

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

Annual Financial Report
Year Ended June 30, 2017
and
Independent Auditor's Reports



**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

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J. W. Hunt and Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Calhoun County Public Schools
St. Matthews, 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 Calhoun County Public Schools, St. Matthews, South Carolina (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 supplementary information 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 basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "J. W. Hunt and Company". The signature is written in a cursive, flowing style.

November 17, 2017

**Calhoun County Public Schools
St. Matthews, South Carolina**

**Management's Discussion and Analysis
Year Ended June 30, 2017**

As management of Calhoun County Public Schools (District), we offer readers of the District's financial statements a narrative overview and analysis of the financial activities for the year ended June 30, 2017. Please read the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

On the government-wide financial statements:

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year yielding a net position of approximately -\$1.9 million. Of this amount, approximately \$24.7 million is a net pension liability that is due after one year.
- Governmental activities have an unrestricted net position of approximately -\$41.2 million largely due to the net pension liability.
- The District's net position increased by \$276,605. Program revenues accounted for \$10,109,113, or 42%, of total revenues and general revenues accounted for \$13,702,072, or 58%.
- Total expenses increased \$588,570, from \$22,944,177 in fiscal year 2016 to \$23,532,747 in fiscal year 2017.

On the fund financial statements:

- The District's governmental fund revenues and other financing sources exceeded expenditures and other financing uses by \$3,028,164.
- The District's general fund revenues and other financing sources exceeded expenditures and other uses by \$373,267. The general fund total fund balance was reported as \$4,775,539, an increase of 8% from June 30, 2016.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other information. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements (Statement of Net Position and Statement of Activities) are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. Short-term and long-term information about the District's overall financial status are provided in these statements. These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position and Statement of Activities report the District's net position and changes in net position. The change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has either improved or diminished. The causes of this change may be a result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support service, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-Type Activities - These services are provided for a charge for goods or services to recover all or part of the expenses of the goods or services provided. The District's food service activities are reported as business-type activities.

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general fund, special revenue funds, Educational Improvement Act funds, debt service funds, and capital projects funds. The business-type activities of the District include a food service fund.

The government-wide financial statements can be found on pages 9 through 10 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's food service fund is the only proprietary fund.

Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that assets reported in these funds are used only for their intended purpose and by those to whom the asset belongs. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance operations. The student activities fund, an agency fund, is the only fiduciary fund.

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 19 through 41 of this report.

Other Supplemental Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further supports the financial statements with a comparison of the District's budget for the year and other supplementary information required by the South Carolina Department of Education.

Financial Analysis of the District as a Whole

The table below provides a summary of the District's net assets for fiscal years 2017 and 2016:

	Governmental Activities			Business-Type Activities		
	2017	2016	Difference	2017	2016	Difference
Assets:						
Current and other assets	\$ 13,142,002	\$ 9,906,953	\$ 3,235,049	\$ 19,254	\$ 32,132	\$ (12,878)
Capital assets	33,650,569	34,488,501	(837,932)	279,069	353,674	(74,605)
Total assets	46,792,571	44,395,454	2,397,117	298,323	385,806	(87,483)
Deferred Outflows of Resources:						
Deferred Outflows	4,789,684	2,200,506	2,589,178	135,312	55,813	79,499
Total assets and deferred outflows of resources	\$ 51,582,255	\$ 46,595,960	\$ 4,986,295	\$ 433,635	\$ 441,619	\$ (7,984)
Liabilities:						
Long-term liabilities outstanding	\$ 50,473,266	\$ 46,799,884	\$ 3,673,382	\$ 779,580	\$ 695,718	\$ 83,862
Other liabilities	2,004,418	1,728,466	275,952	(266,018)	(100,083)	(165,935)
Total liabilities	52,477,684	48,528,350	3,949,334	513,562	595,635	(82,073)
Deferred Inflows of Resources:						
Deferred Inflows	882,744	73,290	809,454	27,375	2,384	24,991
Net position:						
Invested in capital assets, net of related debt	33,650,569	34,488,499	(837,930)	279,069	353,674	(74,605)
Restricted	5,784,042	3,129,145	2,654,897	-	-	-
Unrestricted	(41,212,784)	(39,623,324)	(1,589,460)	(386,371)	(510,074)	123,703
Total net position	(1,778,173)	(2,005,680)	227,507	(107,302)	(156,400)	49,098
Total liabilities, deferred inflows of resources and net position	\$ 51,582,255	\$ 46,595,960	\$ 4,986,295	\$ 433,635	\$ 441,619	\$ (7,984)

The table below shows the changes in net position for fiscal year 2017. Fiscal year 2016 information is provided to have a comparison to current year revenue and expense.

	Governmental Activities			Business-Type Activities		
	2017	2016	Difference	2017	2016	Difference
Revenue:						
Program revenue:						
Charges for sales and services	\$ 12,907	\$ 11,620	\$ 1,287	\$ 38,431	\$ 42,991	\$ (4,560)
Operating grants and contributions	8,671,356	8,203,570	467,786	1,386,419	1,357,124	29,295
General revenue:						
Property taxes	13,581,939	13,341,151	240,788	-	-	-
Investment earnings	8,786	119,145	(110,359)	-	-	-
Other	60,561	5,777	54,784	50,786	42,445	8,341
Total revenue	<u>22,335,549</u>	<u>21,681,263</u>	<u>654,286</u>	<u>1,475,636</u>	<u>1,442,560</u>	<u>33,076</u>
Expenses:						
Instruction	12,564,994	11,595,601	969,393	-	-	-
Support services	8,811,559	8,481,604	329,955	-	-	-
Community services	-	192	(192)	-	-	-
Intergovernmental	32,178	56,055	(23,877)	-	-	-
Interest and other charges	699,311	1,414,194	(714,883)	-	-	-
Food service		-	-	1,426,538	1,396,531	30,007
Total expenses	<u>22,108,042</u>	<u>21,547,646</u>	<u>560,396</u>	<u>1,426,538</u>	<u>1,396,531</u>	<u>30,007</u>
Change in net position	227,507	133,617	93,890	49,098	46,029	3,069
NET POSITION, BEGINNING OF YEAR	<u>(2,005,680)</u>	<u>(2,139,297)</u>	<u>133,617</u>	<u>(156,400)</u>	<u>(202,429)</u>	<u>46,029</u>
NET POSITION, END OF YEAR	<u>\$ (1,778,173)</u>	<u>\$ (2,005,680)</u>	<u>\$ 227,507</u>	<u>\$ (107,302)</u>	<u>\$ (156,400)</u>	<u>\$ 49,098</u>

Financial Analysis of the District Funds

As of the close of the current fiscal year, the District's governmental funds combined ending fund balance was \$10,559,581, an increase of \$3,028,164. Of the fund balance, \$39,734 is the fund balance for Educational Facilities Corporation for Calhoun County Schools, Inc.

General Fund Budgetary Highlights

The District uses a site-based budget to provide flexibility for each school to allocate funds to identified needs. The District allocates dollars to the schools on an equitable basis for supplies in areas of instruction, media, guidance and administration.

The District budgeted \$15,698,253 of revenue to be received from local and state sources. Of this amount, we had a positive variance in revenue of \$71,785.

- Actual local revenues were \$137,994 higher than expected. This was due to local tax revenue coming in \$324,588 higher than expected, which offset the amount of fund balance, \$259,132, that was used to balance the budget.
- Operating transfers in were \$65,106 higher than anticipated.
- Operating transfers out were \$15,999 lower than expected.
- In total, actual expenditures were less than budget spending plan by \$220,377. Of the \$15,521,233 budgeted, \$15,300,856 was spent.

Capital Asset and Debt Administration

Capital Assets - As of June 30, 2017, the District had invested \$51,111,135 in a broad range of depreciable capital assets, including school buildings, athletic facilities, technology equipment and various types of equipment to operate three schools and one administrative office. This amount represents a net decrease of \$151,496 from last year. (More detailed information about capital assets can be found in Note 6 to the financial statements.) Total depreciation expense for the year was \$1,584,770.

Capital Assets (Net of accumulated depreciation)					Total Percent Change 2017 - 2016
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	2017	2016	2017	2016	
Land	\$ 1,073,687	\$ 1,073,687	\$ -	\$ -	0.00%
Buildings and improvements	30,517,417	31,651,372	-	-	-3.58%
Equipment	1,623,973	1,763,442	279,069	353,674	-10.11%
Construction in progress	435,492	-	-	-	0.00%
Total	\$ 33,650,569	\$ 34,488,501	\$ 279,069	\$ 353,674	-13.69%

Long-Term Debt - As of June 30, 2017, the District had \$2,938,000 in general obligation bonds outstanding, \$21,700,000 in EFC Revenue Refunding Bonds outstanding, and \$267,309 in equipment acquisition bonds outstanding. This represents a net increase of \$1,018,736 in debt compared to the prior year. Note 7 in the financial statements contains detailed information about long-term debt.

There is a state statute limiting the amount of general obligation debt a governmental entity may issue. The limit is eight (8) percent of total assessed valuation. To exceed this limit an entity must go for a bond referendum.

The District received an "A2" rating from Moody's and an "A/A+" rating from Standard and Poor's for general obligation debt.

Economic Factor and Next Year's Budget and Rates - The County in which the District resides is predominantly a rural area. The District's economy depends heavily on manufacturing for both its employment and tax base. The outlook is for manufacturing to grow at a steady rate to add to the County's employment and tax base. Several new subdivisions are being constructed in the Sandy Run community. Student enrollment decreased in the District for the school year 2017.

Request for Information - 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 Office of Finance, Calhoun County Public Schools, 125 Herlong Avenue, Post Office Box 215, St. Matthews, South Carolina 29135.

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 11,373,493	\$ 2,243	\$ 11,375,736
Restricted cash	39,734	-	39,734
Property taxes receivable (net of allowance for uncollectible property taxes of \$48,305)	943,976	-	943,976
Due from governmental units and other receivables	698,796	-	698,796
Inventories and prepaid expenses	86,003	17,011	103,014
Total current assets	<u>13,142,002</u>	<u>19,254</u>	<u>13,161,256</u>
Noncurrent assets:			
Capital assets not being depreciated	1,509,179	-	1,509,179
Capital assets, net of accumulated depreciation	32,141,390	279,069	32,420,459
Total noncurrent assets	<u>33,650,569</u>	<u>279,069</u>	<u>33,929,638</u>
Total assets	<u>46,792,571</u>	<u>298,323</u>	<u>47,090,894</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension charges	4,361,446	135,312	4,496,758
Advance refunding charges	428,238	-	428,238
Total deferred outflows of resources	<u>4,789,684</u>	<u>135,312</u>	<u>4,924,996</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	\$ 874,398	\$ 358	\$ 874,756
Unearned revenue	793,861	-	793,861
Internal balances	266,376	(266,376)	-
Accrued interest	69,783	-	69,783
Total current liabilities	<u>2,004,418</u>	<u>(266,018)</u>	<u>1,738,400</u>
Noncurrent liabilities:			
Long-term obligations, due within one year	2,307,251	793	2,308,044
Long-term obligations, due in more than one year	24,278,444	6,408	24,284,852
Net pension liability	23,887,571	772,379	24,659,950
Total noncurrent liabilities	<u>50,473,266</u>	<u>779,580</u>	<u>51,252,846</u>
Total liabilities	<u>52,477,684</u>	<u>513,562</u>	<u>52,991,246</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension credits	882,744	27,375	910,119
Total deferred inflows of resources	<u>882,744</u>	<u>27,375</u>	<u>910,119</u>
NET POSITION:			
Invested in capital assets, net of related debt	33,650,569	279,069	33,929,638
Restricted for:			
Capital projects	4,293,450	-	4,293,450
Debt service	1,490,592	-	1,490,592
Unrestricted	(41,212,784)	(386,371)	(41,599,155)
Total net position	<u>\$ (1,778,173)</u>	<u>\$ (107,302)</u>	<u>\$ (1,885,475)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instruction	\$ 12,564,994	\$ 12,907	\$ 6,667,334	\$ -	\$ (5,884,753)	\$ -	\$ (5,884,753)
Support services	8,811,559	-	1,952,159	-	(6,859,400)	-	(6,859,400)
Intergovernmental	32,178	-	32,178	-	-	-	-
Interest and other charges	699,311	-	19,685	-	(679,626)	-	(679,626)
Total governmental activities	<u>22,108,042</u>	<u>12,907</u>	<u>8,671,356</u>	<u>-</u>	<u>(13,423,779)</u>	<u>-</u>	<u>(13,423,779)</u>
Business-type activities:							
Food service	1,426,538	38,431	1,386,419	-	-	(1,688)	(1,688)
Total business-type activities	<u>1,426,538</u>	<u>38,431</u>	<u>1,386,419</u>	<u>-</u>	<u>-</u>	<u>(1,688)</u>	<u>(1,688)</u>
Total primary government	<u>\$ 23,534,580</u>	<u>\$ 51,338</u>	<u>\$ 10,057,775</u>	<u>\$ -</u>	<u>(13,423,779)</u>	<u>(1,688)</u>	<u>(13,425,467)</u>
General revenues:							
Property taxes levied for:							
General purposes					10,710,620	-	10,710,620
Debt service					2,871,319	-	2,871,319
Medicaid					32,363	-	32,363
Local revenue					78,984	-	78,984
Investment income					8,786	-	8,786
Transfers					(50,786)	50,786	-
Total general revenues					<u>13,651,286</u>	<u>50,786</u>	<u>13,702,072</u>
Change in net position					227,507	49,098	276,605
Net position, beginning of year					<u>(2,005,680)</u>	<u>(156,400)</u>	<u>(2,162,080)</u>
Net position, end of year					<u>\$ (1,778,173)</u>	<u>\$ (107,302)</u>	<u>\$ (1,885,475)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Special Revenue	EIA	Debt Service Fund	SCAGO Debt Service Fund	School Building Fund	SCAGO School Building Fund	Total Governmental Funds
ASSETS:								
Cash and cash equivalents	\$ 5,767,993	\$ -	\$ -	\$ 1,181,904	\$ -	\$ 4,423,596	\$ -	\$ 11,373,493
Restricted cash equivalents	-	-	-	-	35,110	-	4,624	39,734
Property taxes receivable, net	929,344	-	-	14,632	-	-	-	943,976
Due from other funds	-	150,003	653,896	258,946	-	360,536	-	1,423,381
Other receivables	90,559	608,237	-	-	-	-	-	698,796
Prepaid expenses	8,466	-	740	-	-	-	-	9,206
Total assets	\$ 6,796,362	\$ 758,240	\$ 654,636	\$ 1,455,482	\$ 35,110	\$ 4,784,132	\$ 4,624	\$ 14,488,586
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 613,178	\$ 23,957	\$ 8,811	\$ -	\$ -	\$ 187,990	\$ -	\$ 833,936
Due to other funds	836,656	585,914	-	-	-	307,316	-	1,729,886
Due to other governmental units	-	-	333	-	-	-	-	333
Total liabilities	1,449,834	609,871	9,144	-	-	495,306	-	2,564,155
Deferred inflows of resources:								
Unavailable property tax revenue	570,989	-	-	-	-	-	-	570,989
Unearned grant revenue	-	148,369	645,492	-	-	-	-	793,861
Total deferred inflows of resources	570,989	148,369	645,492	-	-	-	-	1,364,850
Fund balances:								
Nonspendable	8,466	-	-	-	-	-	-	8,466
Restricted	-	-	-	1,455,482	35,110	4,288,826	4,624	5,784,042
Unassigned	4,508,073	-	-	-	-	-	-	4,508,073
Assigned	259,000	-	-	-	-	-	-	259,000
Total fund balances	4,775,539	-	-	1,455,482	35,110	4,288,826	4,624	10,559,581
Total liabilities, deferred inflows of resources and fund balances	\$ 6,796,362	\$ 758,240	\$ 654,636	\$ 1,455,482	\$ 35,110	\$ 4,784,132	\$ 4,624	\$ 14,488,586

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO
STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances - governmental funds \$ 10,559,581

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Historical cost	\$ 51,499,023	
Accumulated depreciation	(17,848,454)	33,650,569

Property taxes receivable will be collected but are not available soon enough to pay for the current period's expenditures and are considered unavailable revenues in the funds.

570,989

Prepaid insurance on bond costs are amortized over the lives of the bonds; however in governmental account, prepaid insurance costs are expenditures in the year they are incurred.

76,797

Advance refunding charges are amortized over the lives of the bonds; however in governmental accounting, advance refunding charges are expenditures or other financing uses the year they are incurred.

Refunding charges	513,270	
Accumulated amortization	(85,032)	428,238

The District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds but are recorded in the Statement of Net Position.

Net pension liability	(23,887,571)	
Deferred inflows of resources	(882,744)	
Deferred outflows of resources	4,361,446	(20,408,869)

Long-term obligations, including debt premiums and discounts, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term obligations consisted of:

Refunding bond payable	(21,700,000)	
GO bonds payable	(3,205,309)	
Premiums, net of accumulated amortization	(1,495,763)	
Accrued compensated absences	(184,623)	
Accrued interest	(69,783)	(26,655,478)

Total net position - governmental activities	\$ (1,778,173)
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	EIA Fund	Debt Service Fund	SCAGO Debt Service Fund	School Building Fund	SCAGO School Building Fund	Total Governmental Funds
REVENUES:								
Local property taxes	\$ 6,614,588	\$ -	\$ -	\$ 2,750,460	\$ -	\$ -	\$ -	\$ 9,365,048
Other local	108,938	236,191	-	-	75	40,221	-	385,425
Total local	6,723,526	236,191	-	2,750,460	75	40,221	-	9,750,473
State	9,046,512	854,482	863,500	124,347	-	-	-	10,888,841
Federal	-	1,862,754	-	-	-	-	-	1,862,754
Total revenues	15,770,038	2,953,427	863,500	2,874,807	75	40,221	-	22,502,068
EXPENDITURES:								
Current:								
Instruction	8,471,677	1,665,600	741,123	-	-	-	-	10,878,400
Support services	6,804,060	1,208,959	49,840	-	-	78,038	44,547	8,185,444
Intergovernmental	-	32,178	-	-	-	-	-	32,178
Capital outlay	25,119	-	-	-	-	631,796	-	656,915
Debt service:								
Principal	-	-	-	2,920,991	1,110,000	-	-	4,030,991
Interest	-	-	-	36,427	864,475	-	-	900,902
Other charges	-	-	-	87	5,000	-	-	5,087
Total expenditures	15,300,856	2,906,737	790,963	2,957,505	1,979,475	709,834	44,547	24,689,917
Excess (deficiency) of revenues over expenditure	469,182	46,690	72,537	(82,698)	(1,979,400)	(669,613)	(44,547)	(2,187,849)
OTHER FINANCING SOURCES (USES):								
Premiums on bonds issued	-	-	-	-	-	19,799	-	19,799
Proceeds of general obligation bonds	-	-	-	-	-	5,247,000	-	5,247,000
Transfers in	431,147	307,084	354,428	258,946	1,988,147	164,356	-	3,504,108
Transfers out	(527,062)	(353,774)	(426,965)	-	-	(2,247,093)	-	(3,554,894)
Total other financing sources (uses)	(95,915)	(46,690)	(72,537)	258,946	1,988,147	3,184,062	-	5,216,013
Net change in fund balances	373,267	-	-	176,248	8,747	2,514,449	(44,547)	3,028,164
Fund balances - July 1, 2016	4,402,272	-	-	1,279,234	26,363	1,774,377	49,171	7,531,417
Fund balances - June 30, 2017	\$ 4,775,539	\$ -	\$ -	\$ 1,455,482	\$ 35,110	\$ 4,288,826	\$ 4,624	\$ 10,559,581

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Total net change in fund balance - governmental funds \$ 3,028,164

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

Capital outlays are reported in governmental funds as expenditures. Not all capital outlay is capitalized, only those items over \$5,000. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation	\$ (1,494,846)	
Capital outlay	<u>656,915</u>	(837,931)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Bonds issued	(5,247,000)	
Bond premiums, net of accretion	196,461	
Bond insurance costs, net of amortization	(10,087)	
Bond principal retirement	<u>4,030,991</u>	(1,029,635)

Advance refunding charges are expenditures or other financing uses the year they are incurred in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the current year amortization expense for advance refunding charges.

(56,247)

Excess earnings resulting from arbitrage must be rebated to the U.S. Treasury on the fifth anniversary of the issuance of the tax-exempt debt and five years thereafter until the debt has been repaid. The accrual of arbitrage was increased during the year.

54,495

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

(115,736)

In the Statement of Activities, compensated absences (vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

2,834

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

2,259

Changes in the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.

(820,696)

Change in net position of governmental activities

\$ 227,507

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	<u>Enterprise Fund - Food Services</u>
ASSETS:	
Current assets:	
Cash	\$ 2,243
Due from other funds	266,916
Inventories - supplies and materials	17,011
Total current assets	<u>286,170</u>
Capital assets:	
Equipment	1,121,291
Less, accumulated depreciation	<u>(842,222)</u>
Total capital assets	<u>279,069</u>
Total assets	<u>565,239</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension items	<u>135,312</u>
Total deferred outflows of resources	<u>135,312</u>
LIABILITIES:	
Current liabilities:	
Accounts payable and accrued liabilities	7,559
Due to other funds	540
Total current liabilities	<u>8,099</u>
Long-term liabilities:	
Net pension liability due after one year	<u>772,379</u>
Total liabilities	<u>780,478</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension items	<u>27,375</u>
Total deferred inflows of resources	<u>27,375</u>
NET POSITION:	
Invested in capital assets	279,069
Unrestricted	<u>(386,371)</u>
Total net position	<u>\$ (107,302)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2017

	<u>Enterprise Fund - Food Services</u>
OPERATING REVENUES:	
Proceeds from sale of meals	\$ 38,431
Total operating revenues	<u>38,431</u>
OPERATING EXPENSES:	
Food costs	663,906
Salaries and wages	540,560
Supplies and materials	88,743
Depreciation	89,923
Other operating costs	43,406
Total operating expenses	<u>1,426,538</u>
Operating loss	<u>(1,388,107)</u>
NONOPERATING REVENUES:	
USDA reimbursements	1,289,382
Commodities received from USDA	96,969
Other federal and state aid	68
Total nonoperating revenues	<u>1,386,419</u>
Loss before operating transfers	<u>(1,688)</u>
TRANSFERS IN	<u>50,786</u>
Change in net position	49,098
Total net position - July 1, 2016	<u>(156,400)</u>
Total net position - June 30, 2017	<u>\$ (107,302)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2017

	<u>Enterprise Fund - Food Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from patrons	\$ 38,431
Payments to employees for services	(513,228)
Payments to suppliers for goods and services	(761,208)
Payments to others	(204,617)
Net cash used by operating activities	<u>(1,440,622)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Noncapital financing activities:	
Transfer out	50,786
Federal and state aid	1,386,419
Net cash provided by noncapital financing activities	<u>1,437,205</u>
Capital and related financing activities:	
Acquisition of capital assets	(15,318)
Net cash used by capital and related financing activities	<u>(15,318)</u>
NET DECREASE IN CASH	(18,735)
CASH AT JULY 1, 2016	<u>20,978</u>
CASH AT JUNE 30, 2017	<u><u>\$ 2,243</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,388,107)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	89,923
Net pension liability	81,840
Deferred inflow of resources	24,991
Deferred outflow of resources	(79,499)
Changes in assets and liabilities:	
Due to/from other funds	(161,211)
Inventories	(9,830)
Accounts payable	1,271
Net cash used by operating activities	<u><u>\$ (1,440,622)</u></u>
NONCASH CAPITAL AND FINANCING TRANSACTIONS:	
Food commodities received from U.S. Department of Agriculture	<u><u>\$ 96,969</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 100,493
Prepaid expenses	3,250
Due from other funds	<u>40,129</u>
Total assets	<u>143,872</u>
LIABILITIES:	
Accounts payable	150
Due to student groups	<u>143,722</u>
Total liabilities	<u>143,872</u>
NET POSITION	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Calhoun County Public Schools (District) have been prepared in conformity with generally accepted accounting principles (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 accompanying financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. The blended component unit, although legally a separate entity is, in substance, part of the District's operations. The more significant of the District's accounting policies are described below.

Reporting Entity:

The definition of a primary government is an entity that has a separately elected governing body, is legally separate from other entities and is fiscally independent of other state and local governmental entities. The management of the District believes that although Calhoun County Public Schools does not have the power to directly levy taxes, it meets the fiscally independent test since Calhoun County (County) is required by South Carolina (State) law to maintain local effort and therefore cannot materially affect the tax levy submitted by the District. The District has therefore been classified as a primary government and these financial statements include the accounts of the District and its component unit operations as well as the agency funds for which it is responsible.

Blended Component Unit - The SCAGO Educational Facilities Corporation (SCAGO) is a nonprofit entity formed in 2007 for the purpose of undertaking certain obligations with respect to the acquisition or sale of real and/or personal property in connection with the design, construction, operation, financing and refinancing of educational facilities to be used by the District and such other projects located in and for the benefit of the District as permitted by applicable law. SCAGO does not issue separate financial statements.

The District entered into a lease purchase agreement with SCAGO that required a transfer of the District's governmental assets to SCAGO for the aforementioned purpose. Over a period of 25 years, beginning in 2007-2008, the District will issue general obligation bonds, the proceeds of which will be used to repurchase the improved and newly constructed assets.

Governmental Funds:

General Fund - The general operating fund of the District is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are recorded in the general fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid through the general fund. Since it is a budgeted fund, any fund balance is considered a resource available for use.

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The District has two special revenue funds:

Special Projects Fund - used to account for financial resources provided by federal, state, and local projects and grants. Budgets are prepared on a per project basis, generally with approval of the funding source. These budgets are not a part of the formal budget process approved by the board of trustees.

Educational Improvement Act (EIA) Fund - used to account for revenue from the South Carolina Education Improvement Act of 1984, which is legally required by the State to be accounted for as a specific revenue source. Budgets are prepared on a per project basis. These budgets are not a part of the formal budget process approved by the board of trustees.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for debt principal and interest.

School Building Funds (Capital Projects) - These funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by the proprietary funds.

Proprietary Fund:

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing goods or services to the students on a continuing basis is financed or recovered through user charges. The measurement focus is on capital maintenance and the determination of net income.

Fiduciary Funds:

Agency Funds - These funds are used to account for assets held by the District in a trustee capacity as an agent for student organizations and schools. Agency funds are custodial in nature and do not involve measurement of results of operations.

Basis of Presentation:

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all governmental funds, proprietary funds, and fiduciary funds of the District. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports the General Fund, Special Revenue Fund, EIA Fund, School Building Fund, Debt Service Fund, SCAGO Debt Service Fund, and SCAGO School Building Fund as major governmental funds.

Measurement Focus and Basis of Accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied by the County. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (assets and deferred outflows less liabilities and deferred inflows) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased the District's net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered "measurable" when transferred to the District's account by the County Treasurer and are recognized at that time. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

related to compensated absences and claims and judgments, are recorded only when payment is due.

Budget:

The District adopts an annual budget for the general fund, and certain special revenue funds prior to the beginning of each fiscal year. The adopted budget specifies expenditure limits appropriated to each function. Changes between functions require approval of the Board of Trustees (Board).

The budget is prepared on a basis consistent with GAAP, which is consistent with actual financial statement results, including significant accruals, to provide meaningful comparisons. Encumbrances (excluded from actual expenditures in the budget comparison) are not utilized.

Cash and Investments:

State statutes authorize the District to invest in (1) obligations of the United States (U.S.) and its agencies, (2) general obligations of the State and its subdivisions, (3) savings and loan associations to the extent of federal insurance, (4) certificates of deposit collaterally secured, (5) repurchase agreements secured by the foregoing obligations, and (6) the State Treasurer's internal investment pool.

Cash and cash equivalents include cash on hand, demand deposits, short-term highly liquid investments that are readily convertible with original maturities of three months or less, and funds deposited with the State Treasurer as part of an internal investment pool. Funds invested through the State's internal cash management pool administered by the State Treasurer's Office are considered cash equivalents because the pool operates as a demand deposit account.

Cash, Cash Equivalents, and Investments with Fiscal Agent: The County Treasurer, fiscal agent for the District, receives funds from local, state, and federal sources on behalf of the District. Funds are remitted to the District once a claim has been presented to the County. Funds held by the County are invested in cash, money market funds, short-term certificates of deposit, and the State Treasurer's investment pool. These funds, except for investments with the State Treasurer, are collateralized with government investments held by the pledging institution's agent in the name of the County.

Investments with maturities less than one year at the time of purchase are recorded at amortized cost which approximates fair value.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the District. The investments held by the District are primarily U.S. Treasury Notes. U.S. Treasury Notes are issued by the federal government and are backed by the "full faith and credit" of the U.S. government.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party.

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investments in a single issuer. The District has individual investments that represent 5% or more of total investments. The District has no investment policy that would limit its investment choices other than those that are mandated by state law. The District also places no limit on the amount it may invest in any one issuer.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investments. The District minimizes its interest rate risk by restricting its investment maturities to no more than one year.

Inventories:

Purchased food and food supplies are carried in an inventory account at cost on the first-in, first-out method of accounting and are subsequently charged to expense when used. U.S. Department of Agriculture (USDA) food commodities are priced at values assigned by the federal government, which approximate local wholesale prices.

Capital Assets:

Capital assets, which include property 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 District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Real property (land, land improvements and buildings) acquired or constructed prior to June 30, 2001 were recorded at cost or estimated historical cost. Acquisitions subsequent to June 30, 2001 have been recorded at historical cost. 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 asset lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Improvements other than buildings	15
Furniture and equipment	10
Vehicles	10
Computers	5
Software	3

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 10 years.

Fund Balances:

The governmental funds have the following types of fund balances:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted - Fund balance should be reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance, except for stabilization arrangements. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The District board approved a motion to assign \$200,000 for employee increases in salary.

Unassigned - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District reports assigned fund balance when it appropriates a portion of fund balance in the next fiscal year's general fund budget.

The District applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net assets are available. The District applies committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position:

Net position is composed of net assets invested in capital assets, net of related debt, and consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

CALHOUN COUNTY PUBLIC SCHOOLS
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Outstanding debt that has not been spent is included in the same net assets component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Compensated Absences:

Compensated absences are absences for which employees will be paid. A liability for compensated absences, including all salary related payments, is accrued as employees earn the rights to the benefits. Amounts paid during the year from current resources are charged to the funds from which the employees are paid.

Annual vacation is earned by employees up to a maximum of thirty days.

Use of Estimates:

The preparation of financial statements in conformity with GAAP 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 expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events:

The District has considered subsequent events through November 17, 2017, the date the financial statements were available to be issued.

Recent Accounting Pronouncements:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB No. 75), was issued in June 2015 and establishes new accounting and financial reporting requirements for other postemployment benefit (OPEB) plans. The primary objective of GASB No. 75 is to improve accounting and financial reporting by state and local governments for OPEB and details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria for employers whose employees are provided with defined contribution OPEB. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The District is currently evaluating the impact that that GASB No. 75 will have on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* (GASB No. 77), was issued in August 2015 and requires new disclosures about tax abatement agreements with entities and individuals. GASB No. 77 defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forego tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. GASB No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. GASB No. 77 is effective for reporting periods beginning

after December 15, 2015. The District adopted GASB No. 77 for the year ended June 30, 2017 and has included the required disclosures in Note 3.

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB No. 83), was issued in November 2016 and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB No. 83 requires that the measurement of an asset retirement obligation be based on the best estimate of the current value of outlays to be incurred. This estimate should include the probability weighting of all potential outcomes when the information is available or can be obtained at a reasonable cost. If probability weighting is not feasible at a reasonable cost, a most likely amount should be used. GASB No. 83 requires that a deferred outflow of resources be measured at the amount of the corresponding liability upon initial measurement and that the current value of the asset retirement obligation be adjusted at least annually for the effects of general inflation or deflation. The requirements of GASB No. 83 are effective for reporting periods beginning after June 15, 2018 with earlier application encouraged. The District is currently evaluating the impact that GASB No. 83 will have on its financial statements.

GASB Statement No. 84, *Fiduciary Activities* (GASB No. 84), was issued in January 2017 and establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. GASB No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. GASB No. 84 is effective for reporting periods beginning after December 15, 2018 with earlier application encouraged. The District is currently evaluating the impact that GASB No. 84 will have on its financial statements.

GASB Statement No. 85, *Omnibus 2017* (GASB No. 85), was issued in March 2017 to address practice issues that have been identified during implementation and application of certain GASB statements. GASB No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of GASB No. 85 are effective for reporting periods beginning after June 15, 2017 with earlier application encouraged. The District is currently evaluating the impact that GASB No. 85 will have on its financial statements.

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GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB No. 86), was issued in May 2017 to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB No. 86 also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB No. 86 is effective for reporting periods beginning after June 15, 2017 with earlier application encouraged. The District is currently evaluating the impact that GASB No. 86 will have on its financial statements.

GASB Statement No. 87, *Leases* (GASB No. 87), was issued in June 2017 and requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB No. 87 are effective for reporting periods beginning after December 15, 2019 with earlier application encouraged. The District is currently evaluating the impact that GASB No. 87 will have on its financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS:

Deposits:

The District's bank balances at June 30, 2017, totaled \$1,038,917. Of this balance, \$250,000 was collateralized by Federal Deposit Insurance. The balance is collateralized by obligations of the U.S. and its agencies (as required by state law) and is held at Bank of New York Mellon under the District's control via book entry.

Petty cash	\$ 6,000
Cash	515,069
Cash and cash equivalents held by county	<u>10,854,667</u>
Total unrestricted cash and cash equivalents	11,375,736
Restricted cash and cash equivalents with trustee	<u>39,734</u>
Total cash and cash equivalents	<u><u>\$ 11,415,470</u></u>

Cash and cash equivalents held by the County are collateralized in the same manner as the District's own cash.

NOTE 3 - PROPERTY TAXES:

Property taxes are levied by the County on real and personal properties owned on the preceding December 31 of each fiscal year ended June 30. Liens attach to the property at the time taxes are levied which is usually in November. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

January 15 through February 1	3% of tax
February 2 through March 16	10% of tax
March 17 through March 31	15% of tax plus collection cost

Current year real and personal taxes become delinquent on April 1. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires.

The principal property tax incentive arrangements authorized by South Carolina law, and implemented at the county government level, are the fee-in-lieu of property tax (FILOT) incentive and the Special Source Revenue Credit (SSRC) incentive. The County uses these property tax incentive arrangements to encourage economic development. The District does not directly negotiate or enter into such arrangements, but is impacted by them in the form of reduced property tax revenue from the County. During the year ended June 30, 2017, property tax revenue received by the District from the County was reduced by approximately \$1,465,000 due to the FILOT abatement and SSRC incentive.

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY:

No individual funds incurred expenditures in excess of budgeted appropriations for the year ended June 30, 2017.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Due to/from Other Funds:

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

CALHOUN COUNTY PUBLIC SCHOOLS
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As of June 30, 2017, the composition of interfund balances is as follows:

	Due from other <u>funds</u>	Due to other <u>funds</u>
General Fund	\$ -	\$ 836,656
Special Revenue Fund	150,003	585,914
EIA Fund	653,896	-
Debt Service Fund	258,946	-
School Building Fund	360,536	307,316
Enterprise Fund	266,917	540
Pupil Activity Fund	211,315	171,187
	<hr/>	<hr/>
Total	\$ 1,901,613	\$ 1,901,613
	<hr/> <hr/>	<hr/> <hr/>

Interfund Transfers:

Transfers are used to move revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

During the year ended June 30, 2017, the following transfers were made:

	Transfers <u>To</u>	Transfers <u>From</u>
General Fund:		
EIA Fund	\$ 4,836	\$ (420,638)
Special Revenue Fund	307,084	-
School Building Fund	164,356	-
Proprietary Fund	50,786	-
Special Revenue Fund:		
General Fund	-	(307,084)
EIA Fund	343,265	-
EIA Fund:		
General Fund	420,638	(4,836)
Special Revenue Fund	-	(343,265)
Debt Service Fund - Other:		
School Building Fund - Other	-	(258,946)
Debt Service Fund - SCAGO:		
School Building Fund - Other	-	(1,550,039)
School Building Fund - Other:		
Debt Service Fund - Other	258,946	-
Debt Service Fund - SCAGO	1,550,039	-
General Fund	-	(164,356)
Proprietary Fund:		
General Fund	-	(50,786)
	<hr/>	<hr/>
Total	\$ 3,099,950	\$ (3,099,950)
	<hr/> <hr/>	<hr/> <hr/>

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,073,687	\$ -	\$ -	\$ 1,073,687
Construction in progress	-	435,492	-	435,492
Total capital assets not being depreciated	<u>1,073,687</u>	<u>435,492</u>	<u>-</u>	<u>1,509,179</u>
Other capital assets:				
Buildings and improvements	44,809,361	-	-	44,809,361
Machinery and equipment	5,044,305	221,423	(85,245)	5,180,483
Total other capital assets at historical cost	<u>49,853,666</u>	<u>221,423</u>	<u>(85,245)</u>	<u>49,989,844</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,157,989)	(1,133,955)	-	(14,291,944)
Machinery and equipment	(3,280,863)	(360,892)	85,245	(3,556,510)
Total accumulated depreciation	<u>(16,438,852)</u>	<u>(1,494,847)</u>	<u>85,245</u>	<u>(17,848,454)</u>
Other capital assets, net Governmental activities, capital assets, net	<u>\$ 33,414,814</u>	<u>(1,273,424)</u>	<u>-</u>	<u>\$ 32,141,390</u>
Business type activities:				
Equipment	\$ 1,105,973	\$ 15,318	\$ -	\$ 1,121,291
Less accumulated depreciation	(752,299)	(89,923)	-	(842,222)
Business type activities, capital assets, net	<u>\$ 353,674</u>	<u>\$ (74,605)</u>	<u>\$ -</u>	<u>\$ 279,069</u>

Depreciation was charged to the District's activities on the statement of activities as follows:

Governmental activities:	
Instruction	\$ 1,239,263
Support services	255,584
Business-type activities:	
Food service	89,923

CALHOUN COUNTY PUBLIC SCHOOLS
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NOTE 7 - LONG-TERM OBLIGATIONS:

The following is a summary of the District's long-debt obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds:					
Series 2016A	\$ 367,000	\$ -	\$ (367,000)	\$ -	\$ -
Series 2016D	-	2,309,000	(2,309,000)	-	-
Series 2017A	-	438,000	-	438,000	438,000
Series 2017B	-	2,500,000	-	2,500,000	277,000
Installment purchase refunding revenue bonds:					
Series 2015	22,810,000	-	(1,110,000)	21,700,000	1,065,000
Acquisition bond:					
Series 2015ACQ	512,300	-	(244,991)	267,309	267,309
Subtotal	23,689,300	5,247,000	(4,030,991)	24,905,309	2,047,309
Bond premium	1,692,224	-	(196,461)	1,495,763	190,113
Net bond indebtedness	25,381,524	5,247,000	(4,227,452)	26,401,072	2,237,422
Compensated absences	192,636	78,874	(79,686)	191,824	70,622
Total	\$ 25,574,160	\$ 5,325,874	\$ (4,307,138)	\$ 26,592,896	\$ 2,308,044

Further information about bond indebtedness outstanding at June 30, 2017 is as follows:

	Issue Date	Final Maturity Date	Interest Rates	Amount Issued	Amount Outstanding
General Obligation Bonds:					
Series 2017A	5/17/17	3/1/18	3.00%	\$ 438,000	\$ 438,000
Series 2017B	6/1/17	3/1/25	2.19%	2,500,000	2,500,000
Installment Purchase Refunding Revenue Bonds:					
Series 2015	12/29/15	12/1/31	2.75% - 5.00%	22,810,000	21,700,000
Acquisition Bonds:					
Series 2015ACQ	5/28/15	12/1/17	1.37%	761,000	267,309
Total				\$ 26,509,000	\$ 24,905,309

The District received a premium of \$1,792,764 upon issuance of the Series 2015 Installment Purchase Refunding Revenue Bonds. These bonds were issued for the purpose of advance refunding the outstanding balance of the Series 2006 Installment Purchase Revenue Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$513,270. This amount, along with the premium received, are being amortized over the life of the new debt, which has the same life as the old debt.

The District has also issued short-term general obligation bonds to provide funding for its annual debt service needs under the 2015 bond issue.

For payment of principal and interest on general obligation bonds, the full faith, credit and resources of the District are pledged. Further, Calhoun County will levy and collect annually taxes sufficient to pay such obligations.

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The annual debt service requirements for the District's bond indebtedness subsequent to June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,047,309	\$ 892,279	\$ 2,939,588
2019	1,392,000	848,098	2,240,098
2020	1,444,000	791,208	2,235,208
2021	1,505,000	726,191	2,231,191
2022	1,572,000	658,167	2,230,167
2023-2027	8,190,000	2,274,628	10,464,628
2028-2032	8,755,000	700,669	9,455,669
 Total	 <u>\$ 24,905,309</u>	 <u>\$ 6,891,240</u>	 <u>\$ 31,796,549</u>

Under the provisions of Article X, Section 14 of the State Constitution, each county, incorporated municipality and special purpose district may, in such manner and upon such terms and conditions as the State General Assembly shall prescribe by general law, incur general obligation debt authorized by a majority vote of the qualified electors thereof voting in a referendum, without limitation as to amount, and incur, without an election, general obligation debt (in addition to bonded indebtedness existing on November 30, 1977, and bonded indebtedness authorized by a majority vote of qualified electors) in an amount not exceeding 8% of the assessed value of all taxable property therein. Existing judicial interpretations of the Constitution provide that debt issued to refund general obligation debt legitimately incurred are excluded from computations of "bonded indebtedness" for purposes of that issue. Also excluded from the debt limit is debt issued in anticipation of the collection of ad valorem taxes.

The District's debt limitation at June 30, 2017 is computed below:

2016 Assessed value (as provided by Calhoun County)	\$ 83,220,683
	<u>X 8%</u>
Constitutional debt limit	<u>6,657,655</u>
Debt subject to limit	<u>(3,205,309)</u>
Legal debt available without a referendum	<u>\$ 3,452,346</u>

NOTE 8 - DEFERRED COMPENSATION PLANS:

Several optional deferred compensation plans are available to State employees. Certain employees of the District have elected to participate. The multiple-employer plans, created under Internal Revenue Code (Code) Sections 457 and 401(k), are accounted for as agency funds of the State and included in its Comprehensive Annual Financial Report (CAFR). Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Compensation deferred under the Section 401(k) plan is placed in trust for the contributing employee. The State has no liability for losses under the plan. The Section 457 plan has been amended to comply with Code changes.

In addition to the Section 401(k) plan discussed above, employees may participate in additional plans available through sources other than the State. The District is not required to make contributions on behalf of employees participating in these plans.

NOTE 9 - RETIREMENT PLAN:

Description of the Entity:

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 has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of 5 elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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

Plan Description:

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

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education

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employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

Membership:

A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the South Carolina 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 part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

Benefits:

PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for SCRS is presented below.

- SCRS - A Class Two member who has separated from service with at least 5 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 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the 5 or 8 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.

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The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 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:

Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.90% of earnable compensation. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than 0.50% in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a 30-year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; and, this increase is not limited to 0.50% per year.

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

SCRS	
Employee Class Two	8.66% of earnable compensation
Employee Class Three	8.66% of earnable compensation
State ORP	
Employee	8.66% of earnable compensation

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

SCRS	
Employer Class Two	11.41% of earnable compensation
Employer Class Three	11.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation
State ORP	
Employer Contribution ¹	11.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

¹Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The District's contributions to the Plan for the year ended June 30, 2017 were \$1,328,561. Plan members' contributions to the Plan for the year ended June 30, 2017 were \$986,970.

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For the year ended June 30, 2017, the District's total payroll for all employees was \$11,834,080. Total covered payroll was \$11,565,801. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

Actuarial Assumptions and Methods:

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 5-year period. An experience report was most recently issued as of July 1, 2015. The June 30, 2016 total pension liability, net pension liability, and sensitivity information were determined by Systems' consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2015 actuarial valuations, as adopted by the PEBA Board and SFAA, which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Systems' fiscal year ended June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2015 valuation of SCRS:

Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	3.5% to 12.5% (varies by service)
Includes inflation at	2.75%
Benefit adjustments	Lesser of 1% or \$500 annually

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 in the July 1, 2015 valuation for SCRS are as follows:

Former Job Class	Males	Females
Educators	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%

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

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. NPL totals as of June 30, 2016 for SCRS are presented below.

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employer's Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.9%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GAAP are not applicable for other purposes, such as determining the plan's funding requirements.

At June 30, 2017, the District reported a liability of \$24,659,950 for its proportionate share of the net pension liability of the SCRS. The net pension liability of the SCRS was determined based on the July 1, 2015 actuarial valuation, using membership data as of July 1, 2015, projected forward to June 30, 2016, and financial information of the pension trust fund as of June 30, 2016, using generally accepted actuarial procedures. The District's portion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At the June 30, 2016 measurement date, the District's proportion of SCRS was 0.115450%.

For the year ended June 30, 2017, the District recognized pension expense of \$848,028. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual results	\$ 255,629	\$ (26,781)
Net difference between projected and actual earnings on Plan investments	2,912,568	(837,874)
Change in proportionate share	-	(45,464)
Contributions subsequent to the measurement date	1,328,561	-
Total	\$ 4,496,758	\$ (910,119)

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

Contributions submitted subsequent to the measurement date resulted in a deferred outflow of resources and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2018	\$ 553,740
2019	420,121
2020	818,452
2021	<u>465,765</u>
Net balance of deferred outflows of resources	<u>\$ 2,258,078</u>

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30-year capital market outlook at the end of the third quarter of 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	<u>2.0%</u>	<u>71.00%</u>	<u>0.01%</u>
Total Expected Real Return	100.0%		<u>5.10%</u>
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u><u>7.85%</u></u>

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

Discount Rate:

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina Code of Laws will remain unchanged in future years. Based on those assumptions, the 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 table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50% 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 1.00% lower (6.50%) or 1.00% higher (8.50%) 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	\$ 30,762,612	\$ 24,659,950	\$ 19,579,713

NOTE 10 - POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS:

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina (State) provides certain health care, dental, and life insurance benefits to active and certain retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the District are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date.

Generally, those who retire must have at least 10 years of retirement service credit to qualify for State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to the District for its active employees and to the State Budget and Control Board for all participating State retirees except the portion funded through the pension surcharge and provided from other applicable revenue sources of the District for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis. The District has no liability beyond the payment of monthly contributions.

The District paid \$616,457, \$599,104, and \$538,845, during the years ended June 30, 2017, 2016 and 2015, respectively, applicable to 5.33%, 5.33%, and 5.00%, respectively, of surcharges included with the employer contributions for these post-employment retirement

benefits. These amounts were remitted to the SCRS for distribution to the Division of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to District retirees is not available. By State law, the District currently has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements. In addition, the General Assembly periodically directs the SCRS to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from the SCRS's earnings; however, a portion of the required amount is appropriated from the State General Fund annually.

NOTE 11 - ECONOMIC DEPENDENCY:

The District received 55.50% of its property tax revenue from two industrial taxpayers during the current year.

NOTE 12 - RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased insurance from commercial insurers and feels the coverage provided is adequate.

NOTE 13 - CONTINGENCIES AND COMMITMENTS:

The District is party to various legal proceedings which normally occur in government operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 14 - SUBSEQUENT EVENTS:

The District is currently constructing additions to both of its K-8 schools. Total estimated cost of the project is approximately \$2,500,000. In September 2017, the District issued \$2,052,000 Series 2017D general obligation bonds for the purpose of funding the acquisition and installment purchase revenue bond payments to SCAGO. The interest rate on the Series 2017D bond is 3.00% with a maturity date of March 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES:				
Local	\$ 6,585,532	\$ 6,585,532	\$ 6,723,526	\$ 137,994
State	9,112,721	9,112,721	9,046,512	(66,209)
Total revenues	<u>15,698,253</u>	<u>15,698,253</u>	<u>15,770,038</u>	<u>71,785</u>
EXPENDITURES:				
Current:				
Instruction	8,237,458	8,226,557	8,471,677	(245,120)
Support services	7,253,089	7,247,026	6,804,060	442,966
Community services	-	-	-	-
Debt service	36,000	36,000	-	36,000
Capital outlay	13,650	11,650	25,119	(13,469)
Total expenditures	<u>15,540,197</u>	<u>15,521,233</u>	<u>15,300,856</u>	<u>220,377</u>
Excess of revenues over expenditures	158,056	177,020	469,182	292,162
OTHER FINANCING SOURCES (USES):				
Operating transfers in	366,041	366,041	431,147	65,106
Operating transfers out	(524,097)	(543,061)	(527,062)	15,999
Total other financing sources (uses)	<u>(158,056)</u>	<u>(177,020)</u>	<u>(95,915)</u>	<u>81,105</u>
Net change in fund balances	-	-	373,267	373,267
Fund balance - July 1, 2016			<u>4,402,272</u>	
Fund balance - June 30, 2017			<u>\$ 4,775,539</u>	

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 111,756	\$ 247,345	\$ 236,191	\$ (11,154)
State	231,663	425,756	854,482	428,726
Federal	1,407,493	2,087,823	1,862,754	(225,069)
Total revenues	<u>1,750,912</u>	<u>2,760,924</u>	<u>2,953,427</u>	<u>192,503</u>
EXPENDITURES:				
Current:				
Instruction	1,343,073	1,476,228	1,665,600	(189,372)
Support services	756,264	1,072,963	1,208,959	(135,996)
Community services	-	1,050	-	1,050
Intergovernmental	-	10,984	32,178	(21,194)
Capital outlay	-	130,729	-	130,729
Total expenditures	<u>2,099,337</u>	<u>2,691,954</u>	<u>2,906,737</u>	<u>(214,783)</u>
Deficiency of revenue over expenditures	(348,425)	68,970	46,690	(22,280)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	371,502	335,918	307,084	(28,834)
Operating transfers out	-	-	(353,774)	(353,774)
Total other financing sources (uses)	<u>371,502</u>	<u>335,918</u>	<u>(46,690)</u>	<u>(382,608)</u>
Net change in fund balances	<u>23,077</u>	<u>404,888</u>	-	-
Fund balance - July 1, 2016			<u>-</u>	
Fund balance - June 30, 2017			<u>\$ -</u>	

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
EDUCATION IMPROVEMENT ACT
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive
	Original	Final		(Negative)
REVENUES:				
State	\$ 716,351	\$ 1,313,556	\$ 863,500	\$ (450,056)
Total revenues	716,351	1,313,556	863,500	(450,056)
EXPENDITURES:				
Current:				
Instruction	789,785	1,001,040	741,123	259,917
Support services	-	334,549	49,840	284,709
Total expenditures	789,785	1,335,589	790,963	544,626
Excess of revenue over expenditures	(73,434)	(22,033)	72,537	(94,570)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	73,434	352,267	348,101	4,166
Operating transfers out	-	(330,234)	(420,638)	90,404
Total other financing sources (uses)	73,434	22,033	(72,537)	94,570
Net change in fund balances	-	-	-	-
Fund balance - July 1, 2016			-	
Fund balance - June 30, 2017			\$ -	

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.115450%	0.115586%	0.115847%	0.115847%
District's proportionate share of the net pension liability	\$ 24,659,950	\$ 21,921,442	\$ 19,945,013	\$ 20,778,819
District's covered payroll	\$ 11,565,801	\$ 11,240,224	\$ 10,903,456	\$ 10,591,385
District's proportionate share of the net pension liability as a percentage of its covered payroll	213.21%	195.03%	182.92%	196.19%
Plan fiduciary net position as a percentage of total pension liability	52.90%	57.00%	59.92%	56.39%

NOTES TO SCHEDULE:

The District implemented GASB Statement No. 68 during the year ended June 30, 2014. Thus, data is only available for the last 4 years. The above schedule will present 10 years of information once it is accumulated.

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

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
YEAR ENDED JUNE 30, 2017

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Contractually required contributions	\$ 1,328,561	\$	1,235,632	\$	1,182,149	\$	1,114,846
Contributions in relation to the contractually required contribution	<u>1,328,561</u>		<u>1,235,632</u>		<u>1,182,149</u>		<u>1,114,846</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>
District's covered payroll	\$ 11,565,801	\$	11,240,224	\$	10,903,456	\$	10,591,385
Contributions as a percentage of covered payroll	11.5%		11.0%		10.8%		10.5%

NOTE TO SCHEDULE:

The District implemented GASB Statement No. 68 during the year ended June 30, 2014. Thus, data is only available for the last 4 years. The above schedule will present 10 years of information once it is accumulated.

SUPPLEMENTARY INFORMATION

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
1000 Local Sources:			
1200 Revenue from local government units other than LEAs:			
1210 Ad valorem taxes - including delinquent	\$ 5,400,000	\$ 5,498,491	\$ 98,491
1240 Penalties and interest on taxes	350,000	396,598	46,598
1280 Revenue in lieu of taxes	540,000	719,499	179,499
1300 Tuition:			
1310 Student tuition out of district	10,000	7,400	(2,600)
1320 From other LEAs for regular day school	400	5,507	5,107
1500 Earnings on investments:			
1510 Interest on investments	1,000	19,685	18,685
1900 Other revenue from local sources:			
1930 Medicaid	20,000	32,363	12,363
1990 Miscellaneous revenue	5,000	43,983	38,983
1999 Revenue from other local sources	259,132	-	(259,132)
Total local sources	<u>6,585,532</u>	<u>6,723,526</u>	<u>137,994</u>
3000 Revenue from State Sources:			
3100 Restricted state funding:			
3130 Special programs:			
3131 Handicapped transportation	15,000	27,547	12,547
3160 Transportation salaries	204,169	195,669	(8,500)
3162 Transportation workmen's comp	12,502	15,038	2,536
3180 Employee fringe benefits	1,262,103	1,241,173	(20,930)
3181 Retiree insurance	417,995	455,106	37,111
3199 Other restricted state grants	-	1,030	1,030
3300 Education Finance Act:			
3310 Full time programs:			
3311 Kindergarten	155,913	157,612	1,699
3312 Primary	462,250	448,651	(13,599)
3313 Elementary	733,426	716,231	(17,195)
3314 High school	157,368	139,085	(18,283)
3316 Speech handicapped	69,792	63,822	(5,970)
3317 Homebound	2,011	522	(1,489)
3320 Part-time programs:			
3321 Emotionally handicapped	8,234	10,809	2,575
3322 Educable mentally handicapped	54,425	40,740	(13,685)
3323 Learning disabilities	308,968	289,078	(19,890)
3324 Hearing handicapped	3,251	6,341	3,090
3325 Visually handicapped	6,501	3,156	(3,345)
3326 Orthopedically handicapped	1,062	4,132	3,070
3327 Vocational	431,655	430,087	(1,568)
3330 Other EFA programs:			
3331 Autism	40,562	40,405	(157)
3332 Gifted and Talented Education Pupils	30,355	23,144	(7,211)
3334 Limited English Proficiency	14,419	15,574	1,155
3351 Academic Assistance	43,067	112,181	69,114
3352 Pupils in Poverty	385,261	372,532	(12,729)
3353 Dual	40,221	25,079	(15,142)

CALHOUN COUNTY PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES (CONTINUED):			
3800 State revenue in lieu of taxes:			
3810 Reimbursement for local residential property tax relief	\$ 785,313	\$ 785,313	\$ -
3820 Homestead exemption	268,093	268,093	-
3825 Reimbursement for property tax relief (tier 3)	2,500,000	2,500,000	-
3830 Merchant's inventory tax	22,805	22,805	-
3840 Manufacturers depreciation reimbursement	578,000	525,027	(52,973)
3890 Other state property tax revenues	98,000	110,530	12,530
Total state sources	<u>9,112,721</u>	<u>9,046,512</u>	<u>(66,209)</u>
Total revenue all sources	<u>15,698,253</u>	<u>15,770,038</u>	<u>71,785</u>
EXPENDITURES:			
100 Instruction:			
110 General instruction:			
111 Kindergarten program:			
100 Salaries	421,807	419,053	2,754
200 Employee benefits	176,976	174,627	2,349
400 Supplies and materials	3,004	2,785	219
112 Primary programs:			
100 Salaries	674,753	796,457	(121,704)
200 Employee benefits	267,780	324,984	(57,204)
400 Supplies and materials	9,428	7,423	2,005
500 Capital outlay	-	25	(25)
113 Elementary programs:			
100 Salaries	1,844,750	1,813,376	31,374
200 Employee benefits	688,889	668,259	20,630
370 Purchased services - tuition	3,212	-	3,212
400 Supplies and materials	15,721	12,822	2,899
500 Capital outlay	-	17,998	(17,998)
114 High school programs:			
100 Salaries	956,338	1,027,571	(71,233)
200 Employee benefits	335,972	366,747	(30,775)
300 Purchased services (other than tuition)	75,800	49,254	26,546
370 Tuition	5,788	7,299	(1,511)
400 Supplies and materials	34,622	42,835	(8,213)
500 Capital outlay	-	5,204	(5,204)
115 Career and technology education programs:			
100 Salaries	161,836	161,834	2
200 Employee benefits	61,995	57,598	4,397
300 Purchased services - other than tuition	152,039	177,928	(25,889)
400 Supplies and materials	-	94	(94)
500 Capital outlay	-	163	(163)
116 Career and technology education: (vocational) programs - middle school:			
100 Salaries	-	53,860	(53,860)
200 Employee benefits	-	23,802	(23,802)
400 Supplies and materials	-	228	(228)
118 Montessori Programs:			
100 Salaries	221,971	213,647	8,324
200 Employee benefits	94,550	84,771	9,779
400 Supplies and materials	-	15,535	(15,535)

CALHOUN COUNTY PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
100 Instruction (Continued):			
120 Exceptional programs:			
121 Educable mentally handicapped:			
100 Salaries	\$ 114,703	\$ 124,304	\$ (9,601)
200 Employee benefits	51,329	46,416	4,913
124 Visually handicapped:			
200 Employee benefits	754	-	754
125 Hearing handicapped:			
100 Salaries	4,469	4,441	28
200 Employee benefits	1,589	1,351	238
126 Speech handicapped:			
100 Salaries	171,724	160,058	11,666
200 Employee benefits	68,372	64,775	3,597
600 Other objects	2,980	1,230	1,750
127 Learning disabilities:			
100 Salaries	605,348	604,948	400
200 Employee benefits	215,819	213,110	2,709
300 Purchased services - other than tuition	-	32	(32)
128 Emotionally handicapped:			
100 Salaries	16,188	22,085	(5,897)
200 Employee benefits	5,672	8,364	(2,692)
300 Purchased services - other than tuition	1,500	-	1,500
130 Preschool programs:			
133 Preschool handicapped self-contained:			
200 Employee benefits	2,085	-	2,085
400 Supplies and materials	124	113	11
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
100 Salaries	58,429	58,428	1
200 Employee benefits	34,002	33,438	564
141 Gifted and talented - academic:			
100 Salaries	-	2,000	(2,000)
200 Employee benefits	-	508	(508)
300 Purchased services	11,741	6,819	4,922
400 Supplies and materials	6,669	968	5,701
500 Capital outlay	181	-	181
145 Homebound:			
100 Salaries	18,000	19,065	(1,065)
200 Employee benefits	4,385	4,636	(251)
300 Purchased services	10,180	909	9,271
147 Child Development Education Pilot Program:			
100 Salaries	34,947	34,947	-
200 Employee benefits	13,190	13,070	120
148 Tuition to LEA:			
300 Purchased services	8,700	-	8,700
149 Other special programs:			
100 Salaries	205,000	200,064	4,936
200 Employee benefits	49,938	28,381	21,557
300 Purchased services	172,610	163,830	8,780

CALHOUN COUNTY PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
100 Instruction (Continued):			
160 Other exceptional programs:			
161 Autism:			
100 Salaries	\$ 63,705	\$ 63,492	\$ 213
200 Employee benefits	26,830	25,298	1,532
162 Limited english proficiency:			
300 Travel	1,000	654	346
400 Supplies and materials	563	562	1
170 Summer school program:			
175 Instructional programs beyond regular school day:			
100 Salaries	-	100	(100)
200 Employee benefits	-	21	(21)
300 Purchased services	-	300	(300)
180 Adult/continuing educational programs:			
181 Adult basic education programs:			
300 Purchased services	36,600	36,491	109
188 Parenting/Family Literacy:			
400 Supplies and materials	-	290	(290)
Total instruction	8,226,557	8,471,677	(245,120)
200 Supporting Services:			
210 Pupil services:			
211 Attendance and social work:			
100 Salaries	140,949	124,796	16,153
200 Employee benefits	48,001	43,255	4,746
400 Supplies and materials	3,029	1,927	1,102
212 Guidance:			
100 Salaries	307,846	307,846	-
200 Employee benefits	102,176	109,030	(6,854)
300 Purchased services	1,153	280	873
400 Supplies and materials	1,894	1,845	49
213 Health:			
200 Employee benefits	-	4	(4)
300 Purchased services	-	60	(60)
215 Exceptional program services:			
100 Salaries	6,000	6,000	-
200 Employee benefits	1,465	1,454	11
220 Instructional staff services:			
221 Improvement of instruction - curriculum development:			
100 Salaries	212,766	179,329	33,437
200 Employee benefits	59,822	53,325	6,497
300 Purchased services	14,851	10,511	4,340
400 Supplies and materials	6,320	5,671	649
222 Library and media:			
100 Salaries	219,114	217,290	1,824
200 Employee benefits	80,274	78,632	1,642
300 Purchased services	3,255	3,304	(49)
400 Supplies and materials	18,018	16,868	1,150
500 Capital outlay	1,448	538	910
223 Supervisor of special projects:			
100 Salaries	74,519	73,231	1,288
200 Employee benefits	24,059	23,629	430
400 Supplies and materials	-	77	(77)

CALHOUN COUNTY PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
200 Supporting Services (Continued):			
220 Instructional staff services (Continued):			
224 Improvement of instruction inservice staff training:			
300 Purchased services	\$ 301	\$ 3,622	\$ (3,321)
400 Supplies and materials	-	603	(603)
230 General and administrative services:			
231 Board of Education:			
100 Salaries	11,000	10,500	500
200 Employee benefits	235,975	222,299	13,676
300 Purchased services	87,200	23,172	64,028
318 Audit services	35,500	29,000	6,500
400 Supplies and materials	6,400	4,177	2,223
600 Other objects	16,100	8,504	7,596
232 Office of Superintendent:			
100 Salaries	245,324	241,419	3,905
200 Employee benefits	73,202	69,933	3,269
300 Purchased services	8,434	23,322	(14,888)
400 Supplies and materials	10,078	7,868	2,210
500 Capital outlay	910	-	910
600 Other objects	1,592	6,075	(4,483)
233 School administration:			
100 Salaries	789,152	784,456	4,696
200 Employee benefits	293,244	282,419	10,825
300 Purchased services	5,049	6,626	(1,577)
400 Supplies and materials	3,738	3,220	518
250 Finance and operations services:			
251 Student transportation (federal/district mandated):			
100 Salaries	-	1,502	(1,502)
252 Fiscal services:			
100 Salaries	230,816	230,798	18
200 Employee benefits	70,089	71,578	(1,489)
300 Purchased services	49,068	53,573	(4,505)
400 Supplies and materials	12,354	9,017	3,337
500 Capital outlay	6,930	273	6,657
600 Other objects	12,000	17,898	(5,898)
254 Operation and maintenance of plant:			
100 Salaries	601,252	581,302	19,950
200 Employee benefits	271,856	264,710	7,146
300 Purchased services	393,706	360,866	32,840
321 Public utilities	13,300	24,591	(11,291)
400 Supplies and materials	150,434	139,512	10,922
470 Energy	485,000	440,783	44,217
500 Capital outlay	9,340	27,045	(17,705)
600 Other objects	2,640	402	2,238
255 Pupil transportation:			
100 Salaries	569,395	447,077	122,318
200 Employee benefits	159,336	128,553	30,783
300 Purchased services	78,051	53,082	24,969
400 Supplies and materials	9,000	4,034	4,966
500 Capital outlay	10,000	5,917	4,083
600 Other objects	900	-	900

CALHOUN COUNTY PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
200 Supporting Services (Continued):			
250 Finance and operations services (Continued):			
256 Food service:			
300 Purchased services	\$ 111	\$ 111	\$ -
257 Internal services:			
100 Salaries	34,015	33,870	145
200 Employee benefits	12,382	12,195	187
300 Purchased services	52,000	58,270	(6,270)
400 Supplies and materials	3,000	4,038	(1,038)
258 Security:			
300 Purchased services	107,000	108,574	(1,574)
260 Data and technology processing services:			
262 Planning:			
300 Purchased services	2,500	1,629	871
400 Supplies and materials	2,500	3,759	(1,259)
263 Information services:			
300 Purchased services	10,000	173	9,827
264 Staff services:			
100 Salaries	87,626	90,238	(2,612)
200 Employee benefits	35,768	35,777	(9)
300 Purchased services	14,941	14,783	158
400 Supplies and materials	1,993	1,994	(1)
600 Other objects	30	12,849	(12,819)
266 Data processing services:			
100 Salaries	227,443	238,064	(10,621)
200 Employee benefits	88,855	84,271	4,584
300 Purchased services	68,785	61,336	7,449
400 Supplies and materials	4,700	5,331	(631)
500 Capital outlay	9,200	9,015	185
270 Support services - pupil activity:			
271 Pupil services activity:			
100 Salaries	116,797	113,667	3,130
200 Employee benefits	32,086	26,638	5,448
300 Purchased services	36,700	39,383	(2,683)
600 Other objects	24,619	24,584	35
Total supporting services	<u>7,258,676</u>	<u>6,829,179</u>	<u>429,497</u>
500 Debt Service:			
319 Legal services	6,000	-	6,000
620 Interest	30,000	-	30,000
Total debt service	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Total expenditures	<u>15,521,233</u>	<u>15,300,856</u>	<u>220,377</u>
Excess of revenues over expenditures	177,020	469,182	292,162

CALHOUN COUNTY PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
OTHER FINANCING SOURCES (USES):			
Interfund transfers, from (to) other funds:			
5230 Transfer from special revenue EIA fund	\$ 366,041	\$ 420,638	\$ 54,597
5280 Transfer from other funds indirect costs	-	10,509	10,509
421-710 Transfer to special revenue funds	(530,561)	(307,084)	223,477
422-710 Transfer to special revenue EIA funds	(12,500)	(4,836)	7,664
424-710 Transfer to school building fund	-	(164,356)	(164,356)
425-710 Transfer to food service fund	-	(50,786)	(50,786)
Total other financing sources (uses)	<u>(177,020)</u>	<u>(95,915)</u>	<u>81,105</u>
Net change in fund balances	<u>-</u>	<u>373,267</u>	<u>373,267</u>
FUND BALANCE, JULY 1, 2016		<u>4,402,272</u>	
FUND BALANCE, JUNE 30, 2017		<u>\$ 4,775,539</u>	

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2017

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
REVENUES						
1000 Revenue from Local Sources:						
1900 Other revenue from local sources:						
1930 Medicaid	\$ -	\$ -	\$ -	\$ -	\$ 138,046	\$ 138,046
1999 Revenue from other local sources	-	-	-	-	98,145	98,145
Total local sources	-	-	-	-	236,191	236,191
3000 Revenue from State Sources:						
3100 Restricted State funding:						
3110 Occupational education:						
3118 EEDA career specialist	-	-	-	85,408	-	85,408
3120 General education:						
3127 Student health and fitness	-	-	-	12,262	-	12,262
3130 Special programs:						
3134 Child development education pilot program	-	-	-	358,845	-	358,845
3135 Reading Coaches	-	-	-	125,460	-	125,460
3136 Student health and fitness - nurses	-	-	-	58,067	-	58,067
3170 Summer Reading Programs:						
3177 Summer Reading Program	-	-	-	19,634	-	19,634
3183 Teacher Recruitment and Retention	-	-	-	59,064	-	59,064
3190 Miscellaneous restricted grants:						
3193 Education license plates	-	-	-	467	-	467
3199 Other restricted state grants	-	-	-	-	1,559	1,559
3600 Education Lottery Act Revenue:						
3630 Technology Initiative	-	-	-	133,716	-	133,716
Total state sources	-	-	-	852,923	1,559	854,482
4000 Revenue from Federal Sources:						
4200 Occupational education:						
4210 Vocational aid	-	-	-	-	39,965	39,965
4300 Elementary and Secondary Education Act of 1965:						
4310 Title I, Basic State Grant Programs	621,261	-	-	-	-	621,261
4312 Rural and low-income school program, Title II	-	-	-	-	36,739	36,739
4340 Title V - Informed Parental	-	-	-	-	3,546	3,546
4351 Improving Teacher Quality	-	-	-	-	111,916	111,916
4500 Programs for children with disabilities:						
4510 IDEA	-	768,356	-	-	-	768,356
4520 Pre-school	-	-	29,043	-	-	29,043
4900 Other federal sources:						
4990 Other Federal Revenue	-	-	-	-	130,190	130,190
4999 Revenue from other Federal Sources	-	-	-	-	121,738	121,738
Total federal sources	621,261	768,356	29,043	-	444,094	1,862,754
Total revenue all sources	621,261	768,356	29,043	852,923	681,844	2,953,427

CALHOUN COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES						
100 Instruction:						
111 Kindergarten programs:						
100 Salaries	\$ -	\$ -	\$ -	\$ 2,250	\$ -	\$ 2,250
200 Employee benefits	-	-	-	163	-	163
400 Supplies and materials	5,245	-	-	2,172	371	7,788
500 Capital outlay	-	-	-	38,227	1,887	40,114
112 Primary programs:						
100 Salaries	94,383	-	-	8,541	50,004	152,928
200 Employee benefits	36,470	-	-	620	16,311	53,401
400 Supplies and materials	647	-	-	6,772	3,394	10,813
500 Capital outlay	-	-	-	78,362	1,887	80,249
113 Elementary programs:						
100 Salaries	240,028	-	-	17,627	32,929	290,584
200 Employee benefits	86,223	-	-	1,332	12,617	100,172
400 Supplies and materials	2,219	-	-	3,317	2,586	8,122
500 Capital outlay	-	-	-	467	1,227	1,694
114 High school programs:						
100 Salaries	81,423	-	-	9,383	146,563	237,369
200 Employee benefits	26,836	-	-	726	38,444	66,006
300 Purchased services	1,250	-	-	-	-	1,250
400 Supplies and materials	-	-	-	-	2,600	2,600
500 Capital outlay	-	-	-	-	3,617	3,617
115 Vocational programs:						
100 Salaries	-	-	-	1,350	-	1,350
200 Employee benefits	-	-	-	100	-	100
400 Supplies and materials	-	-	-	-	6,676	6,676
500 Capital outlay	-	-	-	-	1,930	1,930
600 Other objects	-	-	-	-	3,000	3,000
116 Career and technology education (vocational) programs - middle school:						
400 Supplies and materials	-	-	-	-	52,525	52,525
600 Other objects	-	-	-	-	750	750
118 Montessori programs:						
100 Salaries	-	-	-	1,944	-	1,944
200 Employee benefits	-	-	-	145	-	145
400 Supplies and materials	-	-	-	-	1,725	1,725
500 Capital outlay	-	-	-	8,273	-	8,273
120 Exceptional programs:						
121 Educable mentally handicapped:						
100 Salaries	-	45,882	-	738	-	46,620
200 Employee benefits	-	21,748	-	62	-	21,810
124 Visually handicapped:						
300 Purchased services - tuition	-	-	-	-	1,044	1,044
400 Supplies and materials	-	67	-	-	31	98
500 Capital outlay	-	-	-	-	1,800	1,800
125 Hearing Handicapped						
100 Salaries	-	25,986	-	36	-	26,022
200 Employee benefits	-	10,927	-	3	-	10,930
400 Supplies and materials	-	-	-	-	67	67
126 Speech handicapped:						
100 Salaries	-	-	-	1,350	3,750	5,100
200 Employee benefits	-	-	-	95	1,225	1,320
400 Supplies and materials	-	894	-	-	1,575	2,469
127 Learning disabilities:						
100 Salaries	-	121,681	-	3,623	-	125,304
200 Employee benefits	-	58,135	-	314	-	58,449
300 Purchased services	-	1,933	-	-	203	2,136
400 Supplies and materials	-	2,597	-	-	3,752	6,349
500 Capital outlay	-	-	-	5,867	-	5,867

CALHOUN COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES (CONTINUED):						
100 Instruction (Continued):						
128 Emotionally handicapped:						
100 Salaries	\$ -	\$ 8,488	\$ -	\$ 171	\$ -	\$ 8,659
200 Employee benefits	-	3,619	-	16	-	3,635
137 Preschool handicapped self-contained (3 & 4 yr. olds)						
100 Salaries	-	-	17,954	450	-	18,404
200 Employee benefits	-	-	11,089	31	-	11,120
140 Special programs:						
147 Child development education pilot program:						
100 Salaries	-	-	-	1,656	-	1,656
200 Employee benefits	-	-	-	121	-	121
400 Supplies and materials	-	-	-	15,535	-	15,535
149 Other special programs:						
100 Salaries	-	11,825	-	450	723	12,998
200 Employee benefits	-	2,895	-	34	175	3,104
300 Purchased services	-	45	-	-	1,560	1,605
160 Other exceptional programs:						
161 Autism:						
100 Salaries	-	37,436	-	382	-	37,818
200 Employee benefits	-	18,728	-	38	-	18,766
172 Elementary summer school:						
100 Salaries	-	-	-	11,250	4,500	15,750
200 Employee benefits	-	-	-	2,751	1,095	3,846
300 Purchased Services	-	-	-	-	7,385	7,385
175 Instructional programs beyond regular school day:						
100 Salaries	-	-	-	-	22,278	22,278
200 Employee benefits	-	-	-	-	5,481	5,481
300 Purchased services	-	-	-	-	7,953	7,953
400 Supplies and materials	-	-	-	-	8,397	8,397
188 Parenting/family literacy:						
400 Supplies and materials	8,166	-	-	-	-	8,166
Total instruction	582,890	372,886	29,043	226,744	454,037	1,665,600
200 Supporting services:						
210 Pupil services:						
211 Attendance and social work:						
100 Salaries	-	-	-	-	39,296	39,296
200 Employee benefits	-	-	-	-	13,161	13,161
212 Guidance:						
100 Salaries	-	-	-	67,738	67,705	135,443
200 Employee benefits	-	-	-	20,567	23,656	44,223
300 Purchased services	-	-	-	-	3,257	3,257
400 Supplies and materials	-	-	-	-	687	687
213 Health:						
100 Salaries	-	-	-	90,904	43,507	134,411
200 Employee benefits	-	-	-	37,598	15,160	52,758
300 Purchased services	-	193,045	-	-	6,349	199,394
400 Supplies and materials	-	1,152	-	-	12,599	13,751
600 Other objects	-	-	-	-	10	10
214 Psychological:						
300 Purchased services	-	57,137	-	-	-	57,137
400 Supplies and materials	-	1,694	-	-	-	1,694

CALHOUN COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES (CONTINUED):						
200 Supporting services (Continued):						
221 Improvement of instruction - curriculum development:						
100 Salaries	\$ 23,765	\$ -	\$ -	\$ 121,048	\$ 3,000	\$ 147,813
200 Employee benefits	6,917	-	-	46,554	5,524	58,995
300 Purchased services	5,267	-	-	-	11,956	17,223
400 Supplies and materials	261	219	-	-	13,180	13,660
222 Library and media:						
100 Salaries	-	-	-	900	-	900
200 Employee benefits	-	-	-	66	-	66
400 Supplies and materials	-	-	-	-	803	803
223 Supervision of special programs:						
100 Salaries	-	77,209	-	-	45,132	122,341
200 Employee benefits	-	28,416	-	-	16,296	44,712
300 Purchased services	-	450	-	-	11,646	12,096
400 Supplies and materials	-	999	-	-	1,518	2,517
224 Improvement of instruction - inservice and staff training:						
200 Employee benefits	-	-	-	-	4,546	4,546
300 Purchased services	2,161	678	-	-	10,028	12,867
233 School administration:						
400 Supplies and materials	-	-	-	-	880	880
250 Finance and operations services:						
251 Student transportation (Federal mandated):						
100 Salaries	-	26,870	-	-	-	26,870
200 Employee benefits	-	6,814	-	-	-	6,814
254 Operation and Maintenance of Plant:						
400 Supplies and materials	-	-	-	-	5,885	5,885
500 Capital outlay	-	-	-	-	3,466	3,466
255 Student transportation (State mandated):						
100 Salaries	-	-	-	3,402	1,174	4,576
200 Employee benefits	-	-	-	562	1,584	2,146
300 Purchased services	-	-	-	1,171	1,339	2,510
260 Data and technology processing services:						
264 Staff services:						
300 Purchased services	-	-	-	44	-	44
600 Other objects	-	-	-	-	1,200	1,200
266 Technology and data processing services:						
500 Capital outlay	-	-	-	2,988	-	2,988
271 Pupil Activity Services:						
100 Salaries	-	340	-	-	3,874	4,214
200 Employee benefits	-	86	-	-	891	977
300 Purchased services	-	-	-	-	94	94
660 Pupil activity	-	361	-	499	11,674	12,534
Total supporting services	38,371	395,470	-	394,041	381,077	1,208,959
400 Intergovernmental Expenditures:						
411 Payments to State Department of Education:						
720 Transits	-	-	-	-	32,178	32,178
Total intergovernmental expenditures	-	-	-	-	32,178	32,178
Total expenditures	621,261	768,356	29,043	620,785	867,292	2,906,737

CALHOUN COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
OTHER FINANCING SOURCES (USES):						
Transfers from (to) other funds:						
5210 Transfer from General Fund	\$ -	\$ -	\$ -	\$ 111,127	\$ 195,957	\$ 307,084
422-710 Transfer to Special Revenue EIA Fund	-	-	-	(343,265)	-	(343,265)
431-791 Special Revenue Fund indirect costs	-	-	-	-	(10,509)	(10,509)
Total other financing sources (uses)	-	-	-	(232,138)	185,448	(46,690)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-
FUND BALANCE, JULY 1, 2016	-	-	-	-	-	-
FUND BALANCE, JUNE 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
YEAR ENDED JUNE 30, 2017

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	Special Revenue Interfund Transfers <u>In/(Out)</u>	Other Fund Transfers <u>In/(Out)</u>	Special Revenue Fund <u>Unearned</u>
903	3183	Teacher Recruitment and Retention	\$ 59,064	\$ 59,064	\$ -	\$ (8,084)	\$ 8,084
919	3193	Education License Plates	467	467	-	-	-
924	3134	Child Development Education Pilot Program	358,845	15,579	(343,266)	(6,702)	6,702
926	3116	Education and Economic Development	19,634	19,634	-	(16,629)	16,629
928	3118	EEDA Career Specialist	85,408	85,408	-	(8,898)	8,898
935	3135	Reading Coach	125,460	166,153	40,693	-	-
936	3136	Student health and fitness - Nurses	58,067	128,502	70,435	-	-
937	3127	Student health and fitness - PE Teachers	12,262	12,262	-	(1,125)	1,125
963	3630	Technology Initiative	133,716	133,716	-	(83,264)	83,264
Totals			<u>\$ 852,923</u>	<u>\$ 620,785</u>	<u>\$ (232,138)</u>	<u>\$ (124,702)</u>	<u>\$ 124,702</u>

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES
YEAR ENDED JUNE 30, 2017

TITLE 1

201 Title I, Basic State Grant Programs

IDEA

203 Individuals with Disabilities Education Act (IDEA)

Preschool and Handicapped

205 Individuals with Disabilities Education Act (IDEA) Preschool

Other Designated Restricted State Grants

918 Technology Professional Development

919 Education License Plates

924 CDEP Program

926 Summer Reading Program

928 EEDA Career Specialists

935 Reading Coaches

936 Student Health and Fitness - Nurses

937 Student Health and Fitness - PE Teachers

963 Technology Initiative

967 6-8 Enhancement

Other Special Revenue Programs

227 Rural and Low Income (Title VI)

240 SC Campaign to Prevent Teen Pregnancy

264 Limited English Proficient and Immigrant Students (Title III)

267 Improving Teacher Quality (Title II)

271 Vocational Education - Student Organization (10)

272 Vocational Education - Work Based Learning (02)

273 Vocational Education - Guidance (9)

274 Vocational Education - Initiate/Improve Prog (6)

277 Vocational Education - Professional Development (4)

278 Vocational Education - Nontraditional (14)

290 Other Federal Revenue

299 SC Gear Up

CALHOUN COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

Other Special Revenue Programs (continued)

- 801 Jobs for SC Graduates
- 803 JJ Miller Foundation
- 809 Homework Center
- 810 Dick Horne Foundation
- 811 Serving Mentally Disabled Students
- 814 Project Lead the Way Gateway to Technology
- 815 Laura Bush Foundation Grant
- 817 Vincent Mulford Foundation
- 818 Profoundly Mentally Disabled Grant
- 819 Palmetto Pride ED Grant (Elliott)
- 820 MUSC - Senior Physical Education
- 821 Moseley Architects Scholarship
- 850 Technology Services
- 851 SCSBIT Risk Contract
- 880 Medicaid
- 882 Medicaid
- 884 Special Needs Transportation
- 899 FEMA

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS
YEAR ENDED JUNE 30, 2017

REVENUES:

3000 State Sources:

3500 Education Improvement Act:

	3511 Professional development	\$	3,168
	3512 Technology professional development		9,767
	3518 Formative assessment		7,925
	3519 Grade 10 assessment		345
	3525 Career and technology education equipment		80,552
	3526 Refurbishment of K-8 Sciences		18,414
	3532 National Board Certification (NBC) salary supplement		55,919
	3533 Teacher of the year awards		1,077
	3535 Reading coach		8,000
	3538 Students at risk of school failure		138,119
	3541 CDEPP		35,253
	3550 Teacher salary increase		367,143
	3555 School employer contributions		53,496
	3558 Reading assistance		4,925
	3577 Teacher supplies		37,125
	3578 High schools that work/making middle grades work		9,001
	3587 IDEA MFS		26,350
	3592 Work-based learning		4,219
	3595 EEDA Professional Development Funds		2,702
	Total state sources		863,500
	Total revenue all sources		863,500

CALHOUN COUNTY PUBLIC SCHOOLS
 EDUCATION IMPROVEMENT ACT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS

EXPENDITURES:

100 Instruction:

110 General instruction:

111 Kindergarten programs:		
100 Salaries	\$	7,500
200 Employee benefits		1,816
400 Supplies and materials		5,446
112 Primary programs:		
300 Purchased services		928
400 Supplies and materials		7,647
113 Elementary programs:		
100 Salaries		47,575
200 Employee benefits		14,600
300 Purchased services		6,186
400 Supplies and materials		7,961
114 High school programs:		
300 Purchased services		812
400 Supplies and materials		345
115 Career and technology education programs:		
100 Salaries		7,500
200 Employee benefits		1,826
300 Purchased services		6,306
400 Supplies and materials		14,222
500 Capital outlay		61,523
600 Other objects		200
116 Career and technology education (vocational) programs - middle school:		
600 Other objects		400
140 Special programs:		
141 Gifted and talented - academic:		
147 Full Day 4K:		
100 Salaries		264,724
200 Employee benefits		107,406
149 Other special programs:		
100 Salaries		81,665
200 Employee benefits		31,060
400 Supplies and materials		37,125
170 Summer school program:		
175 Instructional programs beyond regular school day:		
400 Supplies and materials		26,350
Total instruction		<u>741,123</u>

CALHOUN COUNTY PUBLIC SCHOOLS
 EDUCATION IMPROVEMENT ACT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS

EXPENDITURES (CONTINUED):

200	Support Services:		
210	Pupil services:		
212	Guidance services:		
400	Supplies and materials	\$	2,702
220	Instructional staff services:		
221	Improvement of instruction-curriculum development:		
300	Purchased services		247
400	Supplies and materials		1,332
223	Supervision of special programs:		
100	Salaries		8,975
200	Employee benefits		2,187
224	Improvement of instruction inservice and staff training:		
300	Purchased services		31,741
230	General Administration Services		
233	School administration		
300	Purchased services		1,830
260	Central support services:		
266	Technology and Data Processing Services:		
300	Purchased services		386
270	Pupil Activity:		
271	Pupil Activity:		
100	Salaries		353
200	Employee benefits		87
	Total supporting services		<u>49,840</u>
	Total expenditures		<u>790,963</u>

OTHER FINANCING SOURCES (USES):

Interfund transfers, from (to) other funds:			
5210	Transfer from general fund (excludes indirect costs)		4,836
5220	Transfer from special revenue fund (excludes indirect costs)		343,265
5230	Transfer from special revenue EIA fund		6,327
420-710	Transfer to general fund (excludes indirect costs)		(420,638)
422-710	Transfer to EIA fund		(6,327)
	Total other financing sources (uses)		<u>(72,537)</u>
	Excess (deficiency) of revenues over (under) expenditures		-

FUND BALANCE JULY 1, 2016			<u>-</u>
FUND BALANCE JUNE 30, 2017		\$	<u><u>-</u></u>

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2017

<u>Program</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Fund Transfers In/(Out)</u>	<u>EIA Fund Unearned Revenue</u>
3500 Education Improvement Act:				
3502 ADEPT	\$ -	\$ 11,163	\$ 11,163	\$ -
3511 Professional development	3,168	3,168	-	10,557
3512 Technology professional development	9,767	9,767	-	8,156
3518 Formative assessment	7,925	7,925	-	-
3519 Grade 10 assessment	345	345		
3525 Career and technology education equipment	80,552	80,552	-	1,658
3526 Refurbishment of K-8 Sciences	18,414	18,414	-	11,569
3532 National Board Certification (NBC) - salary supplement	55,919	55,919	-	-
3533 Teacher of the year awards	1,077	1,077	-	-
3535 Reading coaches	8,000	1,673	(6,327)	-
3538 Students at risk of school failure	138,119	138,119	-	227,710
3541 CDEPP	35,253	378,519	343,266	267,866
3550 Teacher salary increase	367,143	-	(367,143)	-
3555 School employer contributions	53,496	-	(53,496)	-
3558 Reading assistance	4,925	4,925	-	11,381
3577 Teacher supplies	37,125	37,125	-	-
3578 High schools that work/making middle grades work	9,001	9,001	-	10,025
3587 IDEA MFS	26,350	26,350		54,133
3592 Work-based learning	4,219	4,219	-	4,163
3595 EEDA Professional Development Funds	2,702	2,702	-	5,496
3597 Aid to districts	-	-	-	32,778
Total	\$ 863,500	\$ 790,963	\$ (72,537)	\$ 645,492

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2017

	<u>Other</u>	<u>SCAGO</u>	<u>Total</u>
REVENUES:			
1000 Revenue from Local Sources:			
1200 Revenue from local governmental units other than LEAs:			
1210 Ad valorem taxes-including delinquent taxes (fiscally dependent LEA)	\$ 886,505	\$ -	\$ 886,505
1240 Penalties and interest on taxes (dependent)	68,994	-	68,994
1280 Revenue in lieu of taxes (dependent and independent)	1,791,473	-	1,791,473
1500 Earnings on investments:			
1510 Interest on investments	3,488	75	3,563
Total local sources	<u>2,750,460</u>	<u>75</u>	<u>2,750,535</u>
3000 Revenue from State Sources:			
3800 State revenue in lieu of taxes:			
3820 Homestead exemption	42,506	-	42,506
3830 Merchant's inventory tax	4,456	-	4,456
3840 Manufacturers depreciation reimbursement	63,882	-	63,882
3890 Other state property tax revenues	13,503	-	13,503
Total state sources	<u>124,347</u>	<u>-</u>	<u>124,347</u>
Total revenue all sources	<u>2,874,807</u>	<u>75</u>	<u>2,874,882</u>
EXPENDITURES:			
500 Debt Service:			
395 Other professional and technical services	87	5,000	5,087
610 Redemption of principal	2,920,991	1,110,000	4,030,991
620 Interest	36,427	864,475	900,902
Total expenditures	<u>2,957,505</u>	<u>1,979,475</u>	<u>4,936,980</u>
OTHER FINANCING SOURCES (USES):			
5200 Interfund transfers, from (to) other funds			
5250 Transfer from School Building Fund	258,946	1,988,147	2,247,093
Total other financing sources	<u>258,946</u>	<u>1,988,147</u>	<u>2,247,093</u>
EXCESS OF REVENUES OVER EXPENDITURES	176,248	8,747	184,995
FUND BALANCE, JULY 1, 2016	<u>1,279,234</u>	<u>26,363</u>	<u>1,305,597</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 1,455,482</u>	<u>\$ 35,110</u>	<u>\$ 1,490,592</u>

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

SCHOOL BUILDING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Other</u>	<u>SCAGO</u>	<u>Total</u>
REVENUES:			
1000 Revenue from Local Sources:			
1500 Earnings on investments:			
1510 Interest on investments	\$ 5,221	\$ -	\$ 5,221
1900 Other revenue from local sources:			
1999 Revenue from other local sources	35,000	-	35,000
Total local sources	<u>40,221</u>	<u>-</u>	<u>40,221</u>
Total revenue all sources	<u>40,221</u>	<u>-</u>	<u>40,221</u>
EXPENDITURES:			
200 Support Services:			
232 Office of Superintendent			
500 Capital outlay	18,329	-	18,329
252 Fiscal Services:			
300 Purchased services	-	44,547	44,547
600 Other objects	55,253	-	55,253
253 Facilities Acquisitions and Construction:			
300 Purchased services	22,785	-	22,785
500 Capital outlay			
520 Construction services	435,492	-	435,492
540 Equipment	56,735	-	56,735
271 Pupil Service Activities			
500 Capital outlay	121,240	-	121,240
Total support services	<u>709,834</u>	<u>44,547</u>	<u>754,381</u>
Total expenditures	<u>709,834</u>	<u>44,547</u>	<u>754,381</u>
OTHER FINANCING SOURCES (USES):			
5100 Sale of Bonds:			
5110 Premiums on bonds sold	19,799	-	19,799
5120 Proceeds of general obligation bonds	5,247,000	-	5,247,000
5200 Interfund transfers, from (to) other funds			
5210 Transfer from General Fund	164,356	-	164,356
5240 Transfer from Debt Service Fund	-	-	-
5250 Transfer from School Building Fund	-	-	-
423-710 Transfer to Debt Service Fund	(2,247,093)	-	(2,247,093)
Total other financing sources (uses)	<u>3,184,062</u>	<u>-</u>	<u>3,184,062</u>
Excess (deficiency) of revenues over expenditures	2,514,449	(44,547)	2,469,902
FUND BALANCE, JULY 1, 2016	<u>1,774,377</u>	<u>49,171</u>	<u>1,823,548</u>
FUND BALANCE, JUNE 30, 2017	<u>\$ 4,288,826</u>	<u>\$ 4,624</u>	<u>\$ 4,293,450</u>

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

REVENUES

1000 Revenue from Local Sources:		
1600 Food service:		
1610 Lunch sales to pupils	\$	25
1630 Special sales to pupils		57
1640 Lunch sales to adults		15,113
1650 Breakfast sales to adults		165
1660 Special sales to adults		2
1900 Other revenue from local sources:		
1990 Miscellaneous local revenue:		
1999 Revenue from other local sources		23,069
Total revenue from local sources		38,431
3000 Revenue from State Sources:		
3100 Restricted state funding:		
3140 School lunch:		
3142 Program aid		68
Total state sources		68
4000 Revenue from Federal Sources:		
4800 USDA reimbursement:		
4810 School lunch and after school snacks program		798,052
4830 School breakfast program		465,508
4860 Fresh fruits and vegetables program		25,822
4900 Other federal sources:		
4991 USDA commodities		96,969
Total federal sources		1,386,351
Total revenue all sources		1,424,850

EXPENDITURES

250 Finance and operations:		
256 Food Service:		
100 Salaries		346,447
200 Employee benefits		194,113
300 Purchased services		40,506
400 Supplies and materials		736,525
500 Capital outlay		106,047
600 Other objects		2,900
Total expenditures		1,426,538

OTHER FINANCING SOURCES (USES)

Interfund transfers from (to) other funds:		
5210 Transfer from general fund		50,786
Total other financing sources		50,786

CHANGE IN NET POSITION	49,098
NET POSITION, JULY 1, 2016	(156,400)
NET POSITION, JUNE 30, 2017	\$ (107,302)

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS AND CHANGE IN AMOUNTS DUE TO PUPIL
ACTIVITIES
YEAR ENDED JUNE 30, 2017

RECEIPTS:

1000 Receipts from Local Sources:

1700 Pupil activities:

1790 Other

\$ 359,182

Total receipts

359,182

DISBURSEMENTS:

100 Instruction:

190 Instructional Pupil Activity:

660 Pupil activity

29,166

200 Support services:

270 Support Services Pupil Activity:

271 Pupil service activities:

660 Pupil activity

212,288

272 Enterprise activities:

660 Pupil activity

6,836

273 Trust and agency activities:

660 Pupil activity

53,740

Total disbursements

302,030

DEFICIENCY OF REVENUES OVER EXPENDITURES

57,152

DUE TO STUDENT GROUPS, JULY 1, 2016

86,570

DUE TO STUDENT GROUPS, JUNE 30, 2017

\$ 143,722

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
JUNE 30, 2017

Program	Project/Grant Number and FY	Revenue & Subfund Code	Description	Amount Due to SCDE or Federal Government	Status of Amount Due to Grantors
National Board Certification	EIA	332/035320	Unexpended funds	\$ 124	Paid after year-end
EEDA Supplies and Materials	EIA	395/035950	Unexpended funds	209	Paid after year-end
Total				<u>\$ 333</u>	

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

SCHOOL DISTRICT LOCATION RECONCILIATION SCHEDULE
YEAR ENDED JUNE 30, 2017

<u>Location ID</u>	<u>Location Description</u>	<u>Education Level</u>	<u>Cost Type</u>	<u>Total Expenditures</u>
10	Districtwide	Non-school	Central	\$ 9,917,542
20	Calhoun County High	High School	School	5,094,811
45	Sandy Run Elementary	Elementary School	School	5,275,820
50	St. Matthews School	Elementary School	School	6,126,841
99	Orangeburg 4	Other School	School	3,471
Total expenditures/disbursements for all funds				<u><u>\$ 26,418,485</u></u>

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

General Fund (Subfund 100's)	\$ 15,300,856
Special Revenue Fund (Subfund 200's, 800's, and 900's)	2,906,737
Special Revenue EIA Fund (Subfund 300's)	790,963
Debt Service Fund (Subfund 400's)	4,936,980
Capital Projects Fund (Subfund 500's)	754,381
Proprietary Fund (Subfund 600's)	1,426,538
Trust and Agency Fund (Subfund 700's)	302,030
Total expenditures/disbursements for all funds	<u><u>\$ 26,418,485</u></u>

SINGLE AUDIT SECTION



J. W. Hunt and Company

Certified Public Accountants

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

The Board of Trustees
Calhoun County Public Schools
St. Matthews, 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 Calhoun County Public Schools, St. Matthews, South Carolina (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

J. W. Hunt and Company

November 17, 2017



J. W. Hunt and Company

Certified Public Accountants

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

The Board of Trustees
Calhoun County Public Schools
St. Matthews, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Calhoun County Public Schools, St. Matthews, South Carolina's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

J. W. Hunt and Company

November 17, 2017

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

LEA Subfund Code	Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number		<u>Expenditures</u>
<u>U. S. Department of Agriculture</u>					
	Passed through the South Carolina State Department of Education:				
	Cash assistance:				
60X	School breakfast program	10.553	N/A	\$ 465,508	
60X	School lunch program	10.555	N/A	<u>798,053</u>	\$ 1,263,561
60X	Fresh fruits and vegetable program	10.582	17FFVP		25,822
	Non-cash assistance:				
60X	USDA Commodities (Food Distribution Program)	10.565	N/A		<u>96,969</u>
	Total U. S. Department of Agriculture				<u>1,386,352</u>
<u>U. S. Department of Education</u>					
	Passed through the South Carolina State Department of Education:				
201	Title I	84.010	Title I, Part A (Regular)		621,261
203	IDEA - Special Education	84.027A	17 IDEA	768,356	
205	IDEA - Special Education Preschool Grants	84.173	17 IDEA Preschool	<u>29,043</u>	797,399
212	IDEA - ESY Handicapped Services	84.027A	17 Extended School Year		5,474
251	Title VI - Rural and Low Income	84.358B	17 REAP		36,739
264	Title III - Limited English Proficiency and Immigrant Students	84.365	17 Title III		3,546
267	Title II - Improving Teacher Quality	84.367A	17 Title II		111,916
271	Career and Technical Education (subprogram 10)	84.048	17VA016	2,956	
273	Career and Technical Education (subprogram 09)	84.048	17VA016	20,534	
274	Career and Technical Education (subprogram 06)	84.048	17VA016	5,227	
275	Career and Technical Education (subprogram 11)	84.048	17VA016	3,797	
277	Career and Technical Education (subprogram 04)	84.048	17VA016	5,000	
278	Career and Technical Education (subprogram 14)	84.048	17VA016	1,416	
279	Career and Technical Education - Technology Training	84.048	17VA016	<u>1,034</u>	39,964
299	Gear Up	84.334A	P334A140210		<u>120,511</u>
	Total U. S. Department of Education				<u>1,736,810</u>
<u>U. S. Department of Defense</u>					
	Direct Program				
290	ROTC	12.357	N/A		<u>69,058</u>
	Total U. S. Department of Defense				<u>69,058</u>
<u>U.S. Department of Labor</u>					
801	Jobs for Americas Graduates - South Carolina	17.259	17JAG101		<u>55,658</u>
	Total U. S. Department of Labor				<u>55,658</u>
	Total expenditures of federal awards				<u>\$ 3,247,878</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Calhoun County Public Schools (District), under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weakness(es)? No

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Program</u>
---------------------	------------------------

10.553	School Breakfast Program
10.555	School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no finding related to the financial statements.

SECTION III - MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS

There were no findings related to federal awards.

**CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017

No matters were reported for the year ended June 30, 2016.



J. W. Hunt and Company

Certified Public Accountants

November 17, 2017

To the Board of Trustees
Calhoun County Public Schools
St. Matthews, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Calhoun County Public Schools (District) for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 19, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. Effective July 1, 2016, the District adopted the following new Government Accounting Standards Board Statements (GASB) standard:

GASB Statement No. 77, *Tax Abatement Disclosures* (GASB No. 77), was issued in August 2015 and requires new disclosures about tax abatement agreements with entities and individuals. GASB No. 77 defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forego tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. GASB No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The disclosures required by GASB No. 77 are included in Note 3 to the District's financial statements.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the net pension liability is based on an actuarial valuation. We have read the actuarial report and evaluated the key factors and assumptions used in the actuarial calculations in determining that the estimate is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the District's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 17, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that

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the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedules, Schedule of Proportionate Share of South Carolina Retirement System (SCRS) Net Pension Liability, and Schedule of Contributions to SCRS, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining and Individual Fund Schedules, Detailed Schedule of Due to State Department of Education/Federal Government, and School District Location Reconciliation Schedule, which accompanies the financial statements but is not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

J. W. Hunt and Company