-	-	-	-	-
3525 Career and Technology Education Equipment	26,967	26,967	-	-	-	-	31,095
3526 Refurbishment of Science Kits	7,712	7,712	-	-	-	-	7,219
3527 Special CATE Equipment	-	-	-	-	-	-	147,000
3535 Reading Coaches	-	-	-	-	-	-	8,000
3538 Students at Risk of School Failure	102,926	102,926	-	-	-	-	13,754
3541 Child Development Education Pilot Program (Full Day 4K)	54,856	54,856	-	-	-	-	-
3550 Teacher Salary Increase	122,382	-	-	-	(122,382)	-	-
3555 Teacher Salary Fringe	18,355	-	-	-	(18,355)	-	-
3558 Reading	3,229	3,229	-	-	-	-	4,054
3577 Teacher Supplies	13,750	13,750	-	-	-	-	-
3578 High Schools that Work	6,622	6,622	-	-	-	-	4,584
3592 School-to-Work Transition	994	994	-	-	-	-	2,024
3595 EEDA - Supplies and Materials - Career Awareness	-	-	-	-	-	-	1,137
3597 Aide to Districts	28,494	28,494	-	-	-	-	-
<b>Total</b>	<b>\$ 406,177</b>	<b>\$ 265,440</b>	<b>\$ -</b>	<b>\$ (140,737)</b>	<b>\$ -</b>	<b>\$ (140,737)</b>	<b>\$ 226,826</b>

## **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.

**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, 2016**

**Revenues**

**1000 Revenue from Local Sources**

1200 Revenue From Local Governmental Units Other Than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	\$	604,297	
1240 Penalties & Interest on Taxes (Dependent)		50,357	
1280 Revenue in Lieu of Taxes		7,205	
1500 Earnings on Investments:			
1510 Interest on Investments			464

<b>Total Local Sources</b>	662,323
----------------------------	---------

**3000 Revenue from State Sources**

3800 State Revenue in Lieu of Taxes:			
3820 Homestead Exemption (Tier 2)		57,197	
3830 Merchant's Inventory Tax		2,610	
3890 Other State Property Tax Revenues		3,000	

<b>Total State Sources</b>	62,807
----------------------------	--------

<b>Total Revenues All Sources</b>	725,130
-----------------------------------	---------

**Expenditures**

**500 Debt Service**

620 Interest			5,562
690 Other Objects (Includes Fees For Servicing Bonds)			19,010

<b>Total Debt Service</b>	24,572
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<b>Total Expenditures</b>	24,572
---------------------------	--------

**Other Financing Sources (Uses)**

5110 Premium on Bonds Sold			21,724
----------------------------	--	--	--------

Interfund Transfers, From (To) Other Funds:

424-710 Transfer to Capital Projects Fund			(700,250)
---	--	--	-----------

<b>Total Other Financing Sources (Uses)</b>	(678,526)
---	-----------

<b>Excess/(Deficiency) of Revenues over Expenditures</b>	22,032
--	--------

<b>Fund Balance, Beginning of Year</b>	263,169
--	---------

<b>Fund Balance, End of Year</b>	\$ 285,201
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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.

**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, 2016**

**Revenues**

**Total Revenues All Sources** \$ -

**Expenditures**

**200 Support Services**

250 Finance and Operations Services

253 Facilities Acquisition and Construction:

100 Salaries	65,500
200 Employee Benefits	5,463
300 Purchased Services	553,927
400 Supplies and Materials	356
520 Construction Services	49,478
545 Technology, Equipment and Software	4,595
550 Vehicles	25,139

254 Operation and Maintenance of Plant:

500 Capital Outlay	<u>4,862</u>
--------------------	--------------

**Total Support Services** 709,320

**Total Expenditures** 709,320

**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

5240 Transfer from Debt Service Fund	<u>700,250</u>
--------------------------------------	----------------

**Total Other Financing Sources (Uses)** 700,250

**Excess/(Deficiency) of Revenues over Expenditures** (9,070)

**Fund Balance, Beginning of Year** 862,049

**Fund Balance, End of Year** \$ 852,979

## **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.

**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, 2016**

**Revenues**

**1000 Revenue from Local Sources**

1600 Food Service:	
1630 Special Sales to Pupils	\$ 6,191
1640 Lunch Sales to Adults	3,683
1650 Breakfast Sales to Adults	170
1660 Special Sales to Adults	4,712
1990 Miscellaneous Local Revenue:	
1999 Revenue from Other Local Sources	33,208
	47,964
<b>Total Local Sources</b>	<b>47,964</b>

**3000 Revenue from State Sources**

3140 School Lunch	
3142 Program Aid	69
	69
<b>Total State Sources</b>	<b>69</b>

**4000 Revenue from Federal Sources**

4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	351,357
4830 School Breakfast Program	160,844
4850 Cash in Lieu of Commodities (Food Distribution Program)	1,609
4900 Other Federal Sources:	
4990 Other Federal Revenue:	
4991 USDA Commodities (Food Distribution Program)	33,858
	547,668
<b>Total Federal Sources</b>	<b>547,668</b>

<b>Total Revenues All Sources</b>	<b>595,701</b>
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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, 2016**

**Expenses**

**200 Support Services**

256 Food Service:

100 Salaries	\$ 188,853
300 Purchased Services	502
400 Supplies and Materials	325,624
500 Capital Outlay	3,832
600 Other Objects	4,401
	4,401

<b>Total Support Services</b>	523,212
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<b>Total Expenses</b>	523,212
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**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

432-791 Food Service Fund Indirect Costs	(30,495)
--	----------

<b>Total Other Financing Sources (Uses)</b>	(30,495)
---	----------

<b>Excess/(Deficiency) of Revenues over Expenses</b>	41,994
--	--------

<b>Net Position, Beginning of Year</b>	17,427
--	--------

<b>Net Position, End of Year</b>	\$ 59,421
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## **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.

**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, 2016**

**Receipts**

**1000 Receipts from Local Sources**

1700 Pupil Activities:

1710 Admissions

\$ 34,708

1790 Other Pupil Activity Income

112,788

**Total Local Sources**

147,496

**Total Receipts All Sources**

147,496

**Disbursements**

**200 Support Services**

270 Support Services Pupil Activity

271 Pupil Services Activities:

600 Other Objects (optional)

660 Pupil Activity

205,413

**Total Support Services**

205,413

**Total Disbursements**

205,413

**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)

61,011

**Total Other Financing Sources (Uses)**

61,011

**Excess/(Deficiency) of Receipts over Disbursements**

3,094

**Due to School Organizations, Beginning of Year**

47,480

**Due to School Organizations, End of Year**

\$ 50,574

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

**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, 2016**

Program	Revenue/ Subfund Code	Description	Total Due June 30, 2016	Status of Amount Due to Grantors
Professional Development	3511/311	Unspent Allocation	\$ 116.14	Unpaid
Reading	3558/358	Unspent Allocation	2,009.07	Unpaid
Digital Instruction Materials	3620/965	Unspent Allocation	11,666.58	Unpaid
Title I	4310/201	Overclaimed Costs 100-100 \$3,444.88 100-200 2,188.29	5,633.17	Repaid 8/15/16
IDEA	4510/203	Overclaimed Costs 100-100 \$3,816.44 100-200 1,712.72	5,529.16	Repaid 8/15/16
CATE	4210/207	Overclaimed Costs 100-100 (8) \$238.53 100-200 (8) 229.00 200-200 (9) 18.78	486.31	Unpaid
Title I Priority Schools	4210/239	Overclaimed Costs 100-100 \$1,644.70 100-200 1,343.49	2,988.19	Repaid 8/15/16
Improving Teacher Quality	4351/267	Overclaimed Costs 100-100 \$1,519.79 100-200 758.09	2,277.88	Repaid 8/15/16
Teacher Incentive Fund	4348/268	Overclaimed Costs 220-200 \$375.32	375.32	Unpaid
Teacher Incentive Fund	4348/268	Unspent Allocation at 06/30/15	12,302.73	Unpaid
<b>Total</b>			<u><u>\$ 43,384.55</u></u>	

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO  
BAMBERG COUNTY, S.C.  
LOCATION RECONCILIATION SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

<b>Location ID</b>	<b>Location Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
07	Denmark-Olar High	High Schools	School	\$ 2,455,739
08	Denmark-Olar Middle	Middle Schools	School	1,807,385
10	Denmark-Olar Primary	Elementary Schools	School	2,799,056
00	District Wide	Non-School	Central	<u>2,969,496</u>
<b>Total Expenditures/Disbursements for All Funds</b>				<b><u><u>\$ 10,031,676</u></u></b>
The above expenditures are reconciled to the District's financial statements as follows:				
	General Fund (Subfund 100s)			\$ 6,266,996
	Special Revenue Fund (Subfunds 200s, 800s and 900s)			2,036,723
	Special Revenue EIA Fund (Subfunds 300s)			265,440
	Debt Service Fund (Subfunds 400s)			24,572
	Capital Projects Fund (School Building)(Subfunds 500s)			709,320
	Proprietary Fund (Food Service)(Subfund 600s)			523,212
	Agency Fund (Pupil Activity)(Subfunds 700s)			<u>205,413</u>
<b>Total by Fund</b>				<b><u><u>\$ 10,031,676</u></u></b>

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**SINGLE AUDIT SECTION**

		PARTNERS			ASSOCIATES		
C.C. McGregor, CPA 1906-1968	W.C. Stevenson, CPA	D.L. Richardson, CPA	D.K. Strickland, CPA	V.K. Laroche, CPA	G.P. Davis, CPA	B.A.G. Felch, CPA	
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA	H.S. Mims, CPA	
	G.D. Skipper, CPA	S.S. Luoma, CPA	L.H. Kelly, CPA	M.L. Layman, CPA	D.M. Herpel, CPA	T. Solorzano, CPA	
	L.R. Leaphart, Jr, CPA	T.M. McCall, CPA	J.R. Matthews II, CPA	P.A. Betette, Jr, CPA	H.O. Crider, Jr, CPA		
	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	F.C. Gillam, CPA		
W.W. Francis, CPA	L.B. Salley, CPA		C.D. Hincee, CPA	M.L. Goode, 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, 2016, 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 28, 2016.

### 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.

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 and one deficiency that we consider to be a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Items 2016-001, 2016-002, 2016-003, 2016-004, 2016-005 and 2016-006.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. Item 2016-007.

## 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Item 2016-006 and 2016-007.

### 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 28, 2016

	PARTNERS			ASSOCIATES		
C.C. McGregor, CPA 1906-1968	W.C. Stevenson, CPA	D.L. Richardson, CPA	D.K. Strickland, CPA	V.K. Laroche, CPA	G.P. Davis, CPA	B.A.G. Felch, CPA
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA	H.S. Mims, CPA
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	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	F.C. Gillam, CPA	
	W.W. Francis, CPA	L.B. Salley, CPA		C.D. Hincee, CPA	M.L. Goode, CPA	

## 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, 2016. 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, 2016.

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#### BARNWELL

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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.

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 were not identified. However, as discussed below, we have identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and one deficiency we that we consider to be a significant deficiency.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Items 2016-002, 2016-005 and 2016-006 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. Item 2016-007.

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<sup>c</sup>Gregor & Company, LLP*

Columbia, South Carolina  
November 28, 2016

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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  X  Yes      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  X  Yes      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, 2016**

**Part I. Summary of Auditors' Results (Continued)**

**Identification of Major Federal Programs:**

CFDA Numbers                      Names of Federal Program or Cluster

84.027 & 84.173                      IDEA Cluster – Children with Disabilities

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 2016-001 (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.

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.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**

**BAMBERG COUNTY, S. C.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Part II. Financial Statement Findings (Continued)**

**Finding 2016-002 (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.

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.

**Finding 2016-003 (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.

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



**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**

**BAMBERG COUNTY, S. C.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Part II. Financial Statement Findings (Continued)**

**Finding 2016-003 (Internal Control – Material Weakness) (Continued)**

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.

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.

**Finding 2016-004 (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.

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.

**Finding 2016-005 (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.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**  
**BAMBERG COUNTY, S. C.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Part II. Financial Statement Findings (Continued)**

**Finding 2016-005 (Internal Control – Material Weakness) (Continued)**

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

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.

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.

**Finding 2016-006 (Internal Control - Material Weakness)**

Criteria: Sound internal control allows for the proper recording and reconciliation of all significant accrued liabilities at the end of each accounting period.

Condition: The District failed to properly record and reconcile accrued salaries and related fringe at year end resulting in a material audit adjustment to reverse the recording of duplicate payroll and fringe accrual recording.

Effect: Several grants over-claimed allowable costs which had to be returned and reported as compliance findings.

Cause: The District lacks a control procedure which requires an employee to timely review and reconcile accrued liabilities at the end of the accounting period.

Recommendation: Management and the Board of Education need to establish a procedure whereby an employee is responsible for the recording and reconciliation of all significant accrued liabilities at the end of each accounting period.

**Finding 2016-007 (Internal Control – Significant Deficiency)**

Criteria: Section 200.430 of 2 CFR Part 200 of the Uniform Guidance requires employees working in multiple activities with their salaries being distributed between activities have their wages supported by Personnel Activity Reports (PARs). These PARs must be prepared at least monthly and reflect an after the fact distribution of actual activity.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**  
**BAMBERG COUNTY, S. C.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Part II. Financial Statement Findings (Continued)**

**Finding 2016-007 (Internal Control – Significant Deficiency) (Continued)**

Condition: The District did not have adequate documentation to support wage allocation based on the Uniform Guidance requirements for all employees paid from federal funds.

Effect: There is a potential that a portion of the reimbursement amounts not adequately supported by PARs and charged to Federal Programs may be questioned.

Cause: Procedures to ensure the District maintain PARs for all wages of personnel allocation in part to a federal program were not in place.

Recommendation: Procedures should be established to monitor PARs compliance with the Uniform Guidance requirements.

**Compliance and Other Matters**

**Finding 2016-006 (Compliance - Material Weakness)**

Repeat of the Internal Control Finding 2016-006 above.

Questioned Costs: \$17,290

**Finding 2016-007 (Compliance – Significant Deficiency)**

Repeat of the Internal Control Finding 2016-007 above.

Questioned Costs: Not determined.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**

**BAMBERG COUNTY, S. C.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Part III. Federal Award Findings and Questioned Costs**

**Finding 2016-002 (Material Weakness)**

**Major Program -** 84.027 & 84.173 U.S. Department of Education; IDEA Cluster – Children with Disabilities; 16CA010, 15CA010, 16CG010 and 15CG010  
10.553, 10.555,  
10.559 U.S. Department of Agriculture; 2016 Child Nutrition Cluster

Repeat of Finding 2016-002 above as it relates to each major program's internal control over account and fund reconciliations.

**Finding 2016-005 (Material Weakness)**

**Major Program -** 10.553, 10.555,  
10.559 U.S. Department of Agriculture; 2016 Child Nutrition Cluster

Repeat of Finding 2016-005 above as it relates to the major program's internal control over accounting of the District's inventory in food service operations.

**Finding 2016-006 (Material Weakness)**

**Major Program -** 84.027 & 84.173 U.S. Department of Education; IDEA Cluster – Children with Disabilities; 16CA010, 15CA010, 16CG010 and 15CG010

Repeat of Finding 2016-006 above as it relates to the major program's internal control over reconciliation of accrued liabilities.

Questioned Costs: \$5,529 16CA010

**Other Federal Awards:**

84.010 U.S. Department of Education; Title I Grants to LEA's; 16BA010

Questioned Costs: \$5,633

84.048 U.S. Department of Education; Vocational Education; 16VA010-8 and 16VA010-9

Questioned Costs: \$468 16VA010-8 and \$19 16VA010-9

84.010 U.S. Department of Education; Title I Priority Schools; 15BL010

Questioned Costs: \$2,988

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**  
**BAMBERG COUNTY, S. C.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**Finding 2016-006 (Material Weakness) (Continued)**

**Other Federal Awards: (Continued)**

84.367 U.S Department of Education; Improving Teacher Quality; 16TQ010

Questioned Costs: \$2,278

84.374 U.S. Department of Education; SC Teacher Incentive Fund (TIF); 16TT010

Questioned Costs: \$375

**Finding 2016-007 (Significant Deficiency)**

**Major Program - 84.027 & 84.173** U.S. Department of Education; IDEA Cluster – Children with Disabilities, 16CA010, 15CA010, 16CG010 and 15CG010

Repeat of Finding 2016-007 above as it relates to the major programs' (noted above) multiple activity employees.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**

**BAMBERG COUNTY, S. C.**

**CORRECTIVE ACTION PLAN**

**JUNE 30, 2016**

**Finding 2016-001**

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.

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, 2017.

**Finding 2016-002**

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

Action Plan: Based on this being a repeat of a prior year finding the strategic management team met and determined that the cost benefit of establishing such controls were not justified given the District's current financial environment.

Anticipated

Completion Date: Evaluations will be made annually to determine if changes in the financial environment allow for the implementation of such controls.

**Finding 2016-003**

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

Action Plan: Based on this being a repeat of a prior year finding the strategic management team met and determined that the cost benefit of establishing such controls were not justified given the District's current financial environment.

Anticipated

Completion Date: Evaluations will be made annually to determine if changes in the financial environment allow for the implementation of such controls.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**

**BAMBERG COUNTY, S. C.**

**CORRECTIVE ACTION PLAN**

**JUNE 30, 2016**

**Finding 2016-004**

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

Action Plan: Based on this being a repeat of a prior year finding the strategic management team met and determined that the cost benefit of establishing such controls were not justified given the District's current financial environment.

Anticipated

Completion Date: Evaluations will be made annually to determine if changes in the financial environment allow for the implementation of such controls.

**Finding 2016-005**

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 record keeping system to be updated daily for all activity occurred and reconciled monthly with inventory counts performed.

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, 2017.

**Finding 2016-006**

Contact Person: Mr. Rodney Anderson, Finance Director

Action Plan: Controls will be placed in service to require the recording and reconciliation of accrued liabilities at the end of each accounting period.

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, 2017

**Finding 2016-007**

Contact Person: Mr. Rodney Anderson, Finance Director

Action Plan: Management agrees with the auditors' recommendation and controls in place will be improved to ensure that PAR's are properly performed for all required employees.

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, 2017.

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO**  
**BAMBERG COUNTY, S. C.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<b>Finding 2015-001</b>	Repeated as Finding 2016-001
<b>Finding 2015-002</b>	Repeated as Finding 2016-002
<b>Finding 2015-003</b>	Repeated as Finding 2016-003
<b>Finding 2015-004</b>	Repeated as Finding 2016-004
<b>Finding 2015-005</b>	Repeated as Finding 2016-005
<b>Finding 2015-006</b>	Repeated as Finding 2016-007



**DENMARK-OLAR SCHOOL DISTRICT NO. TWO  
BAMBERG COUNTY, S.C.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<b>U. S. Department of Agriculture</b>				
Pass-Through State Department of Education: Child Nutrition Cluster ( <b>Major Program</b> ) :				
Non-Cash Assistance (Commodities):				
600	National School Lunch Program	10.555	N/A	\$ 33,858
	Non-Cash Assistance Subtotal			<u>33,858</u>
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	153,475
600	National School Lunch Program	10.555	N/A	334,432
600	Cash in Lieu of Commodities	10.555	N/A	1,609
600	Summer Food Service Program for Children	10.559	N/A	<u>24,294</u>
	Cash Assistance Subtotal			<u>513,810</u>
	Total for Program (Cluster) ( <b>Major Program</b> )			<u>547,668</u>
	<b>Total U. S. Department of Agriculture</b>			<u>547,668</u>
<b>U. S. Department of Education</b>				
Pass-Through State Department of Education:				
Title I Cluster				
201	Title I - Grants to LEA's	84.010	16BA010	340,902
202	Title I - Grants to LEA's	84.010	15BA010	280,316
239	Title I - Priority Schools	84.010	15BL010	90,127
239	Title I - Priority Schools	84.010	14BL010	901
	Total Title I Cluster			<u>712,246</u>
IDEA Cluster ( <b>Major Program</b> )				
203	IDEA - Children with Disabilities	84.027	16CA010	361,384
204	IDEA - Children with Disabilities	84.027	15CA010	48,080
205	Special Education Pre-school Grant	84.173	16CG010	5,349
206	Special Education Pre-school Grant	84.173	15CG010	2,454
212	IDEA - Extended School Year	84.027	N/A	13,890
	Total IDEA Cluster ( <b>Major Program</b> )			<u>431,157</u>
207	Vocational Education - Subprogram 4	84.048	16VA010-04	1,843
207	Vocational Education - Subprogram 8	84.048	16VA010-08	9,617
207	Vocational Education - Subprogram 9	84.048	16VA010-09	4,107
207	Vocational Education - Subprogram 10	84.048	16VA010-10	668
	Total CFDA 84.048			<u>16,235</u>
245	Title III - Teacher Advancement Program (TAP)	84.365A	15TP010	<u>32,452</u>
251	Title VI - Rural/Low Income	84.358B	16BS010	13,153
251	Title VI - Rural/Low Income	84.358B	15BS010	1,294
	Total CFDA 84.358B			<u>14,447</u>

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO  
BAMBERG COUNTY, S.C.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
267	Improving Teacher Quality	84.367	16TQ010	\$ 80,114
267	Improving Teacher Quality	84.367	15TQ010	33,651
	Total CFDA 84.367			<u>113,765</u>
268	SC Teacher Incentive Fund (TIF)	84.374	16TT010	<u>116,216</u>
	Total Pass-Through State Department of Education			<u>1,436,518</u>
	Pass-Through University of California:			
862	Investing in Innovation Fund i3 Grant Program	84.411B	13SG03-3CTRL	2,434
	Pass-Through University of South Carolina Aiken:			
863	USCA Math Partnership	84.366B	N/A	<u>200</u>
	<b>Total U. S. Department of Education</b>			<u>1,439,152</u>
	<b>U. S. Department of Defense</b>			
	Direct Program:			
852	JROTC	12.000	N/A	<u>57,461</u>
	<b>Total U. S. Department of Defense</b>			<u>57,461</u>
	<b>U. S. Department of Health &amp; Human Services</b>			
	Pass-Through S. C. Commission of Higher Education:			
804	Personal Responsibility Education Program	93.092	1001SCPREP	<u>25,190</u>
	Pass-Through S. C. Department of Health and Environmental Control:			
817	State Abstinence Education - Emerging Program	93.235	CY-5-438	<u>186,938</u>
	<b>Total U. S. Department of Health &amp; Human Services</b>			<u>212,128</u>
	<b>Total Federal Awards Expended</b>			<u>\$ 2,256,409</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, 2015 through June 30, 2016, 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.