

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
*ST. GEORGE, SOUTH CAROLINA*

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**FISCAL YEAR ENDED JUNE 30, 2018**

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## **FINANCIAL SECTION**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Dorchester County School District Number Four  
St. George, 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 Dorchester County School District Number Four, St. George, South Carolina, as of and for the year ended June 30, 2018, 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 Dorchester County School District Number Four, St. George, South Carolina, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 10 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and supplementary pension and other postemployment benefits information on pages 4 through 12 and 61 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and supplemental schedules are presented for purposes of additional analysis and are 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 combining and individual fund financial statements, supplemental schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is 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 26, 2018 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.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Pawleys Island, South Carolina  
November 26, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2018**

The discussion and analysis of Dorchester School District Four's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the additional information in the District's financial statements and the accompanying notes to those financial statements.

### **FINANCIAL HIGHLIGHTS**

- The total liabilities of the District exceeded its total assets at the close of the most recent fiscal year by \$38,504,074 (net deficit). The reason for this change is the GASB 68 requirement for recording the net pension liability and the GASB 75 requirement for recording the net OPEB liability. Because of this requirement, the District's unrestricted net position is now a negative total of (\$38,504,074).
- The District's total net position for the current fiscal year decreased by \$1,043,840. Net position now includes the net pension liability of \$35,380,819 per the GASB 68 requirement and the net OPEB liability of \$25,983,260 per the GASB 75 requirement.
- Revenues totaled \$33,840,884. This is an increase of \$2,438,407 or 7.8% from fiscal year 2017.
- Expenses totaled \$34,884,724. This is an increase of \$3,650,161 or 11.7% from fiscal year 2017.
- Our principal operating fund, the General Fund, had \$24,858,781 in fiscal year 2018 revenues, which primarily consisted of state aid and property taxes, and \$25,144,063 in expenditures. The General Fund's fund balance increased from \$4,597,446 as of June 30, 2017 to \$5,488,495 as of June 30, 2018.
- The District's total bonded debt, including issuance premiums and deferred amounts on refunding, decreased by \$584,463 during FY 2018. The District did not issue a Tax Anticipation Note for the 2017 – 2018 fiscal year.



## **OVERVIEW OF FINANCIAL STATEMENTS**

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

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. These statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (government activities) and functions principally supported by user charges (business type activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services. The government-wide financial statements are included on pages 13 and 14 of this report.

Statement of Net Position: The statement of net position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources except for those related to fiduciary funds, with the difference 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.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Projects, EIA, Capital Projects, and Debt Service Funds, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds: Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary fund statements are reported on the accrual basis and include the District's Food Service Fund.

Fiduciary Funds: Fiduciary (Pupil Activity) funds are used to account for resources held for the benefit of students and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds.

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.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for the General Fund in the form of a budgetary comparison schedule, pension schedules related to GASB 68 implementation, and OPEB schedules related to GASB 75 implementation.

The District maintains its accounting records in conformity with the South Carolina Department of Education's Financial Accounting Handbook. Combining and individual fund schedules mandated by the South Carolina Department of Education follow the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets creating a net deficit of (\$38,504,074) as of June 30, 2018. The reason for this is due to the reporting of the net pension liability of \$35,380,819 due to the GASB 68 requirement and the net OPEB liability of \$25,983,260 due to the GASB 75 requirement.

A large portion of the District's net position (\$14,285,739) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

The following table presents a comparison of the District's net position for the past two fiscal years. Amounts are expressed in thousands of dollars. GASB Statement No. 75 was implemented retroactively by restating beginning net position of 2018 as more fully described in Note 17 of the financial statements. Amounts presented below for 2017 have not been restated, as information was not available to provide a complete financial presentation.

	Governmental Activities		Business – Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 12,250	\$ 10,327	\$ 444	\$ 376	\$ 12,694	\$ 10,703
Capital Assets, Net	29,147	29,562	101	121	29,248	29,683
Total Assets	\$ 41,397	\$ 39,889	\$ 545	\$ 497	\$ 41,942	\$ 40,386
Total Outflows of Resources	\$ 6,189	\$ 5,105	\$ -0-	\$ -0-	\$ 6,189	\$ 5,105
Current Liabilities	\$ 6,484	\$ 5,140	\$ -0-	\$ -0-	\$ 6,484	\$ 5,140
Long-Term Liabilities	75,927	49,243	-0-	-0-	75,927	49,243
Total Liabilities	\$ 82,411	\$ 54,383	\$ -0-	\$ -0-	\$ 82,411	\$ 54,383
Total Inflows of Resources	\$ 4,224	\$ 1,616	\$ -0-	\$ -0-	\$ 4,224	\$ 1,616
Net Position:						
Net Investment in Capital Assets	\$ 14,185	\$ 13,864	\$ 101	\$ 121	\$ 14,286	\$ 13,985
Restricted	493	913	-0-	-0-	493	913
Unrestricted	(53,727)	(25,782)	444	376	(53,283)	(25,406)
Total Net Position	\$ (39,049)	\$ (11,005)	\$ 545	\$ 497	\$ (38,504)	\$ (10,508)

The following are significant current year transactions that have an impact on the Statement of Net Position for 2018:

- The net pension liability amount of \$35,380,819 and the net OPEB liability amount of \$25,983,260 created a negative net position for 2018.

The District's total revenues for the fiscal year ended June 30, 2018 were \$33,840,884. The total cost of all programs and services was \$34,884,724 for a decrease in net position of \$1,043,840. Due to implementation of GASB Statement No. 75, OPEB expense accounted for \$533,084 of the decrease between 2017 and 2018.

The following table presents a summary of the changes in net position for the past two fiscal years. Amounts are expressed in thousands of dollars. As noted above, comparative amounts for 2017 have not been restated for GASB 75 implementation.

	Governmental Activities		Business – Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 240	\$ 148	\$ 77	\$ 95	\$ 317	\$ 243
Operating Grants	14,463	12,910	1,733	1,649	16,196	14,559
Capital Grants	195	76	-0-	-0-	195	76
General Revenues:						
Property Taxes	10,753	10,284	-0-	-0-	10,753	10,284
Investment Income	108	56	-0-	-0-	108	56
State Aid/Formula Grants	6,197	6,142	-0-	-0-	6,197	6,142
Miscellaneous and Other	75	42	-0-	-0-	75	42
Total Revenues	\$ 32,031	\$ 26,658	\$ 1,810	\$ 1,744	\$ 33,841	\$ 31,402
Expenses:						
Instruction	\$ 17,571	\$ 16,205	\$ -0-	\$ -0-	\$ 17,571	\$ 16,205
Support Services	14,891	12,703	-0-	-0-	14,891	12,703
Community Services	3	2	-0-	-0-	3	2
Intergovernmental	82	50	-0-	-0-	82	50
Interest	562	586	-0-	-0-	562	586
Depreciation - Unallocated	14	5	-0-	-0-	14	5
Food Service	-0-	-0-	1,762	1,683	1,762	1,683
Total Expenses	\$ 33,123	\$ 29,551	\$ 1,762	\$ 1,683	\$ 34,885	\$ 31,234
Net Before Transfers	\$ (1,092)	\$ 107	\$ 48	\$ 61	\$ (1,044)	\$ 168
Transfers In(Out)	-0-	-0-	-0-	-0-	-0-	-0-
Change in Net Position	\$ (1,092)	\$ 107	\$ 48	\$ 61	\$ (1,044)	\$ 168
Net Position - Beginning	(11,005)	(11,217)	497	436	(10,508)	(10,781)
Prior Period Adjustment	(26,952)	105	-0-	-0-	(26,952)	105
Net Position - Ending	\$ (39,049)	\$ (11,005)	\$ 545	\$ 497	\$ (38,504)	\$ (10,508)

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

	Total Expenses		Net (Expense) Revenue	
	2018	2017	2018	2017
Instruction	\$ 17,571,255	\$ 16,205,014	\$ (4,954,042)	\$ (4,840,449)
Support Services	14,890,410	12,702,733	(12,657,407)	(10,956,884)
Community Services	3,095	1,646	(3,095)	(1,646)
Intergovernmental	82,212	50,489	(35,000)	(25,980)
Interest	562,051	585,870	(562,051)	(585,870)
Depreciation – Unallocated	13,875	5,603	(13,875)	(5,603)
Total Expenses	\$ <u>33,122,898</u>	\$ <u>29,551,355</u>	\$ <u>(18,225,470)</u>	\$ <u>(16,416,432)</u>

- The cost of all governmental activities this year was \$33,122,898. This was an increase of \$3,571,543 from fiscal year 2017’s total of \$29,551,355.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$14,897,428 for fiscal year 2018. This is an increase of \$1,762,505 from the total of \$13,134,923 for the 2017 fiscal year.
- Net cost of governmental activities (\$18,225,470), was financed by general revenues, which are made up of primarily property taxes \$10,753,096, state aid \$6,197,154 and other miscellaneous general revenues of \$75,325. Investment earnings accounted for \$107,532 of funding. All of these components contributed to an overall decrease in net position for governmental activities of \$(1,092,363). The net cost of governmental activities for fiscal year 2017 was \$(16,416,432) and was financed by general revenues consisting of \$10,283,778 in property taxes, \$6,141,787 in state aid, and \$41,661 in other miscellaneous revenue. Investment earnings contributed \$56,212 which produced an overall increase in net position of \$107,006 in 2017.

Business-Type Activities: Net position of business-type activities increased by \$48,523 for the current fiscal year. The district participates in the USDA Community Eligibility Program which allows the District to provide free meals to all students. Grant reimbursements from USDA are increased to compensate the district for the free meals that are served.

## **FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,888,958, an increase of \$463,855 in comparison with the prior year. Of this amount, \$5,488,495 constitutes an unrestricted, unassigned fund balance and is available for spending at the District's discretion. The remainder of fund balance is reported as restricted or assigned to indicate that it is not available for new spending because it has already been committed to pay debt service as well as future facility upgrades.

The General Fund is the principal operating fund of the District. The net change in fund balance in the General Fund for the fiscal year was an increase of \$891,049. The increase was realized even though Dorchester County Council reduced the district's operational millage in 2011. This reduction was done per local legislation that restricts the amount of fund balance the district can maintain. The Debt Service fund balance showed a decrease of \$270,204 from the prior year. The net change in fund balance in the Building Fund from the prior year was a decrease of \$156,990. This was due to the payments for capital improvements that were funded by a special bond issue done in 2016.

Proprietary Fund: The District's Proprietary Fund (Food Service Fund) provides the same type of information found in the government-wide financial statements, but in more detail.

As previously discussed above, the Food Service Fund showed an increase in fund balance of \$48,523 for fiscal year 2018.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no changes made to the original budget approved for 2018. The District continued to maintain salary scales for professional and certified staff that are comparable to our neighboring districts. We also continue to implement programs that we hope will help us to not only recruit but also retain qualified staff members.

A schedule showing the original budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The district budgeted \$1,352,062 from its fund balance due to the decrease in local funding.

Actual General Fund revenues for 2018 were \$1,817,527 more than what was budgeted. This increase was the result of increases in state EFA revenue as well as tax collections being more than what was projected by the County Auditor.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: As of June 30, 2018, the District had invested \$29,247,623 (net of accumulated depreciation) in total capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. Total depreciation expense for the year was \$1,155,922 and \$20,180 for governmental and business-type activities, respectively.

The following schedule presents governmental activities capital asset balances, net of depreciation, for the past two fiscal years:

	2018	2017	Difference
Land	\$ 310,640	\$ 310,640	\$ -0-
Buildings and Additions	27,843,176	25,334,043	2,509,133
Machinery, Equipment and Vehicles	578,109	407,126	170,983
Construction in Progress	414,910	3,510,239	(3,095,329)
Total	<u>\$ 29,146,835</u>	<u>\$ 29,562,048</u>	<u>\$ 415,213</u>

Net capital assets of business-type activities amounted to \$100,788 and \$120,968 for 2018 and 2017, respectively, and included machinery and equipment used in school cafeterias.

Additional information on the District's capital assets and construction commitments can be found in Note 5 and Note 19 of this report.

Debt Administration: At year-end, the District had \$15,117,000 in bonded debt outstanding, of which \$1,253,000 in principal payments are due within one year. The following table presents a summary of the District's outstanding bonded long-term debt for the fiscal year ended June 30, 2018, as compared to 2017:

	2018	2017
8% General Obligation Debt	\$ 2,617,000	\$ 2,331,000
Referendum General Obligation Debt	12,500,000	13,075,000
SCAGO Equipment Lease	-0-	280,000
Total	<u>\$ 15,117,000</u>	<u>\$ 15,686,000</u>

State statutes currently limit the amount of general obligation debt a District may issue without referendum to 8% of its total assessed valuation. The current debt limitation for the District is \$4,559,686 based on an assessed valuation of \$56,996,070 which is significantly in excess of the District's current outstanding non-referendum general obligation debt.

Additional information on the District's long-term debt and other long-term liabilities can be found in Note 6 of this report.

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

Dorchester School District Four used a base student cost of \$2,485 when projecting Education Finance Act funding for the 2018-2019 fiscal year. By utilizing our fund balance, we were able to provide all of our employees with a step increase for an additional year experience. There have been no cuts to date involving our Education Improvement Act funds or Education Finance Act funds. There are no immediate indications that there will be budget cuts during the 2018-2019 but that could always change.

This is the seventh consecutive year that we have obligated a portion of our fund balance in order to balance our General Fund budget. Because the district has not had to utilize any funds from the SCAGO Tax Anticipation Note program for those years that we previously were approved for, we were not allowed to participate in this program for the 2019 school year.

The district has no immediate plans for any additional construction projects. However, the facility study that was done for the school board last year is being looked at to determine what the district's facility needs may be in the next 5-10 years. It appears that there is the likelihood of growth in our district as the result of new industries possibly locating here. That will certainly be a factor in the district's facility plans for the future.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, 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 Fiscal Services, Dorchester School District Four, 500 Ridge Street, St. George, S.C., 29477.



## **BASIC FINANCIAL STATEMENTS**

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 193,616	\$ 245,598	\$ 439,214
Taxes Receivable (Net of Allowance)	974,430	-	974,430
Due From County Treasurer	9,979,216	-	9,979,216
Due From Other Agencies	59,251	-	59,251
Due From State Department of Education	328,820	-	328,820
Due From Federal Government	750,457	120,208	870,665
Internal Balances	(35,333)	35,333	-
Inventories	-	43,497	43,497
Capital Assets (Net of Accumulated Depreciation):			
Land (Non-Depreciable)	310,640	-	310,640
Construction in Progress (Non-Depreciable)	414,910	-	414,910
Building and Improvements	27,843,176	-	27,843,176
Vehicles, Machinery, and Equipment	578,109	100,788	678,897
<b>TOTAL ASSETS</b>	<b>\$ 41,397,292</b>	<b>\$ 545,424</b>	<b>\$ 41,942,716</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to Pension	\$ 5,233,506	\$ -	\$ 5,233,506
Deferred Outflows of Resources Related to OPEB	955,087	-	955,087
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 6,188,593</b>	<b>\$ -</b>	<b>\$ 6,188,593</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 591,849	\$ -	\$ 591,849
Accrued Interest Payable	173,615	-	173,615
Withholding and Benefits Payable	932,986	-	932,986
Accrued Salaries	1,462,189	-	1,462,189
Due To State Department of Education	14,015	-	14,015
Unearned Grant Revenues	1,796,877	-	1,796,877
Noncurrent Liabilities:			
Due Within One Year	1,512,263	-	1,512,263
Due In More Than One Year	75,927,605	-	75,927,605
<b>TOTAL LIABILITIES</b>	<b>\$ 82,411,399</b>	<b>\$ -</b>	<b>\$ 82,411,399</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Gain on Bond Refunding	\$ 2,189	\$ -	\$ 2,189
Deferred Inflows of Resources Related to Pension	1,765,178	-	1,765,178
Deferred Inflows of Resources Related to OPEB	2,456,617	-	2,456,617
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 4,223,984</b>	<b>\$ -</b>	<b>\$ 4,223,984</b>
<b>NET POSITION</b>			
Net Investment In Capital Assets	\$ 14,184,951	\$ 100,788	\$ 14,285,739
Restricted For:			
Debt Service	492,229	-	492,229
Capital Projects	906	-	906
Unrestricted	(53,727,584)	444,636	(53,282,948)
<b>TOTAL NET POSITION</b>	<b>\$ (39,049,498)</b>	<b>\$ 545,424</b>	<b>\$ (38,504,074)</b>

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
STATEMENT OF ACTIVITIES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction	\$ 17,571,255	\$ 138,969	\$ 12,389,596	\$ 88,648	\$ (4,954,042)	\$ -	\$ (4,954,042)
Supporting Services	14,890,410	61,651	2,065,546	105,806	(12,657,407)	-	(12,657,407)
Community Services	3,095	-	-	-	(3,095)	-	(3,095)
Intergovernmental	82,212	39,564	7,648	-	(35,000)	-	(35,000)
Interest and Other Charges	562,051	-	-	-	(562,051)	-	(562,051)
Depreciation - Unallocated*	13,875	-	-	-	(13,875)	-	(13,875)
Total Governmental Activities	\$ 33,122,898	\$ 240,184	\$ 14,462,790	\$ 194,454	\$ (18,225,470)	\$ -	\$ (18,225,470)
Business-Type Activities:							
Food Service	\$ 1,761,826	\$ 76,925	\$ 1,733,424	\$ -	\$ -	\$ 48,523	\$ 48,523
Total Business-Type Activities	\$ 1,761,826	\$ 76,925	\$ 1,733,424	\$ -	\$ -	\$ 48,523	\$ 48,523
<b>TOTALS</b>	\$ 34,884,724	\$ 317,109	\$ 16,196,214	\$ 194,454	\$ (18,225,470)	\$ 48,523	\$ (18,176,947)
<b>GENERAL REVENUES</b>							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 9,165,174	\$ -	\$ 9,165,174
Property Taxes, Levied for Debt Service					1,587,922	-	1,587,922
Unrestricted State Aid and Grants					6,197,154	-	6,197,154
Investment Earnings					107,532	-	107,532
Other Miscellaneous Revenues					75,325	-	75,325
<b>TOTAL GENERAL REVENUES</b>					\$ 17,133,107	\$ -	\$ 17,133,107
<b>CHANGE IN NET POSITION</b>					\$ (1,092,363)	\$ 48,523	\$ (1,043,840)
<b>NET POSITION BEGINNING OF YEAR (AS RESTATED NOTE 17)</b>					(37,957,135)	496,901	(37,460,234)
<b>NET POSITION END OF YEAR</b>					\$ (39,049,498)	\$ 545,424	\$ (38,504,074)

\* Excludes depreciation of \$1,142,047 that is included in the direct expenses of the various functions.

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>GENERAL</b>	<b>SPECIAL PROJECTS</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 188,796	\$ -
Taxes Receivable (Net of Allowance for Uncollectibles)	848,984	-
Due From County Treasurer	8,368,820	-
Due From Other Funds	-	-
Due From Other Agencies	3,708	55,543
Due From State Department of Education	274,715	18,354
Due From Federal Government	-	750,457
	<u>9,685,023</u>	<u>824,354</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>9,685,023</u></b>	<b>\$ <u>824,354</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 587,021	\$ -
Accrued Payroll Liabilities	932,986	-
Accrued Salaries	1,462,189	-
Due To Other Funds	722,008	528,411
Due To State Department of Education	-	6,367
Unearned Grant Revenue	-	289,576
	<u>3,704,204</u>	<u>824,354</u>
<b>Total Liabilities</b>	<b>\$ <u>3,704,204</u></b>	<b>\$ <u>824,354</u></b>
<b>Deferred Inflows of Resources</b>		
Unavailable Tax Revenue	\$ 492,324	\$ -
	<u>492,324</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<b>\$ <u>492,324</u></b>	<b>\$ <u>-</u></b>
<b>Fund Balances</b>		
Restricted For:		
Debt Service	\$ -	\$ -
Capital Projects - Facilities Improvements	-	-
Assigned To:		
Debt Service	-	-
Capital Projects - Facilities Improvements	-	-
Unassigned	5,488,495	-
	<u>5,488,495</u>	<u>-</u>
<b>Total Fund Balances</b>	<b>\$ <u>5,488,495</u></b>	<b>\$ <u>-</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ <u>9,685,023</u></b>	<b>\$ <u>824,354</u></b>

The accompanying notes are an integral part of these financial statements.

<u>EDUCATION IMPROVEMENT ACT</u>	<u>DEBT SERVICE</u>	<u>SCHOOL BUILDING</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ -	\$ -	\$ 4,820	\$ 193,616
-	125,446	-	974,430
-	1,357,265	253,131	9,979,216
1,479,198	-	-	1,479,198
-	-	-	59,251
35,751	-	-	328,820
-	-	-	750,457
<u>\$ 1,514,949</u>	<u>\$ 1,482,711</u>	<u>\$ 257,951</u>	<u>\$ 13,764,988</u>
\$ -	\$ -	\$ 4,828	\$ 591,849
-	-	-	932,986
-	-	-	1,462,189
-	190,482	73,630	1,514,531
7,648	-	-	14,015
<u>1,507,301</u>	<u>-</u>	<u>-</u>	<u>1,796,877</u>
<u>\$ 1,514,949</u>	<u>\$ 190,482</u>	<u>\$ 78,458</u>	<u>\$ 6,312,447</u>
<u>\$ -</u>	<u>\$ 71,259</u>	<u>\$ -</u>	<u>\$ 563,583</u>
<u>\$ -</u>	<u>\$ 71,259</u>	<u>\$ -</u>	<u>\$ 563,583</u>
\$ -	\$ 420,970	\$ -	\$ 420,970
-	-	906	906
-	800,000	-	800,000
-	-	178,587	178,587
-	-	-	5,488,495
<u>\$ -</u>	<u>\$ 1,220,970</u>	<u>\$ 179,493</u>	<u>\$ 6,888,958</u>
<u>\$ 1,514,949</u>	<u>\$ 1,482,711</u>	<u>\$ 257,951</u>	<u>\$ 13,764,988</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

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

Ending fund balances - governmental funds balance sheet	\$	6,888,958
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		29,146,835
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recognized as revenues in the funds.		563,583
Long-term liabilities, including bonds payable (net of premiums and deferred gains), capital leases, net pension liability, net OPEB liability, compensated absences, and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(75,648,874)</u>
Net position of governmental activities	\$	<u><u>(39,049,498)</u></u>

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>GENERAL</b>	<b>SPECIAL PROJECTS</b>
<b>REVENUES</b>		
Local	\$ 11,019,249	\$ 267,724
State	13,786,361	647,439
Federal	-	1,942,890
Intergovernmental	53,171	212,809
<b>TOTAL REVENUES</b>	<b>\$ 24,858,781</b>	<b>\$ 3,070,862</b>
<b>EXPENDITURES</b>		
Current		
Instructional Services	\$ 12,886,583	\$ 1,394,185
Supporting Services	11,561,151	1,355,017
Community Services	3,002	-
Intergovernmental Expenditures	35,000	192,353
Debt Service		
Redemption of Principal	21,593	-
Interest and Fiscal Agent Fees	4,751	-
Issuance Costs	-	-
Capital Outlay	631,983	65,328
<b>TOTAL EXPENDITURES</b>	<b>\$ 25,144,063</b>	<b>\$ 3,006,883</b>
Excess Revenues Over (Under) Expenditures	<b>\$ (285,282)</b>	<b>\$ 63,979</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds of General Obligation Bonds	\$ -	\$ -
Lease Purchase	518,074	-
Transfers From Other Funds	658,257	-
Transfers To Other Funds	-	(63,979)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,176,331</b>	<b>\$ (63,979)</b>
Net Change in Fund Balances	\$ 891,049	\$ -
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>4,597,446</b>	<b>-</b>
<b>FUND BALANCE END OF YEAR</b>	<b>\$ 5,488,495</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

<u>EDUCATION IMPROVEMENT ACT</u>	<u>DEBT SERVICE</u>	<u>SCHOOL BUILDING</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ -	\$ 1,820,508	\$ 69,595	\$ 13,177,076
2,178,520	140,226	-	16,752,546
-	-	-	1,942,890
-	-	-	265,980
<u>\$ 2,178,520</u>	<u>\$ 1,960,734</u>	<u>\$ 69,595</u>	<u>\$ 32,138,492</u>
\$ 1,196,654	\$ -	\$ -	\$ 15,477,422
310,316	-	132,357	13,358,841
-	-	-	3,002
7,648	-	-	235,001
1,184	1,669,000	-	1,691,777
404	561,938	-	567,093
-	-	20,000	20,000
<u>68,036</u>	<u>-</u>	<u>1,174,228</u>	<u>1,939,575</u>
<u>\$ 1,584,242</u>	<u>\$ 2,230,938</u>	<u>\$ 1,326,585</u>	<u>\$ 33,292,711</u>
<u>\$ 594,278</u>	<u>\$ (270,204)</u>	<u>\$ (1,256,990)</u>	<u>\$ (1,154,219)</u>
\$ -	\$ -	\$ 1,100,000	\$ 1,100,000
-	-	-	518,074
-	-	-	658,257
<u>(594,278)</u>	<u>-</u>	<u>-</u>	<u>(658,257)</u>
<u>\$ (594,278)</u>	<u>\$ -</u>	<u>\$ 1,100,000</u>	<u>\$ 1,618,074</u>
\$ -	\$ (270,204)	\$ (156,990)	\$ 463,855
-	1,491,174	336,483	6,425,103
<u>\$ -</u>	<u>\$ 1,220,970</u>	<u>\$ 179,493</u>	<u>\$ 6,888,958</u>



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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

Net change in fund balances - total governmental funds	\$	463,855
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the difference between depreciation expense and capital outlays in the current period.		(415,213)
Revenues and other items in the statement of activities, that will not be collected for several months after year end and do not provide for current financial resources, are not reported as revenues in the funds.		54,831
The issuance of long-term debt (e.g. bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		73,703
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(1,269,539)</u>
Change in net position of governmental activities	\$	<u><u>(1,092,363)</u></u>

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018**

		<b>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)</b>
<b>ASSETS</b>		
Current Assets		
Cash	\$	245,598
Due From Other Funds		35,333
Due From Federal Government		120,208
Inventories		43,497
Total Current Assets	\$	<u>444,636</u>
Noncurrent Assets		
Equipment	\$	637,030
Less: Accumulated Depreciation		(536,242)
Total Noncurrent Assets	\$	<u>100,788</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>545,424</u></b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$	100,788
Unrestricted		<u>444,636</u>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b><u><u>545,424</u></u></b>

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)</b>
<b>OPERATING REVENUES</b>	
Proceeds from Sales of Meals	\$ <u>76,925</u>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ <u>76,925</u></b>
<b>OPERATING EXPENSES</b>	
Food Costs	\$ 775,807
Salaries and Employee Benefits	727,237
Utilities	7,880
Depreciation	20,180
Supplies and Materials	170,905
Other Operating Costs	<u>59,817</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ <u>1,761,826</u></b>
Operating Income (Loss)	\$ <u>(1,684,901)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
USDA Reimbursements	\$ 1,653,380
Commodities Received From USDA	75,520
Other Federal and State Aid	<u>4,524</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>\$ <u>1,733,424</u></b>
Change in Net Position	\$ 48,523
<b>NET POSITION BEGINNING OF YEAR</b>	<b><u>496,901</u></b>
<b>NET POSITION END OF YEAR</b>	<b>\$ <u><u>545,424</u></u></b>

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Patrons	\$ 76,925
Cash Payments to Suppliers for Goods and Services	(1,397,066)
Cash Payments to Employees for Services	<u>(724,960)</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ <u>(2,045,101)</u></b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Other Federal and State Aid	\$ 4,524
USDA Federal Reimbursements	<u>1,638,406</u>
<b>Net Cash Provided (Used) By Non-Capital Financing Activities</b>	<b>\$ <u>1,642,930</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (402,171)</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	<u>647,769</u>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ <u><u>245,598</u></u></b>

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

		<b>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$	(1,684,901)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Depreciation		20,180
Non-Cash Commodities Used		75,520
Changes in Assets and Liabilities		
(Increase) Decrease in Inventory		(20,070)
(Increase) Decrease in Due From Other Funds		(435,830)
		(435,830)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$</b>	<b>(2,045,101)</b>
		(2,045,101)
 <b>Supplemental Non-Cash Financing and Investing Information:</b>		
Non-Cash Commodities Received from USDA	\$	75,520
		75,520

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018**

	<u>AGENCY FUND</u>
<b>ASSETS</b>	
Cash	\$ <u>215,947</u>
<b>TOTAL ASSETS</b>	\$ <u>215,947</u>
<b>LIABILITIES</b>	
Due To Third Parties	\$ <u>215,947</u>
<b>TOTAL LIABILITIES</b>	\$ <u>215,947</u>
<b>NET POSITION</b>	\$ <u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Dorchester County School District Number Four (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**Reporting Entity**

The District is a Local Education Agency empowered by State law with the responsibility to oversee and control activities related to public school education in a portion of Dorchester County, South Carolina. The Board receives state, local and federal government funding and must adhere to the legal requirements of each funding entity. The District operates under the direction of an elected Board of Education. A Superintendent, hired by the Board, serves as the chief administrative officer of the District.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading. Based on this criteria, the District has determined there were no separate governmental units or other organizations meeting the criteria for inclusion in the reporting entity.

**Government-Wide and Fund Financial Statements**

The financial statement presentation for the District meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related amendments, pronouncements, and interpretations. The financial statement presentation provides a comprehensive, entity-wide perspective of the District's net position, revenues, expenses and changes in net position and cash flows that replaces the fund-group perspective previously required and provides for the inclusion of Management's Discussion and Analysis as required supplementary information.

As more fully described in Note 10, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement improves accounting and financial reporting by state and local governments for post-employment benefits other than pensions. As required by GASB, this statement was implemented retroactively by restating beginning net position.

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District as a whole. For the most part, the effect of interfund activity has been removed 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are also reported as general revenues.

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Each major fund is determined in accordance with criteria established by the Governmental Accounting Standards Board. All non-major funds are aggregated and reported in a single column of the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Property taxes, intergovernmental revenue, interest, and charges for services associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other items are considered to be measurable and available only when cash is received.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for food sales and services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The focus of proprietary fund measurement focus is upon determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are similar to businesses operating in the private sector where fees are charged to external users for goods and services provided.

Fiduciary funds are used to report assets held in a trustee capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to finance activities or obligations of the District, these funds are not incorporated into the government-wide statements. The funds are, however, reported in the fund financial statements.

The District utilizes the following governmental funds:

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

*Special Revenue Fund - Special Projects Fund:* Accounts for the proceeds of specific grant revenue sources that are legally or contractually restricted to expenditures for specified purposes.

*Special Revenue Fund - Education Improvement Act Fund:* Accounts for the proceeds of the additional one percent sales and use tax that are restricted to expenditures for the Education Improvement Act strategies.

*Debt Service Fund:* Accounts for the accumulation of resources for and the payment of general long-term debt, principal and interest.

*Capital Projects Fund - School Building Fund:* Accounts for major capital expenditures other than the acquisition of machinery, furniture, and vehicles which is usually accounted for in the fund responsible for financing the expenditures.

The District utilizes the following proprietary fund:

*Enterprise Fund - Food Service Fund:* Accounts for the operations of the breakfast and lunch food service programs within the District.

Additionally, the District utilizes the following fiduciary fund:

*Agency Fund - Pupil Activity Fund:* Reports resources held by the District in a custodial capacity for students and student organizations.

The District reports the General Fund, Special Revenue Fund - Special Projects Fund, Special Revenue Fund - Education Improvement Act Fund, the Debt Service Fund, and the Capital Projects Fund - School Building Fund as major governmental funds. The District reports the Enterprise - Food Service Fund as a major proprietary fund.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and deferred outflows and inflows of resources at the date of the financial statements and revenues, expenditures/expenses, and other sources and uses recognized during the reporting period. Actual results could differ from those amounts.

**Deposits and Investments**

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

State statutes authorize the District to invest in obligations of the United States and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal depository insurance, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations. Investments are accounted for at fair value in accordance with GASB Statement No. 31. Changes in unrealized gain or loss on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenditures, and changes in fund balances.

**Receivables**

All receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Such allowances are estimated based upon such factors as length of delinquency, historical analysis, and available means for collection enforcement.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables are eliminated in the government-wide financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Inventories and Prepaid Items**

Inventory in the food service fund (enterprise fund) consists of food and supplies held for resale. Inventories are valued at cost using the first-in/first-out (FIFO) method except for commodities received from the United States Department of Agriculture which are stated at values assigned by the USDA.

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition 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 assets lives are not capitalized.

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

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings & Improvements	10 - 40
Machinery & Equipment	3 - 12
Vehicles	5

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function. Depreciation for capital assets that serve essentially all functions is included in the statement of activities as a separate line item “depreciation - unallocated.”

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Compensated Absences**

It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District, unless as a result of retirement.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

All vacation pay and salary related expenses are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Employees can earn up to 45 vacation days for subsequent use. The portion of time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide statements.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF) and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, the SCRHITF and the SCLTDITF plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Position/Fund Balances**

The District's net position in the government-wide financial statements and proprietary fund financial statements are classified as follows:

*Net Investment in Capital Assets:* This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted Net Position:* This represents resources in which the District is legally or contractually obligated to spend in accordance with restrictions externally imposed by third parties or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position:* Any remaining balance of net position is reported as unrestricted, including management designations.

In the governmental fund financial statements, equity is classified as fund balance. The following classifications describe the relative strength of spending constraints placed on the purposes for which resources can be used:

*Nonspendable Fund Balance:* Consists of amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

*Restricted Fund Balance:* Consists of amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed Fund Balance:* Consists of amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Assigned Fund Balance:* Consists of amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned Fund Balance:* Consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for a specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property Taxes**

Property taxes are assessed and collected under a joint billing and collection agreement with Dorchester County. The District's property taxes are levied each October (except for vehicles which are annually assessed on the first day of the month the automobiles are registered) on the assessed value listed as of the prior January 1<sup>st</sup> for all real and personal property located in the County. The tax levy is considered due upon receipt by the taxpayer, however, the actual due date is January 15<sup>th</sup>. All unpaid taxes become delinquent on January 16<sup>th</sup> and are put into execution on March 15<sup>th</sup>. Vehicle taxes are levied monthly and are due within the period they are levied. Property taxes are recognized under the standards established by GASB Statement No. 33 for imposed nonexchange revenues.

**Nonexchange Transactions**

The standards established by GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*", provide accounting and reporting for the following four categories of nonexchange transactions: 1) Derived tax revenues, 2) Imposed nonexchange revenues, 3) Government-mandated nonexchange transactions, and 4) Voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party or receives value from another party without directly receiving equal value in exchange.

Assets from derived tax revenues are recognized when the underlying exchange has occurred or when the resources are received, whichever first. Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues, and expenditures from government-mandated and voluntary nonexchange transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as unearned revenues. Eligibility requirements can include one or more of the following:

1. The recipient has the characteristics specified by the provider.
2. Time requirements specified by the provider have been met.
3. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
4. The provider's offer of resources is contingent upon a specified action and that action has occurred.

**Fair Value**

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

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

*Level 2* – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Section 3 of Act 593 of 1992, as amended on March 16, 2011 states that the District may maintain a limited cash reserve (fund balance) not exceeding 15% of the total operating budget for its next fiscal year. At June 30, 2018 the District's operating fund balance was \$5,488,495 which exceeded the 15% maximum limitation by \$1,583,401. The District has adopted a millage reduction plan that has been approved by Dorchester County Council that will remain in effect until the District is in compliance with the 15% limitation.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

*Deposits*

At year end, the District's carrying amount of deposits was \$650,341, including agency fund cash of \$215,947, and the corresponding bank balance was \$1,146,243.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

*Custodial Credit Risk - Deposits:* Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The District does not have a policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2018, \$329,197 of the District’s bank balances of \$1,146,243 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging bank’s trust department or agent, in the District’s name.

Cash with Fiscal Agent - The Dorchester County Treasurer’s Office collects the District’s taxes, as well as federal and state revenues. The County Treasurer holds the District’s monies until the District submits a claim voucher. At year end the County Treasurer was responsible for \$9,979,216.

***Investments***

As of June 30, 2018, the District had the following investments and maturities:

Investment Type	Fair Value Level	Credit Rating <sup>(1)</sup>	Fair Value	Investment Maturities < 1 yr
Open Ended Money Market				
Mutual Funds Investing in Governmental Securities	Level 1	AAAm, Aaa-mf	\$ 4,820	\$ 4,820
Total			\$ 4,820	\$ 4,820

<sup>(1)</sup>Credit ratings are from Standard & Poor’s and Moody’s Investors Service.

*Custodial Credit Risk for Investments* – Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. The only investment that the District holds is an open-end money market mutual fund that is not evidenced in securities form and therefore is not subject to custodial credit risk disclosures.

*Credit Risk for Investments* – Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has not adopted a policy regarding credit risk.

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures. The District holds 100% of its total investment portfolio in an open-end money market mutual fund that invests in government securities.

*Interest Rate Risk* – Interest rate risk for investments is the risk of fair value losses should market interest rates change in the future. The District does not have a formal policy regarding investment maturities, which would limit its exposure to fair value losses arising from changing interest rates. The District’s investment in the open-end money market mutual fund had a fair value of \$4,820, which approximates cost, with a daily maturity.



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

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

Notes to the Financial Statements:	
Deposits	\$ 650,341
Investments	<u>4,820</u>
Total Deposits and Investments	<u><u>\$ 655,161</u></u>
Financial Statements:	
Cash and Cash Equivalents	
Statement of Net Position	\$ 439,214
Statement of Fiduciary Net Position	<u>215,947</u>
Total Cash and Cash Equivalents	<u><u>\$ 655,161</u></u>

**NOTE 4 – RECEIVABLES**

Receivables as of the year end for individual major governmental funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Projects</u>	<u>EIA</u>	<u>Debt Service</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,283,069	\$ -	\$ -	\$ 190,947	\$ 1,474,016
State & Federal	274,715	768,811	35,751	-	1,079,277
Other Agencies	<u>3,708</u>	<u>55,543</u>	<u>-</u>	<u>-</u>	<u>59,251</u>
Gross Receivables	\$ 1,561,492	\$ 824,354	\$ 35,751	\$ 190,947	\$ 2,612,544
Less: Allowance for Uncollectibles	<u>(434,085)</u>	<u>-</u>	<u>-</u>	<u>(65,501)</u>	<u>(499,586)</u>
Net Receivables	<u><u>\$ 1,127,407</u></u>	<u><u>\$ 824,354</u></u>	<u><u>\$ 35,751</u></u>	<u><u>\$ 125,446</u></u>	<u><u>\$ 2,112,958</u></u>

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**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets, not Being Depreciated:				
Land	\$ 310,640	\$ -	\$ -	\$ 310,640
Construction in Progress	<u>3,510,239</u>	<u>353,820</u>	<u>(3,449,149)</u>	<u>414,910</u>
Total Capital Assets, not Being Depreciated	<u>\$ 3,820,879</u>	<u>\$ 353,820</u>	<u>\$ (3,449,149)</u>	<u>\$ 725,550</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 39,657,235	\$ 3,542,386	\$ -	\$ 43,199,621
Vehicles	468,617	-	-	468,617
Machinery and Equipment	<u>652,793</u>	<u>293,652</u>	<u>-</u>	<u>946,445</u>
Total Capital Assets Being Depreciated	<u>\$ 40,778,645</u>	<u>\$ 3,836,038</u>	<u>\$ -</u>	<u>\$ 44,614,683</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ (14,323,192)	\$ (1,033,253)	\$ -	\$ (15,356,445)
Vehicles	(312,236)	(35,471)	-	(347,707)
Machinery and Equipment	<u>(402,048)</u>	<u>(87,198)</u>	<u>-</u>	<u>(489,246)</u>
Total Accumulated Depreciation	<u>\$ (15,037,476)</u>	<u>\$ (1,155,922)</u>	<u>\$ -</u>	<u>\$ (16,193,398)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 25,741,169</u>	<u>\$ 2,680,116</u>	<u>\$ -</u>	<u>\$ 28,421,285</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,562,048</u>	<u>\$ 3,033,936</u>	<u>\$ (3,449,149)</u>	<u>\$ 29,146,835</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Vehicles	\$ 10,500	\$ -	\$ -	\$ 10,500
Machinery and Equipment	<u>626,528</u>	<u>-</u>	<u>-</u>	<u>626,528</u>
Total Capital Assets Being Depreciated	<u>\$ 637,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,028</u>
Less Accumulated Depreciation for:				
Vehicles	\$ (10,500)	\$ -	\$ -	\$ (10,500)
Machinery and Equipment	<u>(505,560)</u>	<u>(20,180)</u>	<u>-</u>	<u>(525,740)</u>
Total Accumulated Depreciation	<u>\$ (516,060)</u>	<u>\$ (20,180)</u>	<u>\$ -</u>	<u>\$ (536,240)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 120,968</u>	<u>\$ (20,180)</u>	<u>\$ -</u>	<u>\$ 100,788</u>
Business-Type Activities Capital Assets, Net	<u>\$ 120,968</u>	<u>\$ (20,180)</u>	<u>\$ -</u>	<u>\$ 100,788</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions/programs of the District as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 1,031,389
Supporting Services	110,658
Unallocated	<u>13,875</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,155,922</u>
<b>Business-Type Activities:</b>	
Food Service	<u>\$ 20,180</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 20,180</u>

**NOTE 6 – LONG-TERM DEBT**

**General Obligation Bonds**

General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations. The bonds have been issued to provide funds for the acquisition and construction of major facilities and improvements.

General obligation bonds issued for governmental activities and currently outstanding at June 30, 2018, are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2018</u>
2009	3.00 - 4.00%	March 1, 2022	\$ 7,000,000	\$ 2,500,000
2015	2.25 - 5.00%	March 1, 2035	10,000,000	10,000,000
2016	1.40%	March 1, 2021	1,000,000	852,000
2017	1.625%	March 1, 2022	<u>900,000</u>	<u>850,000</u>
Totals			<u>\$ 18,900,000</u>	<u>\$ 14,202,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,077,000	\$ 494,440	\$ 1,571,440
2020	1,109,000	463,629	1,572,629
2021	1,141,000	431,840	1,572,840
2022	1,025,000	398,244	1,423,244
2023	595,000	365,138	960,138
2024-2028	3,395,000	1,397,787	4,792,787
2029-2033	4,035,000	771,825	4,806,825
2034-2035	<u>1,825,000</u>	<u>102,194</u>	<u>1,927,194</u>
Totals	<u>\$ 14,202,000</u>	<u>\$ 4,425,097</u>	<u>\$ 18,627,097</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6 – LONG-TERM DEBT (continued)**

**Acquisition, Use, and Security Agreement**

In July 2017, the District issued a long-term Series 2017 Acquisition, Use, and Security Agreement with a par amount of \$1,100,000. The agreement was issued to provide funds for technology expenditures. Acquisition, Use and Security Agreements issued for governmental activities and currently outstanding at June 30, 2018, are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2018</u>
2017	1.86%	December 1, 2022	\$ <u>1,100,000</u>	\$ <u>915,000</u>
Totals			\$ <u>1,100,000</u>	\$ <u>915,000</u>

Annual debt service requirements to maturity for the Acquisition, Use, and Security Agreement are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 176,000	\$ 16,982	\$ 192,982
2020	180,000	13,716	193,716
2021	183,000	10,375	193,375
2022	186,000	6,979	192,979
2023	<u>190,000</u>	<u>3,526</u>	<u>193,526</u>
Totals	\$ <u>915,000</u>	\$ <u>51,578</u>	\$ <u>966,578</u>

**SCAGO Equipment Acquisition Lease Program**

The South Carolina Association of Governmental Organizations (SCAGO) has established a leasing program (the SCAGO Equipment Acquisition Lease Program) to facilitate the issuance of leases by South Carolina School Districts. The purpose of the leasing program is to reduce the cost and improve the ease of entering into leases for School Districts in South Carolina. Eligible project expenditures for the leasing program include energy savings, debt refinancing, computers and office equipment, and activity buses. SCAGO leases issued for governmental activities and currently outstanding at June 30, 2018, are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2018</u>
2009	4.63%	December 1, 2017	\$ <u>2,342,000</u>	\$ <u>-</u>
Totals			\$ <u>2,342,000</u>	\$ <u>-</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6 – LONG-TERM DEBT (continued)**

**Capital Leases**

The District has entered into lease agreements as lessee for financing the acquisition of various copiers and computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the net present value of their future minimum lease payments as of the inception date. The gross amount of assets (machinery and equipment) recorded under these capital leases at June 30, 2018 for governmental activities is \$229,204 with corresponding accumulated depreciation of \$104,924. Assets of \$511,051 not meeting the capitalization policy of \$5,000 have been recorded as expenditures as incurred. Future lease payments of these capital leases due at June 30, 2018 are as follows:

Year Ending June 30	<u>Total</u>
2019	\$ 34,612
2020	34,612
2021	34,612
2022	29,762
2023	<u>9,920</u>
Total Minimum Lease Payments	\$ 143,518
Amount Representing Interest	<u>(17,766)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 125,752</u>

The District also entered into a lease agreement in the current year to finance the purchase of athletic field turf in the amount of \$781,820. This lease agreement qualifies as a capital lease for accounting purposes. At June 30, 2018, construction in progress and lease proceeds of \$390,560 were recorded in the District's financial statements. The project was completed in August 2018. Lease payments begin August 2018 at project completion and are due in seven annual installments of \$130,508, including interest of 5.00%. Future lease payments at project completion are as follows:

Year Ending June 30	<u>Total</u>
2019	\$ 130,508
2020	130,508
2021	130,508
2022	130,508
2023	130,508
Thereafter	<u>261,016</u>
Total Minimum Lease Payments	\$ 913,556
Amount Representing Interest	<u>(131,736)</u>
Present Value of Future Minimum Lease Payments at Project Completion	\$ 781,820
Less: Undrawn Lease Proceeds	<u>(391,260)</u>
Capital Lease Balance at June 30, 2018	<u>\$ 390,560</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6 – LONG-TERM DEBT (continued)**

The following is a summary of changes in long-term obligations and balances for June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 15,406,000	\$ -	\$ (1,204,000)	\$ 14,202,000	\$ 1,077,000
Plus Issuance Premiums	<u>147,375</u>	<u>-</u>	<u>(14,886)</u>	<u>132,489</u>	<u>-</u>
Total Bonds Payable	\$ 15,553,375	\$ -	\$ (1,218,886)	\$ 14,334,489	\$ 1,077,000
Acquisition, Use and Security					
Agreement	-	1,100,000	(185,000)	915,000	176,000
SCAGO Equipment Lease	280,000	-	(280,000)	-	-
Capital Leases	21,015	518,074	(22,777)	516,312	147,427
Net Pension Liability	34,626,030	7,625,210	(6,870,421)	35,380,819	-
Net OPEB Liability	-	25,983,260	-	25,983,260	-
Compensated Absences	<u>347,546</u>	<u>55,190</u>	<u>(92,748)</u>	<u>309,988</u>	<u>111,836</u>
Totals	<u>\$ 50,827,966</u>	<u>\$ 35,281,734</u>	<u>\$ (8,669,832)</u>	<u>\$ 77,439,868</u>	<u>\$ 1,512,263</u>

For governmental activities, the general and special revenue funds typically liquidate other long-term liabilities.

**NOTE 7 – SHORT-TERM DEBT**

On September 20, 2017 the District issued a short-term general obligation bond in the amount of \$200,000 to finance the first debt service payment on the Acquisition, Use, and Security Agreement. The maturity date was March 1, 2018 and it carried an interest rate of 3.00%. The debt was retired on February 28, 2018.

	<u>Outstanding June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding June 30, 2018</u>
General Obligation Bond	\$ -	\$ 200,000	\$ (200,000)	\$ -
Plus Issuance Premium	<u>-</u>	<u>1,900</u>	<u>(1,900)</u>	<u>-</u>
Totals	<u>\$ -</u>	<u>\$ 201,900</u>	<u>\$ (201,900)</u>	<u>\$ -</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 – OPERATING LEASES**

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$56,112 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Year Ending June 30	<u>Amount</u>
2019	\$ 48,993
2020	23,340
2021	14,597
2022	3,086
2023	<u>771</u>
Total	<u>\$ 90,787</u>

**NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2018, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -	\$ 722,008
Special Projects	-	528,411
EIA	1,479,198	-
Debt Service Fund	-	190,482
School Building Fund	-	73,630
Food Service Fund	<u>35,333</u>	<u>-</u>
Total	<u>\$ 1,514,531</u>	<u>\$ 1,514,531</u>

Transfers are used to move certain revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including indirect cost allocations. A schedule of operating transfers is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ 658,257	\$ -
Special Projects	-	63,979
EIA	<u>-</u>	<u>594,278</u>
Total	<u>\$ 658,257</u>	<u>\$ 658,257</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS**

**Plan Descriptions**

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

In accordance with Act 195, the OPEB Trusts are administered through South Carolina Public Employment Benefit Authority (PEBA), Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

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

**Benefits**

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

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local government entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

**Contributions and Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except the portion funded through the pension surcharge and provided from other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2018 was 5.50%. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments.



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)**

Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

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

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers classify this revenue in the same manner as it classifies grants from other entities. The District's proportionate share of appropriated funds was \$152,789 and is reported as revenues from a contribution made by a non-employer contributing entity.

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

Contributions to the OPEB plans from the District were as follows for the year ended June 30, 2018:

SCRHITF	\$	896,766
SCLTDITF	\$	12,213

The District also recorded fringe benefit expenses for insurance benefits for active employees in the amount of \$2,011,223 for the year ended June 30, 2018.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the District reported a liability of \$25,983,260 for its proportionate share of the net OPEB liability, of which \$25,980,215 was for SCRHITF and \$3,045 was for SCLTDITF. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 that was projected forward to the measurement date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participants, actuarially determined. The District's proportionate share at June 30, 2018 was .191809% for SCRHITF, which was the same as its proportion from June 30, 2017. The proportionate share at June 30, 2018 was .167971% for SCLTDITF, which was a .000003% increase from its proportionate share from June 30, 2017.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)**

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,594,852, of which \$1,581,257 was for SCRHITF and \$13,595 was for SCLTDITF.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the SCRHITF OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual investment experience	\$ 44,641	\$ -
Differences between expected and actual experience	-	11,276
Assumption changes	-	2,444,617
Changes in proportionate share and differences between employer contributions and proportionate share of total plan contributions	-	372
District contributions subsequent to the measurement date	<u>896,766</u>	<u>-</u>
Total	<u>\$ 941,407</u>	<u>\$ 2,456,265</u>

District contributions to the SCRHITF subsequent of the measurement date of \$896,766 reported as deferred outflows will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ending June 30:

2019	\$ (382,093)
2020	(382,093)
2021	(382,093)
2022	(382,093)
2023	(393,254)
Thereafter	<u>(489,998)</u>
	<u>\$ (2,411,624)</u>

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the SCLTDITF OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual investment experience	\$ 1,467	\$ -
Assumption changes	-	276
Outstanding outflow balance between employer contributions and proportionate share of plan contributions	-	76
District contributions subsequent to the measurement date	<u>12,213</u>	<u>-</u>
Total	<u>\$ 13,680</u>	<u>\$ 352</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)**

District contributions to the SCLTDITF subsequent of the measurement date of \$12,213 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>		
2019	\$	328
2020		328
2021		328
2022		328
2023		(39)
Thereafter		<u>(158)</u>
	\$	<u><u>1,115</u></u>

**Actuarial Assumptions and Methods**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation for SCRHITF:

Valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	4.00, net of OPEB Plan investment expense including inflation
Single discount rate	3.56% as of June 30, 2017
Demographic assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health care trend rate	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors	Based on plan specific experience
Retiree Participation	79% for retirees who are eligible for funded premiums
Notes	There were not benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)**

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	4.00, net of OPEB Plan investment expense including inflation
Single discount rate	3.87% as of June 30, 2017
Salary, termination, and retirement rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability incidence	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability recovery	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets	40% were assumed to be eligible for Social Security benefits;
Retiree Participation	assumed percentage who will be eligible for a pension plan offset varies based on employee group
Notes	There were no benefit changes during the year; the discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017

**Roll Forward Disclosure**

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

**Net OPEB Liability**

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

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)**

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

**Long-Term Expected Rate of Return**

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

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	2.09%	1.67%
Cash	20.0%	0.84%	0.17%
Total	100.0%		1.84%
Inflation for Actual Purposes			2.25%
Total Return			4.09%
Investment Return Assumption			4.00%

**Single Discount Rate**

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)**

**Sensitivity Analysis**

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

	1.00% Decrease (2.56%)	Current Discount Rate (3.56%)	1.00% Increase (4.56%)
District's proportionate share of the SCRHITF net OPEB liability	\$ 30,597,350	\$ 25,980,215	\$ 22,257,674

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

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
District's proportionate share of the SCRHITF net OPEB liability	\$ 21,304,853	\$ 25,980,215	\$ 32,033,685

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

	1.00% Decrease (2.87%)	Current Discount Rate (3.87%)	1.00% Increase (4.87%)
District's proportionate share of the SCLTDITF net OPEB liability	\$ 5,418	\$ 3,045	717

**OPEB Plan Fiduciary Net Position**

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trusts. The information is publically available through the Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

**Payables to the Pension Plan**

At June 30, 2018, the District had \$81,563 in outstanding payables for the SCRHITF plan for legally required contributions, which is reported in the statement of net position and the balance sheet with withholdings and benefits payable. The District remitted all legally required contributions for the SCLTDITF to PEBA. Therefore, the District has reported no outstanding payables to the plan.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 – PENSION AND RETIREMENT PLAN**

**Plan Description**

*South Carolina Retirement System* – District employees participate in the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, administered by the South Carolina Public Employee Benefit Authority (PEBA). The 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.

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

**Membership**

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

*SCRS* – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

*State ORP* – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems' 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 (9.00 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (8.41 percent) and an incidental death benefit contribution (.15 percent), if applicable, which is retained by SCRS.

**Benefits**

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

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 – PENSION AND RETIREMENT PLAN (continued)**

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

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

**Contributions**

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

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 differential between the *SCRS* employer and employee contribution rates. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

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



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 – PENSION AND RETIREMENT PLAN (continued)**

- Required employee contribution rates<sup>1</sup> for fiscal year 2017-2018 are as follows:

**SCRS**

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

<b>State ORP Employee</b>	9.00% of earnable compensation
---------------------------	--------------------------------

- Required employer contribution rates<sup>1</sup> for fiscal year 2017-2018 are as follows:

**SCRS**

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

**State ORP**

Employer Contribution <sup>2</sup>	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

<sup>1</sup>Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

<sup>2</sup>Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Employer contribution rates increased by more than one percentage point for the 2017-2018 fiscal year; therefore, in accordance with the South Carolina 2017-2018 Appropriation Act, Section 117.151 State funds were appropriated to PEBA for the Retirement Trust Funds. PEBA issued credit invoices to each employer for one percent of employer contributions based on its share of the appropriated funds. The District's share of appropriated funds were \$162,788 and will be reported as revenues from a contribution made by a non-employer contributing entity and a reduction of net pension liability as of the June 30, 2018 measurement period.

Contributions to the pension plan from the District were as follows for the year ended June 30, 2018:

SCRS	\$	1,968,408
ORP - Remitted to SCRS	\$	48,537
ORP - Remitted to Vendor	\$	31,204

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

At June 30, 2018, the District reported a liability of \$35,380,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 that was projected forward to the measurement date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. The District's proportionate share at June 30, 2018 was .157167%, which was a .004941% decrease from its proportionate share at June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$2,795,233. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 – PENSION AND RETIREMENT PLAN (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 157,727	\$ 19,610
Assumption changes	2,071,167	-
Net difference between projected and actual earnings on pension plan investments	987,667	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	1,745,568
District contributions subsequent to the measurement date	<u>2,016,945</u>	<u>-</u>
Total	<u>\$ 5,233,506</u>	<u>\$ 1,765,178</u>

District contributions subsequent of the measurement date of \$2,016,945 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	
2019	\$ 176,597
2020	840,807
2021	724,549
2022	(290,570)
Thereafter	<u>-</u>
	<u>\$ 1,451,383</u>

**Actuarial Assumptions and Methods**

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

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

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 – PENSION AND RETIREMENT PLAN (continued)**

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

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return <sup>1</sup>	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually

<sup>1</sup>Includes inflation at 2.25%

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

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

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%

**Net Pension Liability**

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

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

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

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments is based on 30 year capital market assumptions. The long-term expected rates 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.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 – PENSION AND RETIREMENT PLAN (continued)**

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

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

**Discount Rate**

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

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 11 – PENSION AND RETIREMENT PLAN (continued)**

**Sensitivity Analysis**

The following presents the sensitivity of the District’s proportionate share of the net pension liability to the changes in the discount rate.

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 45,601,016	\$ 35,380,819	\$ 29,179,561

**Pension Plan Fiduciary Net Position**

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for SCRS. The CAFR of the Pension Trust Funds is publically available through the Retirement Benefits’ link on PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**Payables to the Pension Plan**

At June 30, 2018, the District had \$326,820 in outstanding payables to the plan for legally required contributions. This amount is reported in the statement of net position and the balance sheet with withholdings and benefits payable.

**NOTE 12 – DEFERRED COMPENSATION PLAN**

The District offers a deferred compensation plan to all its employees under a plan administered by the South Carolina Deferred Compensation Commission, and established in accordance with Internal Revenue Code Section 457. Employees are permitted to defer portions of their salaries until future years. Only upon termination, retirement, disability, death or an approved hardship is the deferred compensation available to an employee. In 1996, Congress passed new legislation to govern IRC section 457 plans. Specifically, the new legislation concludes that a plan shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. During the year ended June 30, 1999, the South Carolina Deferred Compensation Commission modified their plan to comply with the new legislative requirements.

GASB Statement No. 32 was issued to address the financial reporting ramifications of the new federal legislation and states that a fiduciary relationship must exist for a governmental entity to report the balances and transactions related to the plan in its financial statements. According to the provisions of the statement, it was determined that a fiduciary relationship did not exist for the District’s IRC section 457 plan.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 – 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 pays an annual premium to the South Carolina School Board Insurance Trust for its general insurance. The South Carolina School Board Insurance Trust reinsures through commercial companies for certain claims. There were no significant reductions in insurance coverage from the previous year and no settlements have exceeded insurance coverage for the past three fiscal years ended June 30, 2018, 2017, and 2016.

The District also acquires insurance from the South Carolina School Board Insurance Trust for job related injury and illness (workers' compensation) for its employees. Workers' compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience.

**NOTE 14 – CONTINGENCIES**

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

**NOTE 15 – RELATED ORGANIZATIONS**

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, requires certain legally separate tax-exempt organizations for which the primary government is not financially accountable to be included in the financial reporting entity if certain criteria are met. The standard is directed principally toward fund-raising organizations, such as foundations, parent teacher organizations, and booster clubs. The District reviewed its relationship with its related organizations and determined they should not be included in the reporting entity because their economic resources are not significant to the District.

**NOTE 16 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental fund* and *net position - governmental activities* as reported in the government-wide statement of net position. The following explains certain elements of that reconciliation:

Long-Term Assets Not Available to Pay Current Expenditures:	
Property Taxes	\$ <u>563,583</u>
Total	\$ <u><u>563,583</u></u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 16 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS**  
**(continued)**

Long-Term Liabilities Not Reported in the Funds:	
Bonds Payable	\$ (15,117,000)
Plus: Premium on Bonds Payable (to be amortized as interest expense)	(132,489)
Plus: Deferred Gain on Refunding (to be amortized as interest expense)	(2,189)
Capital Lease Payable	(516,312)
Net Pension Liability	(35,380,819)
Deferred Outflows of Resources Related to Pension	5,233,506
Deferred Inflows of Resources Related to Pension	(1,765,178)
Net OPEB Liability	(25,983,260)
Deferred Outflows of Resources Related to OPEB	955,087
Deferred Inflows of Resources Related to OPEB	(2,456,617)
Accrued Interest Payable	(173,615)
Compensated Absences Payable	<u>(309,988)</u>
Total	<u>\$ (75,648,874)</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. The following explains certain elements of that reconciliation:

Capital Outlays:	
Depreciation Expense	\$ (1,155,922)
Capital Outlays	<u>740,709</u>
Total	<u>\$ (415,213)</u>

Revenues and Other Items Not Recognized in the Funds:	
Property Taxes	\$ <u>54,831</u>
Total	<u>\$ 54,831</u>

Issuance and Repayment of Long-Term Debt:	
Issuance of Acquisition, Use, and Security Agreement	\$ (1,100,000)
Issuance of Capital Leases	(518,074)
Principal Repayments on General Obligation Debt	1,204,000
Principal Repayments on Acquisition, Use, and Security Debt	185,000
Principal Repayments on SCAGO Leases	280,000
Principal Repayments on Capital Leases	<u>22,777</u>
Total	<u>\$ 73,703</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 16 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS**  
**(continued)**

Reduction of Liabilities and Other Expenses Not Recognized in the Funds:	
Compensated Absences	\$ 16,496
Accrued Interest on Long-Term Debt	9,579
Amortization of Bond Premiums	14,886
Amortization of Net Deferred (Charge)/Gain on Refunding	577
Pension Expense	(777,993)
OPEB Expense	<u>(533,084)</u>
Total	<u>\$ (1,269,539)</u>

**NOTE 17 – NET POSITION RESTATEMENT**

The District retroactively implemented the provisions of GASB Statement No. 75 by restating net position as follows:

	Governmental
	<u>Activities</u>
As Originally Reported	\$ (11,005,429)
Net OPEB Liability	(27,860,685)
Deferred Outflow of Resources for Contributions	
Made After the Measurement Date	<u>908,979</u>
As Restated	<u>\$ (37,957,135)</u>

**NOTE 18 – TAX ABATEMENTS**

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

The District’s property tax revenues were reduced by \$2,404,735 for operations (215.0 mills) and \$313,175 for debt service (28.0 mills) for the fiscal year ended June 30, 2018 as a result of tax abatement agreements entered into by the County. Information was not available regarding the specific agreements or if amounts were received or are receivable from other governments in association with the forgone tax revenues.



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 19 – COMMITMENTS**

At June 30, 2018, the District had outstanding contracts related to its facilities improvement and other construction projects. The commitments are as follows:

	Estimated Completion Date	Commitment	Expenditures Incurred	Remaining Commitment June 30, 2018
Athletic Field Turf	August 2018	\$ 781,820	\$ 390,560	\$ 391,260
Clay Hill Restrooms	September 2018	313,300	6,000	307,300
St. George Walkway	June 2019	45,000	9,000	36,000
Williams Memorial Parking Lot	June 2019	<u>30,000</u>	<u>4,500</u>	<u>25,500</u>
Total		<u>\$ 1,170,120</u>	<u>\$ 410,060</u>	<u>\$ 760,060</u>

**NOTE 20 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

GASB has issued Statement No. 87 *Leases*, to provide guidance for lease contracts for nonfinancial assets – including vehicles, heavy equipment, and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). This guidance is intended to align the accounting and financial reporting of lease transactions more closely with their economic substance. The guidance is based on the underlying principle that leases are financings of the right to use an underlying asset for a period of time. It will eliminate the current distinction between operating and capital leases by treating all leases as financings. This standard is applicable for periods beginning after December 15, 2019. The District has not yet determined the impact of this statement on the financial statements.

**NOTE 21 – SUBSEQUENT EVENTS**

In June of 2018, the District authorized the issuance of General Obligation Bonds not to exceed \$600,000 to finance technology expenditures. The bonds were issued in July 2018.

Also, in June 2018 the District authorized the issuance of SCAGO Bonds not to exceed \$450,000 to finance debt service payments of other outstanding debt. The bonds were issued in September 2018.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Local	\$ 10,047,349	\$ 10,047,349	\$ 11,019,249	\$ 971,900
State	12,929,205	12,929,205	13,786,361	857,156
Intergovernmental	64,700	64,700	53,171	(11,529)
<b>TOTAL REVENUES</b>	<u>\$ 23,041,254</u>	<u>\$ 23,041,254</u>	<u>\$ 24,858,781</u>	<u>\$ 1,817,527</u>
<b>EXPENDITURES</b>				
Current				
Instructional Services	\$ 13,367,379	\$ 13,367,379	\$ 12,886,583	\$ 480,796
Supporting Services	11,560,280	11,560,280	11,561,151	(871)
Community Services	-	-	3,002	(3,002)
Intergovernmental Expenditures	25,000	25,000	35,000	(10,000)
Debt Service				
Redemption of Principal	21,593	21,593	21,593	-
Interest and Other Charges	4,751	4,751	4,751	-
Capital Outlay	79,500	79,500	631,983	(552,483)
<b>TOTAL EXPENDITURES</b>	<u>\$ 25,058,503</u>	<u>\$ 25,058,503</u>	<u>\$ 25,144,063</u>	<u>\$ (85,560)</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (2,017,249)</u>	<u>\$ (2,017,249)</u>	<u>\$ (285,282)</u>	<u>\$ 1,731,967</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease Purchase	\$ -	\$ -	\$ 518,074	\$ 518,074
Transfers From Other Funds	665,187	665,187	658,257	(6,930)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 665,187</u>	<u>\$ 665,187</u>	<u>\$ 1,176,331</u>	<u>\$ 511,144</u>
Net Change in Fund Balance	\$ (1,352,062)	\$ (1,352,062)	\$ 891,049	\$ 2,243,111
<b>FUND BALANCE BEGINNING OF YEAR</b>	<u>4,597,446</u>	<u>4,597,446</u>	<u>4,597,446</u>	<u>-</u>
<b>FUND BALANCE END OF YEAR</b>	<u><u>\$ 3,245,384</u></u>	<u><u>\$ 3,245,384</u></u>	<u><u>\$ 5,488,495</u></u>	<u><u>\$ 2,243,111</u></u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets are prepared and legally adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governments for the general fund. Amounts presented in the “*Original*” budget column in the budgetary comparison schedule reflect amounts originally adopted. Amounts presented in the “*Final*” budget column include any amendments or supplemental appropriations formally authorized by the District’s Board of Education. All annual appropriations lapse at fiscal year-end.

The annual budget is prepared by the District and approved by the Board of Education. Prior to July 1, the budget is legally enacted through the passage of a resolution by the Board. The budget is prepared by function, object, and location as dictated by the S.C. State Department of Education. District administration has discretionary authority to make transfers of appropriations between and within functions; however, the total budget cannot be increased without approval by the Board. The legal level of control is at the fund level.

Formal budgetary accounting is employed as a management control for the District. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriations, is not utilized by the District.

**NOTE 2 - PRESENTATION**

The budgetary comparison schedule presents the general fund and each major individual special revenue fund for which an annual budget is legally adopted. Budgets are not legally adopted for the *Special Projects and Education Improvement Act* special revenue funds. As such, they have been excluded from the budgetary comparison presentation.

**NOTE 3 – EXPENDITURES IN EXCESS OF BUDGET**

For the year ended June 30, 2018, actual expenditures of the General Fund exceeded budgetary appropriations by \$85,560. The excess is primarily attributed to unbudgeted lease proceeds used to acquire capital outlay.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 SOUTH CAROLINA RETIREMENT SYSTEMS  
 LAST 10 FISCAL YEARS**

*South Carolina Retirement System (SCRS)*

Fiscal Year

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.157167%	0.162108%	0.170832%	0.174528%						
District's proportionate share of the net pension liability (asset)	\$ 35,380,819	\$ 34,626,030	\$ 32,399,112	\$ 30,047,936						
District's covered payroll	\$ 12,908,192	\$ 12,588,639	\$ 12,880,726	\$ 12,975,843						
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	274.10%	275.06%	251.53%	231.57%						
Plan fiduciary net position as a percentage of the total pension liability	53.30%	52.90%	57.00%	59.90%						

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The District is retroactively reporting data back to the year of GASB Statement 68 implementation, which was fiscal year ending 2015. Information on the proportionate share of net pension liability is not available prior to that fiscal year.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS - PENSION PLAN  
SOUTH CAROLINA RETIREMENT SYSTEMS  
LAST 10 FISCAL YEARS**

*South Carolina Retirement System (SCRS)*

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,016,945	\$ 1,832,847	\$ 1,736,201	\$ 1,744,832	\$ 1,679,457	\$ 1,650,940	\$ 1,427,192	\$ 1,383,808	\$ 1,389,239	\$ 1,417,976
Contributions in relation to the contractually required contribution	(2,016,945)	(1,832,847)	(1,736,201)	(1,744,832)	(1,679,457)	(1,650,940)	(1,427,192)	(1,383,808)	(1,389,239)	(1,417,976)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 16,304,839	\$ 16,174,960	\$ 15,958,933	\$ 16,226,184	\$ 16,001,277	\$ 15,721,528	\$ 15,067,147	\$ 14,854,208	\$ 14,929,327	\$ 15,253,643
Contributions as a percentage of covered payroll	12.37%	11.33%	10.88%	10.75%	10.50%	10.50%	9.47%	9.32%	9.31%	9.30%

*Police Officers Retirement System (PORS)*

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,636
Contributions in relation to the contractually required contribution										(1,636)
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ -
District's covered payroll	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 14,805
Contributions as a percentage of covered payroll										11.05%

Notes: Contractually required contributions as presented in the SCRS table above include employer contributions remitted to the SCRS for ORP participants and exclude employer ORP contributions remitted directly to the ORP vendor.

The District has not had any participants in PORS since the fiscal year ending 2009.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
 NOTES TO THE PENSION PLAN SCHEDULES  
 FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED**

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Retirement System (SCRS). This information was obtained from the financial statements of the SCRS, which is administered by the retirement division of the South Carolina Public Employee Benefit Authority (PEBA) for the year ended June 30, 2017.

**Summary of Actuarial Methods and Significant Assumptions**

Valuation date	07/01/16
Actuarial cost method	Entry age normal
Amortization method	Level percent open
Amortization period	30 years
Asset Valuation method	20% difference recognition method
Inflation rate	2.25%
Projected salary increases	3.0% to 12.5% (varies by service) <sup>1</sup>
Investment rate of return	7.25%
Benefit adjustments	lesser of 1% or \$500 annually

<sup>1</sup>*Includes inflation at 2.25%*

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>South Carolina Retiree Health Insurance Trust Fund</b>										
District's proportion of the net OPEB liability (asset)	0.191809%									
District's proportionate share of the net OPEB liability (asset)	\$ 25,980,215									
District's covered payroll	\$ 16,183,039									
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	160.54%									
Plan fiduciary net position as a percentage of the total OPEB liability	7.60%									
<b>South Carolina Long-Term Disability Insurance Trust Fund</b>										
District's proportion of the net OPEB liability (asset)	0.167971%									
District's proportionate share of the net OPEB liability (asset)	\$ 3,045									
District's covered payroll	\$ N/A									
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	N/A									
Plan fiduciary net position as a percentage of the total OPEB liability	95.29%									

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The District is retroactively reporting data back to the year of GASB Statement 75 implementation, which was fiscal year ending 2018. Information on the proportionate share of net OPEB liability is not available prior to that fiscal year.



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS - OPEB PLANS  
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>South Carolina Retiree Health Insurance Trust Fund</b>										
Contractually required contributions	\$ 896,766									
Contributions in relation to the contractually required contributions	<u>(896,766)</u>									
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 16,304,839									
Contributions as a percentage of covered payroll	5.50%									
<b>South Carolina Long-Term Disability Insurance Trust Fund</b>										
Contractually required contributions	\$ 12,213									
Contributions in relation to the contractually required contributions	<u>12,213</u>									
Contribution deficiency (excess)	<u>\$ 24,426</u>									
District's covered payroll	\$ N/A									
Contributions as a percentage of covered payroll	N/A									

Notes: The District is retroactively reporting data back to the year of GASB Statement 75 implementation, which was fiscal year ending 2018. Information on the proportionate share of net OPEB liability is not available prior to that fiscal year.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
NOTES TO THE OPEB PLANS SCHEDULES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED**

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF). This information was obtained from the financial statements of the South Carolina Public Employee Benefit Authority (PEBA), Insurance Benefits and Other Postemployment Benefits Trust Funds for the year ended June 30, 2017.

**Summary of Actuarial Methods and Significant Assumptions**

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<b>OPEB Plan:</b>	<b>SCRHITF</b>
Valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	4.00, net of OPEB Plan investment expense including inflation
Single discount rate	3.56% as of June 30, 2017
Demographic assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multpliers are applied to the base tables based on gender and employment type.
Health care trend rate	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors	Based on plan specific experience
Retiree Participation	79% for retirees who are eligible for funded premiums
Notes	There were not benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
NOTES TO THE OPEB PLANS SCHEDULES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED (continued)**

**Summary of Actuarial Methods and Significant Assumptions**

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<b>OPEB Plan:</b>	<b>SCLTDITF</b>
Valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	4.00, net of OPEB Plan investment expense including inflation
Single discount rate	3.87% as of June 30, 2017
Salary, termination, and retirement rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability incidence	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability recovery	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets	40% were assumed to be eligible for Social Security benefits;
Retiree Participation	assumed percentage who will be eligible for a pension plan offset varies based on employee group
Notes	There were no benefit changes during the year; the discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
<b>1000 Revenue from Local Sources</b>			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes -			
Including Delinquent Taxes	\$ 8,432,878	\$ 9,117,732	\$ 684,854
1200 Revenue From Local Governmental Units			
Other Than LEAs			
1280 Revenue in Lieu of Taxes	1,562,471	1,679,770	117,299
1300 Tuition			
1310 Tuition from Patrons for Regular Day School	42,000	68,549	26,549
1500 Earnings on Investments			
1510 Interest on Investments	10,000	77,813	67,813
1900 Other Revenue from Local Sources			
1910 Rentals	-	2,200	2,200
1930 Special Needs Transportation	-	60	60
1990 Miscellaneous Local Revenue			
1993 Receipt of Insurance Proceeds	-	67,352	67,352
1999 Revenue from Other Local Sources	-	5,773	5,773
<b>Total Local Sources</b>	<u>\$ 10,047,349</u>	<u>\$ 11,019,249</u>	<u>\$ 971,900</u>
<b>2000 Intergovernmental Revenue</b>			
2100 Payments from Other Governments	<u>\$ 64,700</u>	<u>\$ 53,171</u>	<u>\$ (11,529)</u>
<b>Total Intergovernmental Revenue</b>	<u>\$ 64,700</u>	<u>\$ 53,171</u>	<u>\$ (11,529)</u>
<b>3000 Revenue from State Sources</b>			
3100 Restricted State Funding			
3130 Special Programs			
3131 Handicapped Transportation	\$ -	\$ 709	\$ 709
3160 School Bus Driver's Salary	276,381	316,295	39,914
3161 EAA Bus Driver Salary and Fringe	-	564	564
3162 Transportation Workers' Compensation	-	19,369	19,369
3180 Fringe Benefits Employer Contributions	2,371,854	2,543,242	171,388
3181 Retiree Insurance	628,428	651,522	23,094
3300 Education Finance Act			
3310 Full-Time Programs			
3311 Kindergarten	254,066	289,801	35,735
3312 Primary	704,060	749,932	45,872
3313 Elementary	1,150,729	1,216,289	65,560
3314 High School	358,528	361,759	3,231
3315 Trainable Mentally Handicapped	21,455	22,012	557

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES (continued)</b>			
<b>3000 Revenue from State Sources (continued)</b>			
3300 Education Finance Act (continued)			
3310 Full-Time Programs (continued)			
3316 Speech Handicapped (Part-Time Program)	322,916	310,542	(12,374)
3317 Homebound	11,062	5,531	(5,531)
3320 Part-time Programs			
3321 Emotionally Handicapped	9,285	7,301	(1,984)
3322 Educable Mentally Handicapped	97,005	109,575	12,570
3323 Learning Disabilities	766,367	819,242	52,875
3324 Hearing Handicapped	21,789	18,808	(2,981)
3325 Visually Handicapped	13,559	14,066	507
3327 Vocational	742,679	856,947	114,268
3330 Miscellaneous EFA Programs			
3331 Autism	98,570	119,346	20,776
3332 High Achieving Students	36,473	42,323	5,850
3334 Limited English Proficiency	18,993	19,470	477
3351 Academic Assistance	211,719	229,654	17,935
3352 Pupils in Poverty	659,830	706,875	47,045
3353 Dual Credit Enrollment	12,258	11,113	(1,145)
3392 NBC Excess EFA Formula	-	22,890	22,890
3800 State Revenue in Lieu of Taxes			
3810 Reimbursement for Local Residential			
Property Tax Relief (Tier 1)	875,507	902,110	26,603
3820 Homestead Exemption (Tier 2)	446,021	547,691	101,670
3825 Reimbursement for Property			
Tax Relief (Tier 3)	2,260,494	2,224,541	(35,953)
3830 Merchant's Inventory Tax	50,036	50,037	1
3890 Other State Property Tax Revenues	346,353	434,017	87,664
3900 Other State Revenue			
3993 PEBA On-Behalf	162,788	162,788	-
<b>Total State Sources</b>	<u>\$ 12,929,205</u>	<u>\$ 13,786,361</u>	<u>\$ 857,156</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u>\$ 23,041,254</u>	<u>\$ 24,858,781</u>	<u>\$ 1,817,527</u>

**EXPENDITURES**

**100 Instruction**

110 General Instruction

111 Kindergarten Programs

100 Salaries	\$ 493,293	\$ 502,835	\$ (9,542)
200 Employee Benefits	209,106	212,094	(2,988)
300 Purchased Services	8,150	8,906	(756)
400 Supplies and Materials	10,200	6,136	4,064
500 Capital Outlay	-	11,592	(11,592)

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>100 Instruction (continued)</b>			
110 General Instruction (continued)			
112 Primary Programs			
100 Salaries	1,744,062	1,632,273	111,789
200 Employee Benefits	737,497	662,670	74,827
300 Purchased Services	20,950	19,290	1,660
400 Supplies and Materials	65,124	65,503	(379)
500 Capital Outlay	-	12,751	(12,751)
600 Other Objects	-	678	(678)
113 Elementary Programs			
100 Salaries	2,926,726	2,809,175	117,551
200 Employee Benefits	1,142,283	1,032,080	110,203
300 Purchased Services	97,045	145,530	(48,485)
400 Supplies and Materials	99,336	107,004	(7,668)
500 Capital Outlay	-	53,827	(53,827)
600 Other Objects	-	452	(452)
114 High School Programs			
100 Salaries	1,628,738	1,738,528	(109,790)
200 Employee Benefits	593,667	586,025	7,642
300 Purchased Services	99,750	99,929	(179)
400 Supplies and Materials	70,048	79,831	(9,783)
500 Capital Outlay	-	39,590	(39,590)
115 Career and Technology Education Programs			
100 Salaries	126,814	127,304	(490)
200 Employee Benefits	55,175	48,866	6,309
400 Supplies and Materials	14,104	10,265	3,839
120 Exceptional Programs			
121 Educable Mentally Handicapped			
100 Salaries	643,414	635,149	8,265
200 Employee Benefits	267,078	216,244	50,834
400 Supplies and Materials	1,333	817	516
122 Trainable Mentally Handicapped			
100 Salaries	194,004	139,873	54,131
200 Employee Benefits	78,000	66,157	11,843
400 Supplies and Materials	344	104	240
123 Orthopedically Handicapped			
100 Salaries	63,466	59,666	3,800
200 Employee Benefits	28,713	27,786	927
300 Purchased Services	30,650	32,753	(2,103)

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>100 Instruction (continued)</b>			
120 Exceptional Programs (continued)			
124 Visually Handicapped			
300 Purchased Services	15,000	10,189	4,811
400 Supplies and Materials	129	86	43
125 Hearing Handicapped			
400 Supplies and Materials	258	226	32
126 Speech Handicapped			
100 Salaries	109,797	62,448	47,349
200 Employee Benefits	39,643	20,729	18,914
300 Purchased Services	85,800	164,640	(78,840)
400 Supplies and Materials	4,300	2,029	2,271
127 Learning Disabilities			
100 Salaries	566,066	539,323	26,743
200 Employee Benefits	202,406	174,597	27,809
300 Purchased Services	-	21,750	(21,750)
400 Supplies and Materials	10,922	6,570	4,352
128 Emotionally Handicapped			
400 Supplies and Materials	172	44	128
130 Pre-School Programs			
133 Pre-School Handicapped -Self-Contained (5-yr. olds)			
100 Salaries	141,166	96,368	44,798
200 Employee Benefits	62,514	40,293	22,221
300 Purchased Services	-	50,050	(50,050)
137 Pre-School Handicapped - Self-Contained (3 and 4-yr. olds)			
100 Salaries	-	140	(140)
200 Employee Benefits	-	12	(12)
140 Special Programs			
145 Homebound			
100 Salaries	20,000	17,393	2,607
200 Employee Benefits	5,522	3,794	1,728
300 Purchased Services	14,500	902	13,598
147 CDEP			
100 Salaries	137,653	119,281	18,372
200 Employee Benefits	60,240	50,073	10,167
149 Other Special Programs			
100 Salaries	232,214	233,116	(902)
200 Employee Benefits	75,182	69,691	5,491



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES (continued)</b>			
<b>100 Instruction (continued)</b>			
140 Special Programs (continued)			
149 Other Special Programs (continued)			
300 Purchased Services	8,100	6,514	1,586
400 Supplies and Materials	4,250	3,091	1,159
500 Capital Outlay	-	9,753	(9,753)
160 Other Exceptional Programs			
161 Autism			
100 Salaries	60,460	65,750	(5,290)
200 Employee Benefits	27,921	18,648	9,273
400 Supplies and Materials	946	526	420
170 Summer School Program			
172 Elementary Summer School			
100 Salaries	-	452	(452)
200 Employee Benefits	-	39	(39)
180 Adult/Continuing Education Programs			
188 Parenting/Family Literacy			
200 Employee Benefits	7,192	9,075	(1,883)
190 Instructional Pupil Activity			
100 Salaries	-	2,000	(2,000)
200 Employee Benefits	-	552	(552)
400 Supplies and Materials	13,750	9,563	4,187
600 Other Objects	30,584	31,084	(500)
<b>Total Instruction</b>	<b>\$ 13,385,757</b>	<b>\$ 13,032,474</b>	<b>\$ 353,283</b>
<b>200 Supporting Services</b>			
210 Pupil Services			
211 Attendance and Social Work Services			
100 Salaries	\$ 66,477	\$ 66,477	-
200 Employee Benefits	22,987	23,116	(129)
300 Purchased Services	-	3,445	(3,445)
212 Guidance Services			
100 Salaries	504,374	461,152	43,222
200 Employee Benefits	182,504	176,023	6,481
300 Purchased Services	4,000	4,279	(279)
400 Supplies and Materials	5,500	4,557	943

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>200 Supporting Services (continued)</b>			
210 Pupil Services (continued)			
213 Health Services			
100 Salaries	158,116	169,874	(11,758)
200 Employee Benefits	66,546	80,077	(13,531)
300 Purchased Services	36,200	33,994	2,206
400 Supplies and Materials	6,000	4,948	1,052
600 Other Objects	250	300	(50)
214 Psychological Services			
100 Salaries	72,017	25,769	46,248
200 Employee Benefits	31,070	590	30,480
300 Purchased Services	-	86,464	(86,464)
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development			
100 Salaries	89,628	89,628	-
200 Employee Benefits	31,748	32,123	(375)
300 Purchased Services	19,500	9,193	10,307
400 Supplies and Materials	12,000	11,323	677
600 Other Objects	1,000	276	724
222 Library and Media Services			
100 Salaries	304,642	305,902	(1,260)
200 Employee Benefits	120,832	126,295	(5,463)
400 Supplies and Materials	39,780	37,281	2,499
223 Supervision of Special Programs			
100 Salaries	168,671	167,766	905
200 Employee Benefits	52,285	52,463	(178)
300 Purchased Services	7,055	5,107	1,948
400 Supplies and Materials	3,500	3,469	31
600 Other Objects	1,350	876	474
224 Improvement of Instruction - Inservice Training			
100 Salaries	208,806	154,361	54,445
200 Employee Benefits	62,139	39,463	22,676
300 Purchased Services	4,500	14,596	(10,096)
400 Supplies and Materials	17,500	12,306	5,194
600 Other Objects	500	176	324
230 General Administration Services			
231 Board of Education			
100 Salaries	5,000	5,067	(67)
140 Terminal Leave	65,000	59,936	5,064
200 Employee Benefits	19,327	12,915	6,412

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>200 Supporting Services (continued)</b>			
230 General Administration Services (continued)			
231 Board of Education (continued)			
300 Purchased Services	103,500	114,170	(10,670)
318 Audit Services	26,000	26,000	-
400 Supplies and Materials	20,000	20,137	(137)
600 Other Objects	12,000	11,451	549
232 Office of the Superintendent			
100 Salaries	148,830	148,830	-
200 Employee Benefits	61,254	61,252	2
300 Purchased Services	7,500	7,474	26
400 Supplies and Materials	14,500	13,537	963
600 Other Objects	3,300	3,760	(460)
233 School Administration			
100 Salaries	1,443,674	1,447,840	(4,166)
200 Employee Benefits	532,296	553,127	(20,831)
300 Purchased Services	21,000	18,246	2,754
400 Supplies and Materials	16,880	9,797	7,083
600 Other Objects	14,500	9,584	4,916
250 Finance and Operations Services			
252 Fiscal Services			
100 Salaries	233,365	233,648	(283)
180 Head of Organizational Unit Salaries	63,722	63,722	-
200 Employee Benefits	107,111	119,247	(12,136)
300 Purchased Services	45,000	44,589	411
380 Head of Organizational Unit Travel	1,000	187	813
400 Supplies and Materials	10,000	8,775	1,225
500 Capital Outlay	2,500	-	2,500
600 Other Objects	3,200	3,325	(125)
254 Operation and Maintenance of Plant			
100 Salaries	598,723	615,767	(17,044)
200 Employee Benefits	286,392	276,020	10,372
300 Purchased Services	1,209,400	1,290,732	(81,332)
321 Public Utilities	62,700	53,140	9,560
400 Supplies and Materials	161,500	152,744	8,756
470 Energy	714,000	668,202	45,798
500 Capital Outlay	77,000	504,288	(427,288)
255 Student Transportation			
100 Salaries	964,705	898,947	65,758
200 Employee Benefits	386,764	372,057	14,707
300 Purchased Services	49,450	10,027	39,423
400 Supplies and Materials	5,000	4,229	771

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>200 Supporting Services (continued)</b>			
250 Finance and Operations Services (continued)			
256 Food Services			
200 Employee Benefits	188,898	284,483	(95,585)
257 Internal Services			
300 Purchased Services	28,000	9,768	18,232
258 Security			
100 Salaries	24,000	54,974	(30,974)
200 Employee Benefits	2,052	4,662	(2,610)
300 Purchased Services	208,713	160,503	48,210
260 Central Support Services			
263 Information Services			
100 Salaries	2,500	-	2,500
200 Employee Benefits	690	-	690
264 Staff Services			
100 Salaries	76,176	77,658	(1,482)
180 Head of Organizational Unit Salaries	93,636	99,155	(5,519)
200 Employee Benefits	67,095	72,630	(5,535)
300 Purchased Services	29,500	27,838	1,662
380 Head of Organizational Unit Travel	3,500	3,231	269
400 Supplies and Materials	7,500	7,684	(184)
600 Other Objects	400	176	224
266 Technology and Data Processing Services			
100 Salaries	213,212	278,523	(65,311)
180 Head of Organizational Unit Salaries	71,620	71,620	-
200 Employee Benefits	105,681	106,860	(1,179)
300 Purchased Services	77,000	34,446	42,554
380 Head of Organizational Unit Travel	3,500	3,327	173
400 Supplies and Materials	28,000	16,730	11,270
500 Capital Outlay	-	182	(182)
600 Other Objects	200	176	24
270 Supporting Services Pupil Activity			
271 Pupil Services Activities			
100 Salaries	421,574	396,500	25,074
200 Employee Benefits	121,145	100,465	20,680
300 Purchased Services	1,000	32,305	(31,305)
400 Supplies and Materials	44,000	152,669	(108,669)
600 Other Objects	30,584	30,584	-
<b>Total Supporting Services</b>	<b>\$ 11,647,746</b>	<b>\$ 12,073,587</b>	<b>\$ (425,841)</b>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>EXPENDITURES (continued)</b>			
<b>300 Community Services</b>			
350 Custody and Care of Children			
100 Salaries	\$ -	\$ 525	\$ (525)
200 Employee Benefits	-	179	(179)
390 Other Community Services			
100 Salaries	-	1,808	(1,808)
200 Employee Benefits	-	490	(490)
<b>Total Community Service</b>	\$ -	\$ 3,002	\$ (3,002)
<b>400 Other Charges</b>			
<b>410 Intergovernmental Expenditures</b>			
412 Payments to Other Governmental Units			
720 Transits	\$ 25,000	\$ 35,000	\$ (10,000)
<b>Total Intergovernmental Expenditures</b>	\$ 25,000	\$ 35,000	\$ (10,000)
<b>TOTAL EXPENDITURES</b>	\$ 25,058,503	\$ 25,144,063	\$ (85,560)
Excess Revenues Over (Under) Expenditures	\$ (2,017,249)	\$ (285,282)	\$ 1,731,967
<b>OTHER FINANCING SOURCES (USES)</b>			
5600 Lease Purchase	\$ -	\$ 518,074	\$ 518,074
<b>Interfund Transfers, From (To) Other Funds</b>			
5230 Transfer from Special Revenue EIA Fund	590,187	594,278	4,091
5280 Transfer from Other Funds Indirect Costs	75,000	63,979	(11,021)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	\$ 665,187	\$ 1,176,331	\$ 511,144
Excess (Deficiency) of Revenues and Expenditures Over Other Financing Source (Uses)	\$ (1,352,062)	\$ 891,049	\$ 2,243,111
<b>FUND BALANCE JULY 1, 2017</b>		4,597,446	
<b>FUND BALANCE JUNE 30, 2018</b>		\$ 5,488,495	

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SPECIAL PROJECTS FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>TITLE I (201/202)</b>	<b>IDEA (203/204)</b>	<b>PRESCHOOL HANDICAPPED (205/206)</b>
<b>REVENUES</b>			
<b>1000 Revenue From Local Sources</b>			
1900 Other Revenue From Local Sources			
1930 Medicaid	\$ -	\$ -	\$ -
1950 Refund of Prior Year's Expenditures	-	-	-
1999 Revenue from Other Local Sources	-	-	-
	-	-	-
<b>Total Local Sources</b>	\$ -	\$ -	\$ -
<b>2000 Intergovernmental Revenue</b>			
2100 Payments from Other Governmental Units	\$ -	\$ -	\$ -
2300 Payments from Non-Profit Entities (for First Steps)	-	-	-
	-	-	-
<b>Total Intergovernmental Revenue</b>	\$ -	\$ -	\$ -
<b>3000 Revenue From State Sources</b>			
3100 Restricted State Funding			
3110 Occupational Education			
3118 EEDA Career Specialist	\$ -	\$ -	\$ -
3120 General Education			
3127 Student Health and Fitness - PE Teachers	-	-	-
3130 Special Programs			
3134 Child Early Reading Development and Education	-	-	-
3135 Reading Coaches	-	-	-
3136 Student Health and Fitness - Nurses	-	-	-
3177 Summer Reading Camps	-	-	-
3183 Teacher Recruiting and Retention	-	-	-
3190 Miscellaneous Restricted State Grants			
3199 Other Restricted State Grants	-	-	-
3900 Other State Revenue			
3994 PEBA Nonemployer Contributions	-	-	-
3999 Revenue from Other State Sources	-	-	-
	-	-	-
<b>Total State Sources</b>	\$ -	\$ -	\$ -
<b>4000 Revenue From Federal Sources</b>			
4200 Occupational Education			
4210 Perkins Aid, Title I - Vocational Education - Basic	\$ -	\$ -	\$ -
4300 Elementary and Secondary Education Act of 1965 (ESEA)			
4310 Title I, Basic State Grant Programs	688,823	-	-
4312 Rural and Low-Income School Program	-	-	-
4351 Improving Teacher Quality	-	-	-
4500 Programs for Children with Disabilities			
4510 IDEA	-	676,704	-
4520 Pre-School Grants	-	-	30,253

CATE (207/208)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
\$ -	\$ -	\$ 171,635	\$ 171,635
-	-	18,215	18,215
-	-	77,874	77,874
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,724</u>	<u>\$ 267,724</u>
\$ -	\$ -	\$ 185,896	\$ 185,896
-	26,913	-	26,913
<u>\$ -</u>	<u>\$ 26,913</u>	<u>\$ 185,896</u>	<u>\$ 212,809</u>
\$ -	\$ 101,450	\$ -	\$ 101,450
-	19,738	-	19,738
-	28,672	-	28,672
-	206,630	-	206,630
-	81,574	-	81,574
-	4,298	-	4,298
-	50,097	-	50,097
-	-	1,554	1,554
-	152,789	-	152,789
-	-	637	637
<u>\$ -</u>	<u>\$ 645,248</u>	<u>\$ 2,191</u>	<u>\$ 647,439</u>
\$ 27,574	\$ -	\$ -	\$ 27,574
-	-	-	688,823
-	-	28,823	28,823
-	-	64,759	64,759
-	-	5,827	682,531
-	-	-	30,253

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SPECIAL PROJECTS FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>TITLE I (201/202)</b>	<b>IDEA (203/204)</b>	<b>PRESCHOOL HANDICAPPED (205/206)</b>
<b>REVENUES (continued)</b>			
<b>4000 Revenue From Federal Sources (continued)</b>			
4900 Other Federal Sources			
4924 21st Century Community Learning Centers Programs	-	-	-
4997 Title IV SSAE	-	-	-
4999 Revenue from Other Federal Sources	-	-	-
	-	-	-
<b>Total Federal Sources</b>	<b>\$ 688,823</b>	<b>\$ 676,704</b>	<b>\$ 30,253</b>
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 688,823</b>	<b>\$ 676,704</b>	<b>\$ 30,253</b>
<b>EXPENDITURES</b>			
<b>100 Instruction</b>			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	\$ 37,512	\$ -	\$ -
200 Employee Benefits	19,519	-	-
400 Supplies and Materials	5,516	-	-
112 Primary Programs			
100 Salaries	139,434	-	-
200 Employee Benefits	54,345	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	19,554	-	-
113 Elementary Programs			
100 Salaries	132,580	-	-
200 Employee Benefits	52,292	-	-
400 Supplies and Materials	37,306	-	-
114 High School Programs			
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
120 Exceptional Programs			
121 Educable Mentally Handicapped			
100 Salaries	-	21,332	-
200 Employee Benefits	-	13,391	-
400 Supplies and Materials	-	3,546	-
600 Other Objects	-	150	-
122 Trainable Mentally Handicapped			
100 Salaries	-	15,927	-
200 Employee Benefits	-	8,106	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	5,807	-



<u>CATE (207/208)</u>	<u>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</u>	<u>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</u>	<u>TOTAL</u>
-	-	413,755	413,755
-	-	4,142	4,142
-	-	2,230	2,230
<u>\$ 27,574</u>	<u>\$ -</u>	<u>\$ 519,536</u>	<u>\$ 1,942,890</u>
<u>\$ 27,574</u>	<u>\$ 672,161</u>	<u>\$ 975,347</u>	<u>\$ 3,070,862</u>

\$ -	\$ -	\$ -	\$ 37,512
-	-	-	19,519
-	-	18,271	23,787
-	10,390	28,886	178,710
-	3,790	7,817	65,952
-	114	-	114
-	822	39,805	60,181
-	-	-	132,580
-	-	-	52,292
-	-	11,675	48,981
-	-	13,594	13,594
-	-	48,584	48,584
-	-	-	21,332
-	-	-	13,391
-	-	-	3,546
-	-	-	150
-	-	-	15,927
-	-	-	8,106
-	-	164	164
18	-	111	5,936

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SPECIAL PROJECTS FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<b>TITLE I (201/202)</b>	<b>IDEA (203/204)</b>	<b>PRESCHOOL HANDICAPPED (205/206)</b>
<b>100 Instruction (continued)</b>			
120 Exceptional Programs (continued)			
123 Orthopedically Handicapped			
600 Other Objects	-	206	-
125 Hearing Handicapped			
400 Supplies and Materials	-	2,759	-
126 Speech			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
127 Learning Disabilities			
100 Salaries	-	50,443	-
200 Employee Benefits	-	18,403	-
400 Supplies and Materials	-	84,523	-
130 Pre-School Programs			
133 Pre-School Handicapped Self-Contained (5 Yr. Olds)			
100 Salaries	-	-	33
200 Employee Benefits	-	-	3
300 Purchased Services	-	-	27,707
400 Supplies and Materials	-	-	857
140 Special Programs			
147 CDEP			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	743	-	-
149 Other Special Programs			
400 Supplies and Materials	-	-	-
160 Other Exceptional Programs			
161 Autism			
100 Salaries	-	34,711	-
200 Employee Benefits	-	22,779	-
400 Supplies and Materials	-	249	-
170 Summer School Programs			
171 Primary Summer School			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-

<b>CATE (207/208)</b>	<b>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</b>	<b>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</b>	<b>TOTAL</b>
-	-	-	206
-	-	-	2,759
-	-	54,250	54,250
-	-	16,170	16,170
-	-	-	50,443
-	-	-	18,403
-	-	-	84,523
-	-	-	33
-	-	-	3
-	-	-	27,707
-	-	-	857
-	5,602	-	5,602
-	2,361	-	2,361
-	2,355	-	2,355
-	18,354	-	19,097
-	-	4,227	4,227
-	-	-	34,711
-	-	-	22,779
-	-	-	249
-	2,713	-	2,713
-	232	-	232

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SPECIAL PROJECTS FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>TITLE I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>PRESCHOOL</u> <u>HANDICAPPED</u> <u>(205/206)</u>
<b>EXPENDITURES (continued)</b>			
<b>100 Instruction (continued)</b>			
170 Summer School Programs (continued)			
171 Primary Summer School (continued)			
400 Supplies and Materials	-	-	-
172 Elementary Summer School			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
175 Instructional Programs Beyond Regular School Day			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
180 Adult/Continuing Educational Programs			
188 Parenting/Family Literacy			
100 Salaries	20,581	-	-
200 Employee Benefits	7,434	-	-
300 Purchased Services	10,484	-	-
400 Supplies and Materials	12,081	-	-
600 Other Objects	300	-	-
190 Instructional Pupil Activity			
300 Purchased Services	-	-	-
400 Supplies and Materials	1,665	-	-
<b>Total Instruction</b>	<u>\$ 551,346</u>	<u>\$ 282,332</u>	<u>\$ 28,600</u>
<b>200 Supporting Services</b>			
210 Pupil Services			
211 Attendance and Social Work Services			
300 Purchased Services	\$ 273	\$ -	\$ -
212 Guidance Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
213 Health Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	4,281	-
214 Psychological Services			
100 Salaries	-	12,901	-
200 Employee Benefits	-	3,603	-

<u>CATE (207/208)</u>	<u>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</u>	<u>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</u>	<u>TOTAL</u>
-	1,239	-	1,239
-	-	16,995	16,995
-	-	3,467	3,467
-	-	139,724	139,724
-	-	32,268	32,268
-	-	53,245	53,245
-	25,000	-	45,581
-	1,913	-	9,347
-	-	-	10,484
-	-	-	12,081
-	-	-	300
16,203	-	-	16,203
-	-	132	1,797
<u>\$ 16,221</u>	<u>\$ 74,885</u>	<u>\$ 489,385</u>	<u>\$ 1,442,769</u>

\$ - \$ - \$ 883 \$ 1,156

4,000 - - 4,000  
1,000 - - 1,000

- 54,771 - 54,771  
- 26,803 - 26,803  
- - - 4,281

- - 28,193 41,094  
- - 23,687 27,290

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SPECIAL PROJECTS FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<b>TITLE I (201/202)</b>	<b>IDEA (203/204)</b>	<b>PRESCHOOL HANDICAPPED (205/206)</b>
<b>200 Supporting Services (continued)</b>			
210 Pupil Services (continued)			
214 Psychological Services (continued)			
300 Purchased Services	-	6,688	-
400 Supplies and Materials	-	18,654	-
600 Other Objects	-	1,199	-
217 Career Specialist Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
223 Supervision of Special Programs			
100 Salaries	51,593	116,938	-
200 Employee Benefits	15,913	40,592	-
300 Purchased Services	14,042	18,550	-
400 Supplies and Materials	3,554	15,976	-
500 Capital Outlay	-	16,744	-
600 Other Objects	256	1,000	-
224 Improvement of Instruction - Inservice Training			
100 Salaries	-	65,063	-
200 Employee Benefits	-	24,770	-
300 Purchased Services	16,069	22,280	-
400 Supplies and Materials	2,201	600	-
600 Other Objects	-	-	-
250 Finance and Operations Services			
251 Student Transportation			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
254 Operation and Maintenance of Plant			
100 Salaries	53	-	-
200 Employee Benefits	14	-	-
300 Purchased Services	7,420	-	-
400 Supplies and Materials	3,253	-	-
258 Security			
300 Purchased Services	539	-	-

<b>CATE (207/208)</b>	<b>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</b>	<b>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</b>	<b>TOTAL</b>
-	-	-	6,688
-	-	-	18,654
-	-	-	1,199
-	73,500	-	73,500
-	27,950	-	27,950
-	166,885	7,700	174,585
-	39,746	11,018	50,764
-	40	59,435	59,475
-	-	3,464	3,464
-	-	65,425	233,956
-	-	14,380	70,885
1,160	-	243	33,995
-	-	-	19,530
-	-	-	16,744
-	-	-	1,256
-	29,935	12,975	107,973
-	5,149	3,201	33,120
5,193	12,271	75,646	131,459
-	6,189	8,333	17,323
-	-	750	750
-	-	1,106	1,106
-	-	322	322
-	-	190	243
-	-	50	64
-	-	-	7,420
-	-	-	3,253
-	-	-	539

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SPECIAL PROJECTS FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<u>TITLE I (201/202)</u>	<u>IDEA (203/204)</u>	<u>PRESCHOOL HANDICAPPED (205/206)</u>
<b>EXPENDITURES (continued)</b>			
<b>200 Supporting (continued)</b>			
260 Central Support Services			
264 Staff Services			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
266 Technology and Data Processing Services			
400 Supplies and Materials	-	-	-
270 Support Services - Pupil Activity			
271 Pupil Service Activities			
100 Salaries	-	125	-
200 Employee Benefits	-	33	-
300 Purchased Services	114	410	-
	<u>114</u>	<u>410</u>	<u>-</u>
<b>Total Supporting Services</b>	<u>\$ 115,294</u>	<u>\$ 370,407</u>	<u>\$ -</u>
<b>410 Intergovernmental Expenditures</b>			
414 Medicaid Payments to SDE			
720 Transits	\$ -	\$ -	\$ -
419 Payments from PEBA Nonemployer Contributions			
720 Transits	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Intergovernmental Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 666,640</u>	<u>\$ 652,739</u>	<u>\$ 28,600</u>
Excess Revenues Over (Under) Expenditures	<u>\$ 22,183</u>	<u>\$ 23,965</u>	<u>\$ 1,653</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<b>Interfund Transfers From (To) Other Funds</b>			
431-791 Special Revenue Fund Indirect Costs	\$ (22,183)	\$ (23,965)	\$ (1,653)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ (22,183)</u>	<u>\$ (23,965)</u>	<u>\$ (1,653)</u>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ -	\$ -	\$ -
<b>FUND BALANCE JULY 1, 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE JUNE 30, 2018</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



<u>CATE (207/208)</u>	<u>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</u>	<u>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</u>	<u>TOTAL</u>
-	-	9,417	9,417
-	-	1,316	1,316
-	250	2,030	2,280
-	998	3,064	4,062
-	-	220	220
-	-	33,456	33,581
-	-	9,440	9,473
-	-	54,276	54,800
<u>\$ 11,353</u>	<u>\$ 444,487</u>	<u>\$ 430,220</u>	<u>\$ 1,371,761</u>
\$ -	\$ -	\$ 39,564	\$ 39,564
<u>-</u>	<u>152,789</u>	<u>-</u>	<u>152,789</u>
<u>\$ -</u>	<u>\$ 152,789</u>	<u>\$ 39,564</u>	<u>\$ 192,353</u>
<u>\$ 27,574</u>	<u>\$ 672,161</u>	<u>\$ 959,169</u>	<u>\$ 3,006,883</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,178</u>	<u>\$ 63,979</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,178)</u>	<u>\$ (63,979)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,178)</u>	<u>\$ (63,979)</u>
\$ -	\$ -	\$ -	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SPECIAL PROJECTS FUND  
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<u>SUBFUND CODE</u>	<u>REVENUE CODE</u>	<u>PROGRAMS</u>	<u>REVENUES</u>
903	3183	Teacher Recruitment and Retention	\$ 50,097
919	3193	Education License Plates	-
924	3134	Child Early Reading Development and Education (CDEP)	28,672
926	3177	Summer Reading Camp	4,298
928	3118	EEDA Career Specialist	101,450
935	3135	Reading Coaches	206,630
936	3136	Student Health and Fitness - Nurses	81,574
937	3127	Student Health and Fitness - PE Teachers	19,738
939	3393	Capital Improvement Plan - Additional	-
982	2300	First Steps/Parenting	26,913
994	3994	PEBA Nonemployer Contributions	152,789
<b>TOTALS</b>			<b>\$ <u><u>672,161</u></u></b>

<u>EXPENDITURES</u>	<u>SPECIAL PROJECTS INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>UNEARNED REVENUE</u>
\$ 50,097	\$ -	\$ -	-
-	-	-	490
28,672	-	-	-
4,298	-	-	-
101,450	-	-	19,311
206,630	-	-	10,599
81,574	-	-	-
19,738	-	-	1,628
-	-	-	163,101
26,913	-	-	-
152,789	-	-	-
<u>\$ 672,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>195,129</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL PROGRAMS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
<b>REVENUES</b>	
<b>3000 Revenue from State Sources</b>	
3500 Education Improvement Act	
3502 ADEPT	\$ 2,415
3507 Aid to District Technology	27,972
3511 Professional Development	10,863
3512 Technology Professional Development	10,000
3518 Adoption List of Formative Assessment	5,388
3519 Grade 10 Assessments	5,086
3525 Career and Technolgy Education Equipment	40,064
3526 Refurbishment of K-8 Science Kits	20,428
3529 Career and Technology Education	2,428
3532 National Board Salary Supplement	136,213
3533 Teacher of the Year Awards	1,077
3538 Students At Risk of School Failure	253,825
3541 Child Development Education Program (CDEP) - Full Day 4K	469,518
3550 Teacher Salary Increase	511,451
3555 Teacher Salary Fringe	82,827
3557 Summer Reading Program	28,546
3558 Reading	19,319
3577 Teacher Supplies	50,875
3578 High Schools That Work/Making Middle Grades Work	12,133
3587 Maintenance of State Financial Support (MES) Tier I	145,488
3589 Maintenance of State Financial Support (MES) Tier II	263,420
3592 Work-Based Learning	7,648
3593 Capital Improvement Plan	24,350
3595 EEDA - Supplies and Materials	8,257
3597 Aid to Districts	38,929
<b>Total State Sources</b>	<b>\$ 2,178,520</b>
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 2,178,520</b>
<b>EXPENDITURES</b>	
<b>100 Instruction</b>	
110 General Instruction	
111 Kindergarten Programs	
100 Salaries	\$ 7,500
200 Employee Benefits	2,066
400 Supplies and Materials	1,925
112 Primary Programs	
100 Salaries	17,381
200 Employee Benefits	4,609
400 Supplies and Materials	38,385

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL PROGRAMS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<u><b>ACTUAL</b></u>
<b>100 Instruction (continued)</b>	
110 General Instruction (continued)	
113 Elementary Programs	
100 Salaries	37,500
200 Employee Benefits	9,969
400 Supplies and Materials	30,539
114 High School Programs	
100 Salaries	7,500
200 Employee Benefits	2,073
300 Purchased Services	5,000
400 Supplies and Materials	13,886
115 Career and Technology Education Programs	
400 Supplies and Materials	275
500 Capital Outlay	40,064
120 Exceptional Programs	
121 Educable Mentally Handicapped	
400 Supplies and Materials	20,328
122 Trainable Mentally Handicapped	
100 Salaries	24,904
200 Employee Benefits	2,129
126 Speech Handicapped	
400 Supplies and Materials	550
127 Learning Disabilities	
300 Purchased Services	5,400
400 Supplies and Materials	197,394
140 Special Programs	
147 CDEP	
100 Salaries	335,780
200 Employee Benefits	124,085
400 Supplies and Materials	33,745
149 Other Special Programs	
100 Salaries	155,870
200 Employee Benefits	53,980
300 Purchased Services	4,511
400 Supplies and Materials	7,138

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL PROGRAMS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>EXPENDITURES (continued)</b>	<u><b>ACTUAL</b></u>
<b>100 Instruction (continued)</b>	
170 Summer School Program	
171 Primary Summer School	
100 Salaries	19,121
200 Employee Benefits	5,576
300 Purchased Services	1,927
400 Supplies and Materials	1,923
180 Adult/Continuing Educational Programs	
188 Parenting/Family Literacy	
100 Salaries	13,651
200 Employee Benefits	<u>11,622</u>
<b>Total Instruction</b>	<b>\$ <u>1,238,306</u></b>
<b>200 Supporting Services</b>	
210 Pupil Services	
212 Guidance Services	
300 Purchased Services	\$ 5,806
400 Supplies and Materials	4,530
214 Psychological Services	
300 Purchased Services	4,627
220 Instructional Staff Services	
221 Improvement of Instruction - Curriculum Development	
100 Salaries	7,500
200 Employee Benefits	2,020
300 Purchased Services	19,088
222 Library and Media Services	
100 Salaries	8,500
200 Employee Benefits	2,130
400 Supplies and Materials	1,925
223 Supervision of Special Programs	
300 Purchased Services	391
224 Improvement of Instruction - Inservice and Staff Training	
100 Salaries	73,617
200 Employee Benefits	30,881
300 Purchased Services	38,648
400 Supplies and Materials	80,591

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL PROGRAMS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
<b>EXPENDITURES (continued)</b>	
<b>200 Supporting Services (continued)</b>	
250 Finance and Operations Services	
253 Facilities Acquisition and Construction	
300 Purchased Services	24,350
260 Central Support Services	
266 Technology and Data Processing Services	
500 Capital Outlay	27,972
270 Support Services - Pupil Activity	
271 Pupil Service Activities	
100 Salaries	4,968
200 Employee Benefits	744
<b>Total Supporting Services</b>	<b>\$ 338,288</b>
<b>400 Other Charges</b>	
<b>410 Intergovernmental Expenditures</b>	
411 Payments to State Department of Education	
720 Transits	\$ 7,648
<b>Total Intergovernmental Expenditures</b>	<b>\$ 7,648</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,584,242</b>
Excess Revenues Over (Under) Expenditures	<b>\$ 594,278</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
<b>Interfund Transfers From (To) Other Funds</b>	
420-710 Transfer to General Fund (Excludes Indirect Costs)	\$ (594,278)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (594,278)</b>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	<b>\$ -</b>
<b>FUND BALANCE JULY 1, 2017</b>	<b>-</b>
<b>FUND BALANCE JUNE 30, 2018</b>	<b>\$ -</b>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
EDUCATION IMPROVEMENT ACT  
SUMMARY SCHEDULE BY PROGRAM  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>PROGRAM</b>	<b><u>REVENUES</u></b>
3500 Education Improvement Act:	
3502 ADEPT	\$ 2,415
3507 Aid to District Technology	27,972
3511 Professional Development	10,863
3512 Technology Professional Development	10,000
3518 Adoption List of Formative Assessment	5,388
3519 Grade 10 Assessments	5,086
3525 Career and Technology Education Equipment	40,064
3526 Refurbishment of K-8 Science Kits	20,428
3528 Industry Certifications/Credentials	-
3529 Career and Technology Education	2,428
3532 National Board Salary Supplement	136,213
3533 Teacher of the Year Awards	1,077
3538 Students At Risk of School Failure	253,825
3541 Child Development Education Program (CDEP) - Full Day 4K	469,518
3550 Teacher Salary Increase	511,451
3555 Teacher Salary Fringe	82,827
3557 Summer Reading Program	28,546
3558 Reading	19,319
3577 Teacher Supplies	50,875
3578 High Schools That Work/Making Middle Grades Work	12,133
3587 Maintenance of State Financial Support (MES) Tier I	145,488
3589 Maintenance of State Financial Support (MES) Tier II	263,420
3592 Work-Based Learning	7,648
3593 Capital Improvement Plan	24,350
3595 EEDA - Supplies and Materials	8,257
3597 Aid to Districts	<u>38,929</u>
<b>TOTALS</b>	<b>\$ <u><u>2,178,520</u></u></b>



<u>EXPENDITURES</u>	<u>EIA INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>UNEARNED REVENUE</u>
\$ 2,415	\$ -	\$ -	\$ 401
27,972	-	-	28,949
10,863	-	-	19,182
10,000	-	-	-
5,388	-	-	-
5,086	-	-	-
40,064	-	-	-
20,428	-	-	12,068
-	-	-	22,997
2,428	-	-	47,572
136,213	-	-	-
1,077	-	-	-
253,825	-	-	69,554
469,518	-	-	28,988
-	-	(511,451)	-
-	-	(82,827)	-
28,546	-	-	21,798
19,319	-	-	1,026
50,875	-	-	-
12,133	-	-	-
145,488	-	-	-
263,420	-	-	276,152
7,648	-	-	-
24,350	-	-	975,650
8,257	-	-	2,964
38,929	-	-	-
<u>\$ 1,584,242</u>	<u>\$ -</u>	<u>\$ (594,278)</u>	<u>\$ 1,507,301</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
<b>REVENUES</b>	
<b>1000 Revenue From Local Sources</b>	
1100 Taxes	
1110 Ad Valorem Taxes - Including Delinquent Taxes	\$ 1,580,533
1200 Revenue from Local Governmental Units Other than LEAs	
1280 Revenue in Lieu of Taxes	218,761
1500 Earnings on Investments	
1510 Interest on Investments	21,214
<b>Total Local Sources</b>	\$ 1,820,508
<b>3000 Revenue From State Sources</b>	
3800 State Revenue in Lieu of Taxes	
3820 Homestead Exemption	\$ 78,938
3830 Merchant's Inventory Tax	4,765
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	56,523
<b>Total State Sources</b>	\$ 140,226
<b>TOTAL REVENUE ALL SOURCES</b>	\$ 1,960,734
<b>EXPENDITURES</b>	
<b>500 Debt Service</b>	
610 Redemption of Principal	\$ 1,669,000
620 Interest	551,161
690 Other Objects (Includes Fees for Servicing Bonds)	10,777
<b>TOTAL EXPENDITURES</b>	\$ 2,230,938
Excess Revenues Over (Under) Expenditures	\$ (270,204)
<b>FUND BALANCE JULY 1, 2017</b>	1,491,174
<b>FUND BALANCE JUNE 30, 2018</b>	\$ 1,220,970

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SCHOOL BUILDING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
<b>REVENUES</b>	
<b>1000 Revenue From Local Sources</b>	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 8,505
1900 Other Revenue from Local Sources	
1950 Refund of Prior Year's Expenditures	61,090
<b>Total Local Sources</b>	<b>\$ 69,595</b>
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 69,595</b>
<b>EXPENDITURES</b>	
<b>100 Instruction</b>	
110 General Instruction	
113 Elementary Programs	
500 Capital Outlay	\$ 94,123
<b>Total Instruction</b>	<b>\$ 94,123</b>
<b>200 Supporting Services</b>	
250 Finance and Operations	
253 Facilities Acquisition & Construction	
300 Purchased Services	\$ 122,291
400 Supplies and Materials	5,264
500 Capital Outlay	
520 Construction Services	17,360
540 Equipment	56,234
254 Operation and Maintenance of Plant	
500 Capital Outlay	126,785
255 Student Transportation	
500 Capital Outlay	76,832
260 Central Support Services	
266 Technology and Data Processing Services	
400 Supplies and Materials	4,802
500 Capital Outlay	802,894
<b>Total Supporting Services</b>	<b>\$ 1,212,462</b>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SCHOOL BUILDING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
<b>EXPENDITURES (continued)</b>	
<b>500 Debt Service</b>	
690 Other Objects	\$ <u>20,000</u>
<b>Total Debt Service</b>	\$ <u>20,000</u>
<b>TOTAL EXPENDITURES</b>	\$ <u>1,326,585</u>
Excess Revenues Over (Under) Expenditures	\$ <u>(1,256,990)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
5120 Proceeds of General Obligation Bonds	\$ <u>1,100,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	\$ <u>1,100,000</u>
Excess (Deficiency) of Revenues and Expenditures Over Other Financing Sources (Uses)	\$ (156,990)
<b>FUND BALANCE JULY 1, 2017</b>	<u>336,483</u>
<b>FUND BALANCE JUNE 30, 2018</b>	<u><u>\$ 179,493</u></u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
<b>REVENUES</b>	
<b>1000 Revenue From Local Sources</b>	
1600 Food Service	
1630 Special Sales to Pupils	\$ 17,895
1640 Lunch Sales to Adults	45,397
1650 Breakfast Sales to Adults	6,001
1660 Special Sales to Adults	7,632
<b>Total Local Sources</b>	<b>\$ 76,925</b>
<b>3000 Revenue From State Sources</b>	
3100 Restricted State Funding	
3140 School Lunch	
3142 Program Aid	\$ 136
3900 Other State Sources	
3999 Revenue from Other State Sources	4,388
<b>Total State Sources</b>	<b>\$ 4,524</b>
<b>4000 Revenue From Federal Sources</b>	
4800 USDA Reimbursement	
4810 School Lunch Program	\$ 948,512
4830 School Breakfast Program	353,271
4860 Fresh Fruits & Vegetables Program	19,823
4880 Summer Feeding Programs (SFSP)	331,774
4900 Other Federal Sources	
4991 USDA Commodities	75,520
<b>Total Federal Sources</b>	<b>\$ 1,728,900</b>
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 1,810,349</b>
<b>EXPENSES</b>	
250 Finance and Operations	
256 Food Service	
100 Salaries	\$ 727,237
300 Purchased Services	49,131
400 Supplies and Materials	954,592
500 Capital Outlay	27,478
600 Other Objects	3,388
<b>TOTAL EXPENSES</b>	<b>\$ 1,761,826</b>
Change in Net Position	\$ 48,523
<b>NET POSITION JULY 1, 2017</b>	<b>496,901</b>
<b>NET POSITION JUNE 30, 2018</b>	<b>\$ 545,424</b>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
PUPIL ACTIVITY FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN AMOUNTS DUE TO THIRD PARTIES  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
<b>RECEIPTS</b>	
<b>1000 Receipts From Local Sources</b>	
1500 Earnings on Investments	
1510 Interest on Investments	\$          39
1700 Pupil Activities	
1740 Student Fees	24,542
1790 Other	542,526
	542,526
<b>Total Receipts from Local Sources</b>	\$      567,107
<b>TOTAL RECEIPTS ALL SOURCES</b>	\$      567,107
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity	
660 Pupil Activity	\$         25,580
270 Supporting Services Pupil Activity	
271 Pupil Service Activities	
660 Pupil Activity	436,159
272 Enterprise Activities	
660 Pupil Activity	50,773
273 Trust and Agency Activities	
660 Enterprise Activities	1,375
	1,375
<b>TOTAL DISBURSEMENTS</b>	\$      513,887
Excess Receipts Over (Under) Disbursements	\$          53,220
<b>DUE TO THIRD PARTIES JULY 1, 2017</b>	162,727
<b>DUE TO THIRD PARTIES JUNE 30, 2018</b>	\$      215,947

*Note: This schedule is presented as prescribed by the S.C. State Department of Education.*

**SUPPLEMENTAL SCHEDULES  
REQUIRED BY  
THE S.C. STATE DEPARTMENT OF EDUCATION**

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT  
 FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>PROGRAM</b>	<b>PROJECT AND GRANT NUMBER</b>	<b>REVENUE &amp; SUBFUND CODE</b>	<b>DESCRIPTION</b>	<b>STATUS</b>	<b>AMOUNT DUE TO SDE OR FED GOV'T</b>
Work Based Learning	17EIA	3592/392	Unexpended Funds	Unpaid	\$ 7,648
Medicaid	N/A	1930/801	Local Match	Unpaid	<u>6,367</u>
<b>TOTALS</b>					<u><u>\$ 14,015</u></u>



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
LOCATION RECONCILIATION SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<u>LOCATION</u>	<u>LOCATION DESCRIPTION</u>	<u>EDUCATION LEVEL</u>	<u>COST TYPE</u>	<u>TOTAL EXPENDITURES</u>
10	District Office	Non-Schools	Central	\$ 8,642,970
15	Office of Curriculum/OPEC	Non-Schools	Central	9,470
20	Harleyville-Ridgeville	Elementary Schools	School	3,281,200
30	Williams Memorial	Elementary Schools	School	6,869,247
40	St. George	Middle Schools	School	3,551,405
50	Woodland	High Schools	School	7,521,602
70	Odyssey Education Center	Other Schools	School	829,883
71	Clay Hill	Elementary Schools	School	2,496,389
72	Harleyville-Ridgeville	Middle Schools	School	2,349,131
80	Dorchester Academy	Other Schools	School	4,194
92	Adult Education	Other Schools	School	12,933
<b>TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS</b>				<b>\$ <u><u>35,568,424</u></u></b>

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

General Fund (Subfunds 100s)	\$ 25,144,063
Special Revenue Fund (Subfunds 200s, 800s, 900s)	3,006,883
Special Revenue EIA Fund (Subfunds 300s)	1,584,242
Debt Service Fund (Subfunds 400s)	2,230,938
Capital Projects Fund (School Building) (Subfunds 500s)	1,326,585
Proprietary Fund (Food Service) (Subfunds 600s)	1,761,826
Trust and Agency Fund (Pupil Activity) (Subfunds 700s)	513,887
<b>TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS</b>	<b>\$ <u><u>35,568,424</u></u></b>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SPECIAL PROJECTS FUND  
SUBFUND CODE LIST  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**OTHER RESTRICTED STATE GRANTS**

903	Teacher Recruitment and Retention
919	Education License Plates
924	Child Early Reading Development and Education Program (CDEP) Full Day
926	Summer Reading Camp
928	EEDA Career Specialist
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
939	Capital Improvement Plan - Additional
982	First Steps - Parenting
994	PEBA Nonemployer Contributions

**OTHER SPECIAL REVENUE GRANTS**

210	Title IV SSAE
212	IDEA Extended School Year
224	21st Century Community Learning Centers Program
251	Rural and Low-Income School Program
267	Improving Teacher Quality
801	Medicaid - OPEC
803	Gear Up
814	E-Rate
816	Character Education
820	Recycling Mini Grant
822	Profoundly Mentally Disabled
834	Sprint-Lights of Character
847	WME After School Program
848	Project Lead the Way
849	ESOL Colleton County
851	Bosch Robotics Grant
852	CERRA Rural Education Program
853	Reading by the Third Grade
854	Family Resource Center - OPEC

## **SINGLE AUDIT SECTION**



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**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**

To the Board of Trustees  
Dorchester County School District Number Four  
St. George, 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 Dorchester County School District Number Four as of and for the year ended June 30, 2018, 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 26, 2018. As described in Note 10 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***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 opinion 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. This deficiency is listed as item 2018-001.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

We noted certain other matters that we reported to management of the District in a separate letter dated November 26, 2018.

### ***Auditee's Response to Findings***

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of the 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.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Pawleys Island, South Carolina  
November 26, 2018



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

To the Board of Trustees  
Dorchester County School District Number Four  
St. George, South Carolina

***Report on Compliance for Each Major Federal Program***

We have audited Dorchester County School District Number Four's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. 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, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### ***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, 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.

*Harper, Poston & Moree, P.A.*

Harper, Poston & Moree, P.A.  
Certified Public Accountants

Pawleys Island, South Carolina  
November 26, 2018

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. One significant deficiency was disclosed during the audit of the basic financial statements. This deficiency is not reported as a material weakness.
3. No instances of noncompliance, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No control deficiencies were disclosed during the audit of major federal award programs.
5. The auditor's report on compliance for major federal award programs expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs reported in Part C of this schedule.
7. The following programs were tested as major programs:

<u>Program Title</u>	<u>CFDA No.</u>
Child Nutrition Cluster:	
School Lunch Program	10.555
School Breakfast Program	10.553
Summer Food Service for Children	10.559

8. The threshold for distinguishing types A and B programs was \$750,000.
9. The District was determined to be a low risk auditee.

**B. Findings - Financial Statement Audit**

***2018-001 Segregation of Duties***

Significant Deficiency: The District does not maintain overall adequate segregation of duties.

Criteria: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with management's assertions and that assets are safeguarded against loss or theft.

Cause: Limited staff with overlapping duties.

Effect: Errors may occur and may not be detected by management.

Repeat Audit Finding: This finding was reported in the prior audit period as finding 2017-001.



**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**B. Findings - Financial Statement Audit (continued)**

*2018-001 Segregation of Duties (continued)*

Auditor's Recommendation: Different personnel, to the extent feasible, should be given the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets.

Views of Responsible Officials and Planned Corrective Action: There are certain responsibilities which overlap because of the District's size. Management will continue to make improvements in controls when possible.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

LEA SUBFUND CODE	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Passed Through State Department of Education:				
201	Title I Grants to LEA's	84.010	18 Title I	\$ 608,489
202	Title I Grants to LEA's	84.010	17 Title I	80,334
	Total Title I			<u>688,823</u>
Special Education Cluster:				
203	IDEA	84.027	16 IDEA	90,704
203	IDEA	84.027	17 IDEA	404,648
203	IDEA	84.027	18 IDEA	181,352
205	Preschool Grant	84.173	17 IDEA Preschool	1,989
205	Preschool Grant	84.173	18 IDEA Preschool	28,264
212	IDEA - Extended School Year	84.027	18 IDEA ESY	5,827
	Total Special Education Cluster			<u>712,784</u>
Vocational Education (CATE):				
207	Subprogram 04	84.048	17 CATE	193
207	Subprogram 08	84.048	17 CATE	18
207	Subprogram 10	84.048	17 CATE	391
207	Subprogram 01	84.048	18 CATE	1,500
207	Subprogram 04	84.048	18 CATE	3,501
207	Subprogram 09	84.048	18 CATE	5,000
207	Subprogram 10	84.048	18 CATE	15,812
207	Subprogram 15	84.048	18 CATE	1,159
	Total Vocational Education (CATE)			<u>27,574</u>
210	Title IV SSAE	84.424	18 SSAE	4,142
	Total Title IV SSAE			<u>4,142</u>
224	21st Century After School Learning Center	84.287	18 21st Century	413,755
	Total 21st Century Learning			<u>413,755</u>
Title VI:				
251	Rural and Low-Income Schools	84.358	17 REAP	12,427
251	Rural and Low-Income Schools	84.358	18 REAP	16,396
	Total Title VI Rural and Low-Income Schools			<u>28,823</u>
Title II:				
267	Title II - Improving Teacher Quality	84.367	17 Title II - ITQ	56,914
267	Title II - Improving Teacher Quality	84.367	18 Title II - ITQ	7,845
	Total Title II			<u>64,759</u>
Passed Through SC Commission on Higher Ed:				
803	S.C. Gear Up	84.334S	P334S110019	2,230
<b>Total U.S. Department of Education</b>				<u>\$ 1,942,890</u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<b>LEA SUBFUND CODE</b>	<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH GRANTOR'S NUMBER</b>	<b>TOTAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed Through State Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
600	School Lunch Program	10.555	N/A	\$ 75,520
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	353,271
600	School Lunch Program	10.555	N/A	948,512
603	Summer Food Service for Children	10.559	N/A	331,774
	Total Child Nutrition Cluster			<u>1,709,077</u> *
602	Fresh Fruits and Vegetables	10.582	N/A	<u>19,823</u>
	<b>Total U.S. Department of Agriculture</b>		(See Disclosure)	<u>\$ 1,728,900</u> **
<b>U.S. DEPARTMENT OF DEFENSE</b>				
Direct Program:				
100	ROTC	12.U01	N/A	<u>\$ 53,171</u>
	<b>Total U.S. Department of Defense</b>			<u>\$ 53,171</u>
	<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u><u>\$ 3,724,961</u></u>

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**Notes to Schedule of Expenditures of Federal Awards:**

- \* Denotes a major program
- \*\* The accounting system used by South Carolina LEAs does not allow for the segregation of expenditures by fund source in the Food Service Fund. The total amount displayed under “Total USDA” excludes \$81,449 of expenditures from state and local revenue sources. A detailed schedule of the Food Service Fund is included in this audit report.
- 1. The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Dorchester County School District Number Four under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Dorchester County School District Number Four, it is not intended to and does not present financial position, changes in net position, or cash flows of Dorchester County School District Number Four.
- 2. Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards made prior to December 26, 2014 are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.
- 3. Dorchester County School District Number Four has a restricted indirect cost rate that is used for its federal programs and did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance and covered in *2 CFR Part 200.414*.
- 4. Non-monetary assistance provided by the U.S. Department of Agriculture is reported in the schedule at the fair value of commodities received. Dorchester County School District Number Four received \$75,520 in the form of federal non-cash USDA commodities for the year ended June 30, 2018. The School Breakfast Program, unlike the School Lunch Program, does not generate separate commodity entitlements; therefore, commodities used in the School Breakfast Program are deemed to be awarded under the School Lunch Program and reported as such in the Schedule of Expenditures of Federal Awards.
- 5. Dorchester County School District Number Four did not provide any awards to subrecipients for the year ended June 30, 2018.
- 6. The District receives ROTC funding through a direct program with the U.S. Department of Defense. Amounts received for ROTC, as reported in the accompanying Schedule of Expenditures of Federal Awards, have been recorded as intergovernmental revenue sources in the District’s financial statements.

**DORCHESTER COUNTY SCHOOL DISTRICT NUMBER FOUR  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**Findings – Financial Statement Audit**

*Finding 2017-001: Segregation of Duties*

Condition: This finding was a significant deficiency that the District does not maintain overall adequate segregation of duties.

Recommendation: The auditor recommended that different personnel, to the extent feasible, should be given the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets. Management concurred with the recommendation and agreed to evaluate the cost/benefit of making improvements to maintain an overall adequate segregation of duties.

Current Status: This finding was reported as a significant deficiency for the year ended June 30, 2018. Due to cost/benefit considerations, the District has not taken corrective action.

**Findings – Major Federal Awards Program Audit**

None