

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

Annual Financial Report
Year Ended June 30, 2018
and
Independent Auditor's Reports



CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA

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J. W. Hunt and Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calhoun County Public Schools, St. Matthews, South Carolina (District) as of and for the year ended June 30, 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 the District 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 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.

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

November 26, 2018

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

**Management's Discussion and Analysis
Year Ended June 30, 2018**

As management of Calhoun County Public Schools (District), we offer readers of the District's financial statements a narrative overview and analysis of the financial activities for the year ended June 30, 2018. Please read the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

On the government-wide financial statements:

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year yielding a net position of approximately -\$21.4 million. Of this amount, approximately \$25.6 million is a net pension liability that is due after one year.
- Governmental activities have an unrestricted net position of approximately -\$59.1 million largely due to the net pension liability and the added liability of other post-employment benefit obligations.
- The District's net position decreased by \$265,643. Program revenues accounted for \$11,038,559, or 45%, of total revenues and general revenues accounted for \$13,677,004, or 55%.
- Total expenses increased \$1,446,626, from \$23,534,580 in fiscal year 2017 to \$24,981,206 in fiscal year 2018.

On the fund financial statements:

- The District's governmental fund expenditures and other financing uses exceeded revenues and other financing sources by \$1,856,499.
- The District's general fund revenues and other financing sources exceeded expenditures and other uses by \$299,454. The general fund total fund balance was reported as \$5,074,993, an increase of 6% from June 30, 2017.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 47 of this report.

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

Financial Analysis of the District as a Whole

The table below provides a summary of the District's net assets for fiscal years 2018 and 2017:

	Governmental Activities			Business-Type Activities		
	2018	2017	Difference	2018	2017	Difference
Assets:						
Current and other assets	\$ 12,453,506	\$ 13,142,002	\$ (688,496)	\$ 61,890	\$ 19,254	\$ 42,636
Capital assets	34,750,146	33,650,569	1,099,577	187,870	279,069	(91,199)
Total assets	47,203,652	46,792,571	411,081	249,760	298,323	(48,563)
Deferred Outflows of Resources:						
Deferred Outflows	6,153,790	4,789,684	1,364,106	173,272	135,312	37,960
Total assets and deferred outflows of resources	\$ 53,357,442	\$ 51,582,255	\$ 1,775,187	\$ 423,032	\$ 433,635	\$ (10,603)
Liabilities:						
Long-term liabilities outstanding	\$ 67,641,476	\$ 50,473,266	\$ 17,168,210	\$ 1,362,110	\$ 779,580	\$ 582,530
Other liabilities	3,169,192	2,004,418	1,164,774	(400,240)	(266,018)	(134,222)
Total liabilities	70,810,668	52,477,684	18,332,984	961,870	513,562	448,308
Deferred Inflows of Resources:						
Deferred Inflows	3,278,098	882,744	2,395,354	100,327	27,375	72,952
Net position:						
Invested in capital assets, net of related debt	34,750,146	33,650,569	1,099,577	187,870	279,069	(91,199)
Restricted	3,628,089	5,784,042	(2,155,953)	-	-	-
Unrestricted	(59,109,559)	(41,212,784)	(17,896,775)	(827,035)	(386,371)	(440,664)
Total net position	(20,731,324)	(1,778,173)	(18,953,151)	(639,165)	(107,302)	(531,863)
Total liabilities, deferred inflows of resources and net position	\$ 53,357,442	\$ 51,582,255	\$ 1,775,187	\$ 423,032	\$ 433,635	\$ (10,603)

The table below shows the changes in net position for fiscal year 2018. Fiscal year 2017 information is provided to have a comparison to current year revenue and expense.

	Governmental Activities			Business-Type Activities		
	2018	2017	Difference	2018	2017	Difference
Revenue:						
Program revenue:						
Charges for sales and services	\$ 9,600	\$ 12,907	\$ (3,307)	\$ 39,274	\$ 38,431	\$ 843
Operating grants and contributions	9,621,898	8,671,356	950,542	1,367,787	1,386,419	(18,632)
General revenue:						
Property taxes	13,627,502	13,581,939	45,563	-	-	-
Investment earnings	15,836	8,786	7,050	-	-	-
Other	(26,685)	60,561	(87,246)	60,351	50,786	9,565
Total revenue	<u>23,248,151</u>	<u>22,335,549</u>	<u>912,602</u>	<u>1,467,412</u>	<u>1,475,636</u>	<u>(8,224)</u>
Expenses:						
Instruction	13,318,290	12,564,994	753,296	-	-	-
Support services	9,406,617	8,811,559	595,058	-	-	-
Intergovernmental	28,083	32,178	(4,095)	-	-	-
Interest and other charges	803,600	699,311	104,289	-	-	-
Food service	-	-	-	1,424,616	1,426,538	(1,922)
Total expenses	<u>23,556,590</u>	<u>22,108,042</u>	<u>1,448,548</u>	<u>1,424,616</u>	<u>1,426,538</u>	<u>(1,922)</u>
Change in net position	(308,439)	227,507	(535,946)	42,796	49,098	(6,302)
NET POSITION, BEGINNING OF YEAR	(1,778,173)	(2,005,680)	227,507	(107,302)	(156,400)	49,098
Prior period adjustment	<u>(18,644,712)</u>	-	<u>(18,644,712)</u>	<u>(574,659)</u>	-	<u>(574,659)</u>
NET POSITION, END OF YEAR	<u>\$ (20,731,324)</u>	<u>\$ (1,778,173)</u>	<u>\$ (18,953,151)</u>	<u>\$ (639,165)</u>	<u>\$ (107,302)</u>	<u>\$ (531,863)</u>

Financial Analysis of the District Funds

As of the close of the current fiscal year, the District's governmental funds combined ending fund balance was \$8,703,082, a decrease of \$1,856,499. Of the fund balance, \$31,761 is the fund balance for Educational Facilities Corporation for Calhoun County Schools, Inc.

General Fund Budgetary Highlights

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

The District budgeted \$16,190,036 of revenue to be received from local and state sources. Of this amount, we had a positive variance in revenue of \$233,283.

- Actual local revenues were \$298,725 lower than expected. This was due to the state changing the way vehicles are valued and not having to use the budgeted fund balance due to expenses coming in lower than expected.
- Operating transfers out were \$12,909 lower than expected.
- In total, actual expenditures were less than budget spending plan by \$519,828. Of the \$16,047,822 budgeted, \$15,527,994 was spent.

Capital Asset and Debt Administration

Capital Assets - As of June 30, 2018, the District had invested \$51,401,801 in a broad range of depreciable capital assets, including school buildings, athletic facilities, technology equipment and various types of equipment to operate three schools and one administrative office. This amount represents a net increase of \$2,598,193 from last year, of which \$2,307,527 is construction in progress. (More detailed information about capital assets can be found in Note 6 to the financial statements.) Total depreciation expense for the year was \$1,589,815.

Capital Assets (Net of accumulated depreciation)					Total Percent Change 2018 - 2017
	Governmental Activities		Business-type Activities		
	2018	2017	2018	2017	
Land	\$ 1,073,687	\$ 1,073,687	\$ -	\$ -	0.00%
Buildings and improvements	29,477,642	30,517,417	-	-	-3.41%
Equipment	1,455,798	1,623,973	187,870	279,069	-13.63%
Construction in progress	2,743,019	435,492	-	-	529.87%
Total	\$ 34,750,146	\$ 33,650,569	\$ 187,870	\$ 279,069	512.83%

Long-Term Debt - As of June 30, 2018, the District had \$2,635,000 in general obligation bonds outstanding, and \$20,635,000 in EFC Revenue Refunding Bonds outstanding. This represents a net decrease of \$1,635,309 in debt compared to the prior year. Note 7 in the financial statements contains detailed information about long-term debt.

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

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

Economic Factor and Next Year's Budget and Rates - The County in which the District resides is predominantly a rural area. The District's economy depends heavily on manufacturing for both its employment and tax base. The outlook is for manufacturing to grow at a steady rate to add to the County's employment and tax base. Several new subdivisions are being constructed in the Sandy Run community. Student enrollment increased in the District for the school year 2018.

Request for Information - This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Office of Finance, Calhoun County Public Schools, 125 Herlong Avenue, Post Office Box 215, St. Matthews, South Carolina 29135.

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

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 10,780,725	\$ 24,267	\$ 10,804,992
Restricted cash	31,761	-	31,761
Property taxes receivable (net of allowance for uncollectible property taxes of \$50,676)	977,286	-	977,286
Due from governmental units and other receivables	461,903	19,845	481,748
Inventories and prepaid expenses	201,831	17,778	219,609
Total current assets	<u>12,453,506</u>	<u>61,890</u>	<u>12,515,396</u>
Noncurrent assets:			
Capital assets not being depreciated	3,816,706	-	3,816,706
Capital assets, net of accumulated depreciation	30,933,440	187,870	31,121,310
Total noncurrent assets	<u>34,750,146</u>	<u>187,870</u>	<u>34,938,016</u>
Total assets	<u>47,203,652</u>	<u>249,760</u>	<u>47,453,412</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred pension charges	5,110,813	153,999	5,264,812
Deferred other post-employment benefit obligation charges	669,168	19,273	688,441
Advance refunding charges	373,809	-	373,809
Total deferred outflows of resources	<u>6,153,790</u>	<u>173,272</u>	<u>6,327,062</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and other current liabilities	\$ 1,469,798	\$ 24,560	\$ 1,494,358
Unearned revenue	1,189,769	-	1,189,769
Internal balances	424,800	(424,800)	-
Accrued interest	84,825	-	84,825
Total current liabilities	<u>3,169,192</u>	<u>(400,240)</u>	<u>2,768,952</u>
Noncurrent liabilities:			
Long-term obligations, due within one year	2,045,890	5,309	2,051,199
Long-term obligations, due in more than one year	22,727,958	3,074	22,731,032
Net pension liability	24,842,951	799,121	25,642,072
Net other post-employment benefit obligation	18,024,677	554,606	18,579,283
Total noncurrent liabilities	<u>67,641,476</u>	<u>1,362,110</u>	<u>69,003,586</u>
Total liabilities	<u>70,810,668</u>	<u>961,870</u>	<u>71,772,538</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred pension credits	1,574,330	47,815	1,622,145
Deferred other post-employment benefit obligation credits	1,703,768	52,512	1,756,280
Total deferred inflows of resources	<u>3,278,098</u>	<u>100,327</u>	<u>3,378,425</u>
NET POSITION:			
Invested in capital assets, net of related debt	34,750,146	187,870	34,938,016
Restricted for:			
Capital projects	2,175,618	-	2,175,618
Debt service	1,452,471	-	1,452,471
Unrestricted	<u>(59,109,559)</u>	<u>(827,035)</u>	<u>(59,936,594)</u>
Total net position	<u>\$ (20,731,324)</u>	<u>\$ (639,165)</u>	<u>\$ (21,370,489)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
Instruction	\$ 13,318,290	\$ 9,600	\$ 7,014,925	\$ -	\$ (6,293,765)	\$ -	\$ (6,293,765)
Support services	9,406,617	-	2,377,790	-	(7,028,827)	-	(7,028,827)
Intergovernmental	28,083	-	170,673	-	142,590	-	142,590
Interest and other charges	803,600	-	58,510	-	(745,090)	-	(745,090)
Total governmental activities	<u>23,556,590</u>	<u>9,600</u>	<u>9,621,898</u>	<u>-</u>	<u>(13,925,092)</u>	<u>-</u>	<u>(13,925,092)</u>
Business-type activities:							
Food service	1,424,616	39,274	1,367,787	-	-	(17,555)	(17,555)
Total business-type activities	<u>1,424,616</u>	<u>39,274</u>	<u>1,367,787</u>	<u>-</u>	<u>-</u>	<u>(17,555)</u>	<u>(17,555)</u>
Total primary government	<u>\$ 24,981,206</u>	<u>\$ 48,874</u>	<u>\$ 10,989,685</u>	<u>\$ -</u>	<u>(13,925,092)</u>	<u>(17,555)</u>	<u>(13,942,647)</u>
General revenues:							
Property taxes levied for:							
General purposes					10,776,249	-	10,776,249
Debt service					2,851,253	-	2,851,253
Medicaid					26,888	-	26,888
Local revenue					6,778	-	6,778
Investment income					15,836	-	15,836
Transfers					(60,351)	60,351	-
Total general revenues					<u>13,616,653</u>	<u>60,351</u>	<u>13,677,004</u>
Change in net position					(308,439)	42,796	(265,643)
Net position, beginning of year (as restated)					<u>(20,422,885)</u>	<u>(681,961)</u>	<u>(21,104,846)</u>
Net position, end of year					<u>\$ (20,731,324)</u>	<u>\$ (639,165)</u>	<u>\$ (21,370,489)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Debt Service Fund</u>	<u>SCAGO Debt Service Fund</u>	<u>School Building Fund</u>	<u>SCAGO School Building Fund</u>	<u>Total Governmental Funds</u>
ASSETS:								
Cash and cash equivalents	\$ 7,433,433	\$ -	\$ -	\$ 1,178,036	\$ -	\$ 2,169,256	\$ -	\$ 10,780,725
Restricted cash equivalents	-	-	-	-	495	-	31,266	31,761
Property taxes receivable, net	962,292	-	-	14,994	-	-	-	977,286
Due from other funds	-	235,327	1,258,616	258,946	-	2,518,683	-	4,271,572
Other receivables	113,638	347,398	867	-	-	-	-	461,903
Prepaid expenses	132,965	618	1,212	-	-	-	-	134,795
Total assets	\$ 8,642,328	\$ 583,343	\$ 1,260,695	\$ 1,451,976	\$ 495	\$ 4,687,939	\$ 31,266	\$ 16,658,042
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 1,042,899	\$ 6,508	\$ 301,963	\$ -	\$ -	\$ 141,610	\$ -	\$ 1,492,980
Due to other funds	1,925,415	340,699	872	-	-	2,401,977	-	4,668,963
Due to other governmental units	-	-	4,227	-	-	-	-	4,227
Total liabilities	2,968,314	347,207	307,062	-	-	2,543,587	-	6,166,170
Deferred inflows of resources:								
Unavailable property tax revenue	599,021	-	-	-	-	-	-	599,021
Unearned grant revenue	-	236,136	953,633	-	-	-	-	1,189,769
Total deferred inflows of resources	599,021	236,136	953,633	-	-	-	-	1,788,790
Fund balances:								
Nonspendable	132,965	-	-	-	-	-	-	132,965
Restricted	-	-	-	1,451,976	495	2,144,352	31,266	3,628,089
Unassigned	4,768,028	-	-	-	-	-	-	4,768,028
Assigned	174,000	-	-	-	-	-	-	174,000
Total fund balances	5,074,993	-	-	1,451,976	495	2,144,352	31,266	8,703,082
Total liabilities, deferred inflows of resources and fund balances	\$ 8,642,328	\$ 583,343	\$ 1,260,695	\$ 1,451,976	\$ 495	\$ 4,687,939	\$ 31,266	\$ 16,658,042

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances - governmental funds \$ 8,703,082

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

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

Historical cost	\$ 54,097,216	
Accumulated depreciation	<u>(19,347,070)</u>	34,750,146

Property taxes receivable will be collected but are not available soon enough to pay for the current period's expenditures and are considered unavailable revenues in the funds.		599,021
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Prepaid insurance on bond costs are amortized over the lives of the bonds; however in governmental account, prepaid insurance costs are expenditures in the year they are incurred.		67,036
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Advance refunding charges are amortized over the lives of the bonds; however in governmental accounting, advance refunding charges are expenditures or other financing uses the year they are incurred.		
Refunding charges	513,270	
Accumulated amortization	<u>(139,461)</u>	373,809

The District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds but are recorded in the Statement of Net Position.		
Net pension liability	(24,842,951)	
Deferred inflows of resources	(1,574,330)	
Deferred outflows of resources	<u>5,110,813</u>	(21,306,468)

The District's proportionate share of the net other post-employment benefit obligation, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds but are recorded in the Statement of Net Position.		
Net other post-employment benefit obligation	(18,024,677)	
Deferred inflows of resources	(1,703,768)	
Deferred outflows of resources	<u>669,168</u>	(19,059,277)

Long-term obligations, including debt premiums and discounts, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term obligations consisted of:		
Refunding bond payable	(20,635,000)	
GO bonds payable	(2,635,000)	
Premiums, net of accumulated amortization	(1,305,649)	
Accrued compensated absences	(198,199)	
Accrued interest	<u>(84,825)</u>	(24,858,673)

Total net position - governmental activities		<u><u>\$ (20,731,324)</u></u>
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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	EIA Fund	Debt Service Fund	SCAGO Debt Service Fund	School Building Fund	SCAGO School Building Fund	Total Governmental Funds
REVENUES:								
Local property taxes	\$ 6,518,692	\$ -	\$ -	\$ 2,728,662	\$ -	\$ -	\$ -	\$ 9,247,354
Other local	101,776	126,388	-	-	2,045	10,148	-	240,357
Total local	6,620,468	126,388	-	2,728,662	2,045	10,148	-	9,487,711
State	9,336,285	869,318	1,633,512	126,234	-	-	-	11,965,349
Federal	-	1,970,000	-	-	-	-	-	1,970,000
Total revenues	15,956,753	2,965,706	1,633,512	2,854,896	2,045	10,148	-	23,423,060
EXPENDITURES:								
Current:								
Instruction	8,436,896	1,891,390	630,929	-	-	355,765	-	11,314,980
Support services	7,091,098	1,242,508	71,599	-	-	160,792	8,358	8,574,355
Intergovernmental	-	170,673	-	-	-	-	-	170,673
Capital outlay	-	1,179	518,498	-	-	2,102,553	-	2,622,230
Debt service:								
Principal	-	-	-	3,034,309	1,065,000	-	-	4,099,309
Interest	-	-	-	82,587	837,400	-	-	919,987
Other charges	-	-	-	-	5,000	-	-	5,000
Total expenditures	15,527,994	3,305,750	1,221,026	3,116,896	1,907,400	2,619,110	8,358	27,706,534
Excess (deficiency) of revenues over expenditure	428,759	(340,044)	412,486	(262,000)	(1,905,355)	(2,608,962)	(8,358)	(4,283,474)
OTHER FINANCING SOURCES (USES):								
Premiums on bonds issued	-	-	-	-	-	23,326	-	23,326
Proceeds of general obligation bonds	-	-	-	-	-	2,464,000	-	2,464,000
Transfers in	427,317	346,189	16,789	258,494	1,905,740	141,396	35,000	3,130,925
Transfers out	(556,622)	(6,145)	(429,275)	-	(35,000)	(2,164,234)	-	(3,191,276)
Total other financing sources (uses)	(129,305)	340,044	(412,486)	258,494	1,870,740	464,488	35,000	2,426,975
Net change in fund balances	299,454	-	-	(3,506)	(34,615)	(2,144,474)	26,642	(1,856,499)
Fund balances - July 1, 2017	4,775,539	-	-	1,455,482	35,110	4,288,826	4,624	10,559,581
Fund balances - June 30, 2018	\$ 5,074,993	\$ -	\$ -	\$ 1,451,976	\$ 495	\$ 2,144,352	\$ 31,266	\$ 8,703,082

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Total net change in fund balance - governmental funds \$ (1,856,499)

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

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

Depreciation	\$ (1,509,832)	
Capital outlay	2,622,230	
Disposal of capital assets	<u>(12,819)</u>	1,099,579

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

Bonds issued	(2,464,000)	
Bond premiums, net of accretion	190,113	
Bond insurance costs, net of amortization	(9,761)	
Bond principal retirement	<u>4,099,309</u>	1,815,661

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

(54,430)

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

28,032

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

(13,577)

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

(15,042)

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

(897,599)

Changes in the District's proportionate share of the net other post-employment benefit obligation, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.

(414,564)

Change in net position of governmental activities

\$ (308,439)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018

	Enterprise Fund - <u>Food Services</u>
ASSETS:	
Current assets:	
Cash	\$ 24,267
Due from other governmental units	19,845
Due from other funds	427,079
Inventories - supplies and materials	17,778
Total current assets	<u>488,969</u>
Capital assets:	
Equipment	1,121,291
Less, accumulated depreciation	<u>(933,421)</u>
Total capital assets	<u>187,870</u>
Total assets	<u>676,839</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension items	153,999
Other post-employment benefit obligation items	19,273
Total deferred outflows of resources	<u>173,272</u>
LIABILITIES:	
Current liabilities:	
Accounts payable and accrued liabilities	32,943
Due to other funds	2,279
Total current liabilities	<u>35,222</u>
Long-term liabilities:	
Net pension liability due after one year	799,121
Net other post-employment benefit obligation due after one year	554,606
Total long-term liabilities	<u>1,353,727</u>
Total liabilities	<u>1,388,949</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension items	47,815
Other post-employment benefit obligation items	52,512
Total deferred inflows of resources	<u>100,327</u>
NET POSITION:	
Invested in capital assets	187,870
Unrestricted	<u>(827,035)</u>
Total net position	<u>\$ (639,165)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2018

	Enterprise Fund - Food Services
OPERATING REVENUES:	
Proceeds from sale of meals	\$ 39,274
Total operating revenues	<u>39,274</u>
OPERATING EXPENSES:	
Food costs	627,611
Salaries and wages	552,977
Supplies and materials	104,896
Depreciation	91,199
Other operating costs	47,933
Total operating expenses	<u>1,424,616</u>
Operating loss	<u>(1,385,342)</u>
NONOPERATING REVENUES:	
USDA reimbursements	1,275,365
Commodities received from USDA	92,354
Other federal and state aid	68
Total nonoperating revenues	<u>1,367,787</u>
Loss before operating transfers	<u>(17,555)</u>
TRANSFERS IN	<u>60,351</u>
Change in net position	42,796
Total net position - July 1, 2017 (as restated)	<u>(681,961)</u>
Total net position - June 30, 2018	<u>\$ (639,165)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2018

	<u>Enterprise Fund - Food Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from patrons	\$ 39,274
Payments to employees for services	(511,296)
Payments to suppliers for goods and services	(707,890)
Payments to others	(226,202)
Net cash used by operating activities	<u>(1,406,114)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Noncapital financing activities:	
Transfers in	60,351
Federal and state aid	1,367,787
Net cash provided by noncapital financing activities	<u>1,428,138</u>
NET INCREASE IN CASH	22,024
CASH AT JULY 1, 2017	<u>2,243</u>
CASH AT JUNE 30, 2018	<u>\$ 24,267</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,385,342)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	91,199
Net pension liability	26,742
Net other post-employment benefit obligation	(20,053)
Deferred inflow of resources	72,952
Deferred outflow of resources	(37,960)
Changes in assets and liabilities:	
Due to/from other funds	(178,269)
Inventories	(767)
Accounts payable	25,384
Net cash used by operating activities	<u>\$ (1,406,114)</u>
NONCASH CAPITAL AND FINANCING TRANSACTIONS:	
Food commodities received from U.S. Department of Agriculture	<u>\$ 92,354</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 174,177
Due from other funds	<u>(27,409)</u>
Total assets	<u>146,768</u>
LIABILITIES:	
Accounts payable	9,782
Due to student groups	<u>136,986</u>
Total liabilities	<u>146,768</u>
NET POSITION	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Calhoun County Public Schools (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. The blended component unit, although legally a separate entity is, in substance, part of the District's operations. The more significant of the District's accounting policies are described below.

Reporting Entity:

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

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

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

Governmental Funds:

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

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

Proprietary Fund:

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

Fiduciary Funds:

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

Basis of Presentation:

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

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Measurement Focus and Basis of Accounting:

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

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

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

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

Budget:

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

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

Cash and Investments:

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

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

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

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

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

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

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

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

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

Inventories:

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

Capital Assets:

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Real property (land, land improvements and buildings) acquired or constructed prior to June 30, 2001 were recorded at cost or estimated historical cost. Acquisitions subsequent to June 30, 2001 have been recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

Fund Balances:

The governmental funds have the following types of fund balances:

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

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

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

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

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

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

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

Net Position:

Net position is composed of net assets invested in capital assets, net of related debt, and consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt that has not been spent is included in the same net assets component as the

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unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Compensated Absences:

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

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

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events:

The District has considered subsequent events through November 26, 2018, the date the financial statements were available to be issued.

Recent Accounting Pronouncements:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB No. 75), was issued in June 2015 and establishes new accounting and financial reporting requirements for other postemployment benefit (OPEB) plans. The primary objective of GASB No. 75 is to improve accounting and financial reporting by state and local governments for OPEB and details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria for employers whose employees are provided with defined contribution OPEB. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The District implemented GASB No. 75 effective July 1, 2017. The impact of the implementation of GASB No. 75 is discussed in further detail in Note 10 and Note 15.

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB No. 83), was issued in November 2016 and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB No. 83 requires that the measurement of an asset retirement obligation be based on the best estimate of the current value of outlays to be incurred. This estimate should include the probability weighting of all potential outcomes when the information is available or can be obtained at a reasonable cost. If probability weighting is not feasible at a reasonable cost, a most likely amount should be used. GASB No. 83 requires

that a deferred outflow of resources be measured at the amount of the corresponding liability upon initial measurement and that the current value of the asset retirement obligation be adjusted at least annually for the effects of general inflation or deflation. The requirements of GASB No. 83 are effective for reporting periods beginning after June 15, 2018 with earlier application encouraged. The District is currently evaluating the impact that GASB No. 83 will have on its financial statements.

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

GASB Statement No. 85, *Omnibus 2017*, was issued in March 2017 and seeks to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB No. 85 addresses several topics, including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits). The requirements of GASB No. 85 are effective for reporting periods beginning after June 15, 2017 with earlier application encouraged. The District implemented GASB No. 85 effective July 1, 2017. The impact of the implementation of GASB No. 85 is discussed in further detail in Note 10.

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB No. 89), was issued in June 2018 and requires that interest cost incurred before

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the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of GASB No. 89 are effective for reporting periods beginning after December 15, 2019 with earlier application encouraged. The District is current evaluating the impact that GASB No. 89 will have on its financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS:

Deposits:

The District's bank balances at June 30, 2018, totaled \$360,170. Of this balance, \$250,000 was collateralized by Federal Deposit Insurance. The balance is collateralized by obligations of the U.S. and its agencies (as required by state law) and is held at Bank of New York Mellon under the District's control via book entry.

Petty cash	\$ 6,000
Cash	24,267
Cash and cash equivalents held by county	<u>10,774,725</u>
 Total unrestricted cash and cash equivalents	 10,804,992
 Restricted cash and cash equivalents with trustee	 <u>31,761</u>
 Total cash and cash equivalents	 <u><u>\$ 10,836,753</u></u>

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

NOTE 3 - PROPERTY TAXES:

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

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

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

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The principal property tax incentive arrangements authorized by South Carolina law, and implemented at the county government level, are the fee-in-lieu of property tax (FILOT) incentive and the Special Source Revenue Credit (SSRC) incentive. The County uses these property tax incentive arrangements to encourage economic development. The District does not directly negotiate or enter into such arrangements, but is impacted by them in the form of reduced property tax revenue from the County. Property tax revenue received by the District from the County for 2017 was reduced by approximately \$1,465,000 due to the FILOT abatement and SSRC incentive. The County has not yet released this information for tax year 2018.

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY:

No individual funds incurred expenditures in excess of budgeted appropriations for the year ended June 30, 2018.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

Due to/from Other Funds:

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

As of June 30, 2018, the composition of interfund balances is as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 1,925,418
Special Revenue Fund	240,505	345,876
EIA Fund	1,258,616	872
Debt Service Fund	258,946	-
School Building Fund	2,518,683	2,401,977
Enterprise Fund	427,080	2,279
Pupil Activity Fund	219,781	247,189
	<hr/>	<hr/>
Total	<u>\$ 4,923,611</u>	<u>\$ 4,923,611</u>

Interfund Transfers:

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

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During the year ended June 30, 2018, the following transfers were made:

	Transfers <u>To</u>	Transfers <u>From</u>
General Fund:		
EIA Fund	\$ 8,686	\$ (421,621)
Special Revenue Fund	346,188	-
School Building Fund	141,396	-
Proprietary Fund	60,351	-
Special Revenue Fund:		
General Fund	-	(346,188)
EIA Fund	449	-
EIA Fund:		
General Fund	421,621	(8,686)
Special Revenue Fund	-	(449)
Debt Service Fund - Other:		
School Building Fund - Other	-	(258,494)
Debt Service Fund - SCAGO:		
School Building Fund - Other	35,000.00	(1,905,740)
School Building Fund - Other:		
Debt Service Fund - Other	258,494	-
Debt Service Fund - SCAGO	1,905,740	-
General Fund	-	(141,396)
School Building Fund - SCAGO:		
School Building Fund - Other	-	(35,000)
Proprietary Fund:		
General Fund	-	(60,351)
Total	\$ 3,177,925	\$ (3,177,925)

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NOTE 6 - CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,073,687	\$ -	\$ -	\$ 1,073,687
Construction in progress	435,492	2,307,527	-	2,743,019
Total capital assets not being depreciated	<u>1,509,179</u>	<u>2,307,527</u>	<u>-</u>	<u>3,816,706</u>
Other capital assets:				
Buildings and improvements	44,809,361	98,560	-	44,907,921
Machinery and equipment	5,180,483	216,142	(24,036)	5,372,589
Total other capital assets at historical cost	<u>49,989,844</u>	<u>314,702</u>	<u>(24,036)</u>	<u>50,280,510</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,291,944)	(1,138,335)	-	(15,430,279)
Machinery and equipment	(3,556,510)	(371,497)	11,216	(3,916,791)
Total accumulated depreciation	<u>(17,848,454)</u>	<u>(1,509,832)</u>	<u>11,216</u>	<u>(19,347,070)</u>
Other capital assets, net Governmental activities, capital assets, net	<u>32,141,390</u>	<u>(1,195,130)</u>	<u>(12,820)</u>	<u>30,933,440</u>
	<u>\$ 33,650,569</u>	<u>\$ 1,112,397</u>	<u>\$ (12,820)</u>	<u>\$ 34,750,146</u>
Business type activities:				
Equipment	\$ 1,121,291	\$ -	\$ -	\$ 1,121,291
Less accumulated depreciation	(842,222)	(91,199)	-	(933,421)
Business type activities, capital assets, net	<u>\$ 279,069</u>	<u>\$ (91,199)</u>	<u>\$ -</u>	<u>\$ 187,870</u>

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

Governmental activities:	
Instruction	\$ 1,207,866
Support services	301,966
Business-type activities:	
Food service	91,199

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NOTE 7 - LONG-TERM OBLIGATIONS:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds:					
Series 2017A	\$ 438,000	\$ -	\$ (438,000)	\$ -	\$ -
Series 2017B	2,500,000	-	(277,000)	2,223,000	297,000
Series 2017C	-	2,052,000	(2,052,000)	-	-
Series 2018A	-	412,000	-	412,000	412,000
Installment purchase refunding revenue bonds:					
Series 2015	21,700,000	-	(1,065,000)	20,635,000	1,095,000
Acquisition bond:					
Series 2015ACQ	267,309	-	(267,309)	-	-
Subtotal	24,905,309	2,464,000	(4,099,309)	23,270,000	1,804,000
Bond premium	1,495,763	-	(190,113)	1,305,650	181,267
Net bond indebtedness	26,401,072	2,464,000	(4,289,422)	24,575,650	1,985,267
Compensated absences	191,824	79,407	(64,648)	206,583	65,932
Total	\$ 26,592,896	\$ 2,543,407	\$ (4,354,070)	\$ 24,782,233	\$ 2,051,199

Further information about bond indebtedness outstanding at June 30, 2018 is as follows:

	Issue Date	Final Maturity Date	Interest Rates	Amount Issued	Amount Outstanding
General Obligation Bonds:					
Series 2017B	6/1/17	3/1/25	2.19%	\$ 2,500,000	\$ 2,223,000
Series 2018A	5/16/18	3/1/19	3.00%	412,000	412,000
Installment Purchase Refunding Revenue Bonds:					
Series 2015	12/29/15	12/1/31	2.75% - 5.00%	22,810,000	20,635,000
Total				\$ 25,722,000	\$ 23,270,000

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

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

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

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The annual debt service requirements for the District's bond indebtedness subsequent to June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,804,000	\$ 857,882	\$ 2,661,882
2020	1,444,000	791,208	2,235,208
2021	1,505,000	726,191	2,231,191
2022	1,572,000	658,167	2,230,167
2023	1,644,000	586,866	2,230,866
2024-2028	8,196,000	1,932,551	10,128,551
2029-2032	7,105,000	455,881	7,560,881
Total	<u>\$ 23,270,000</u>	<u>\$ 6,008,746</u>	<u>\$ 29,278,746</u>

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

The District's debt limitation at June 30, 2018 is computed below:

2017 Assessed value (as provided by Calhoun County)	\$ 82,055,493
	X 8%
Constitutional debt limit	<u>6,564,439</u>
Debt subject to limit	<u>(2,635,000)</u>
Legal debt available without a referendum	<u>\$ 3,929,439</u>

NOTE 8 - DEFERRED COMPENSATION PLANS:

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

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

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

NOTE 9 - RETIREMENT PLAN:

Description of the Entity:

South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of 5 elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

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

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

Plan Description:

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

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

Membership:

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

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

Benefits:

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. A brief summary of the benefit terms for SCRS is presented below.

- SCRS - A Class Two member who has separated from service with at least 5 or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity

at age 60 if they satisfy the 5 or 8 year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in 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 total employer contribution rate that exceeds 2.90% of earnable compensation. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than 0.50% in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a 30-year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; and, this increase is not limited to 0.50% per year.

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 90%, then the PEBA Board, effective on the following July 1st, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 90%. Any decrease in contribution rates must maintain the 2.90% 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 90%, then effective on the following July 1st, and annually thereafter as necessary, the PEBA 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%.

The Retirement System Funding and Administration Act of 2017 increased the employer contribution rate to 13.56% for SCRS, effective July 1, 2017. It also removed the 2.90% differential, and increases and established a ceiling on employee contribution rates at 9.00%. The employer contribution rate will continue to increase annually by 1.00% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for SCRS. The amortization period is scheduled to be reduced 1 year for each of the next 10 years to a 20 year amortization schedule. The recent pension reform legislation also changed the long term funded ratio requirement from 90 to 85.

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

SCRS	
Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation
State ORP	
Employee	9.00% of earnable compensation

Required employer contribution rates for fiscal year 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 ¹	13.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

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

The District's contributions to the Plan for the year ended June 30, 2018 were \$1,580,758. Plan members' contributions to the Plan for the year ended June 30, 2018 were \$1,034,156.

For the year ended June 30, 2018, the District's total payroll for all employees was \$12,043,513. Total covered payroll was \$11,754,990. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

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 5-year period. An experience report was most recently issued as of July 1, 2015.

The June 30, 2017, total pension liability, net pension liability, and sensitivity information were determined by Systems' consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the Systems' fiscal year ended 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

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

change as of the measurement date of June 30, 2017. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability of SCRS as of June 30, 2017:

Actuarial cost method	Entry age normal
Investment rate of return	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)
Includes inflation at	2.25%
Benefit adjustments	Lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, 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, total pension liability for SCRS are as follows:

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

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

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. NPL totals as of June 30, 2017 for SCRS are presented below.

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

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2018, the District reported a liability of \$25,642,072 for its proportionate share of the net pension liability of the SCRS. The net pension liability of the SCRS was determined based on the July 1, 2016 actuarial valuation, using membership data as of July 1, 2016, projected forward to June 30, 2017, and financial information of the pension trust fund as of June 30, 2017, using generally accepted actuarial procedures. The District's portion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At the June 30, 2017 measurement date, the District's proportion of SCRS was 0.113906%.

For the year ended June 30, 2018, the District recognized pension expense of \$926,094. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 114,312	\$ (14,213)
Net difference between projected and actual earnings on Plan investments	2,068,674	(1,352,868)
Change in proportionate share	-	(255,064)
Change in assumptions	1,501,068	-
Contributions subsequent to the measurement date	1,580,758	-
	<hr/>	<hr/>
Total	<u>\$ 5,264,812</u>	<u>\$ (1,622,145)</u>

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

<u>Year ending June 30,</u>	
2019	\$ 609,010
2020	1,002,144
2021	654,277
2022	<u>(203,522)</u>
	<hr/>
Net balance of deferred outflows of resources	<u>\$ 2,061,909</u>

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

Long-term Expected Rate of Return:

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

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

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.32%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.57%

Discount Rate:

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

Sensitivity Analysis:

The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 33,049,109	\$ 25,642,072	\$ 21,147,742

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description:

PEBA is the state agency responsible for the administration and management of the state’s employee insurance programs and other post-employment benefit trusts. The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively referring to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SC The SCRHITF was created to fund and account for the employer costs of the State’s retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State’s Basic Long-Term Disability Income Benefit Plan.

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

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

Benefits:

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least 10 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.

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

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

Contributions and Funding Policy:

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of 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, 2017 was 5.33%. SCRS collects the monthly surcharge for all participating employers and remits it directly to SCRHITF. Other sources of funding for SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. 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 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.

Basic long-term disability 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, 2017. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to SCLTDITF. It is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB No. 75, participating employers should 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 should classify this revenue in the same manner as it classifies grants from other entities.

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.

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

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

Actuarial Assumptions and Methods:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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 SCRS for the 5-year period ended 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 no 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

CALHOUN COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

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 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 SCRS 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 SCRS 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:	440% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on the 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

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.

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

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 No. 74, less that Trust's fiduciary net position. The following table represents the components of the NOL as of June 30, 2017:

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

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

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

At June 30, 2018, the District reported a liability of \$18,579,283 for its proportionate share of the NOL of the OPEB Trusts. The NOL of the OPEB Trusts was determined based on the June 30, 2016 actuarial valuation, using membership data as of June 30, 2016, projected forward to June 30, 2017, and financial information of the OPEB Trusts as of June 30, 2017, using generally accepted actuarial procedures. The District's portion of the NOL was based on the District's share of contributions to the OPEB Trusts relative to the contributions of all participating entities. At the June 30, 2017 measurement date, the District's proportion of SCRHITF and SCLTDITF was 0.137152% and 0.125133%, respectively. For the year ended June 30, 2018, the District recognized OPEB expense of \$427,751. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ -	\$ (8,063)
Net difference between projected and actual earnings on Plan investments	33,014	-
Change in assumptions	-	(1,748,217)
Contributions subsequent to the measurement date	655,427	-
Total	<u>\$ 688,441</u>	<u>\$ (1,756,280)</u>

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

<u>Year ending June 30,</u>	
2019	\$ (272,922)
2020	(272,922)
2021	(272,922)
2022	(272,922)
2023	(281,175)
Later years	<u>(350,403)</u>
Net balance of deferred inflows of resources	<u>\$ (1,723,266)</u>

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:

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

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	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	100.00%		1.84%
Expected inflation			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 TOL for 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 TOL 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.

Sensitivity Analysis:

The following table presents the District’s proportionate share of SCRHITF’s NOL calculated using a single discount rate of 3.56%, as well as what the District’s proportionate share of SCRHITF’s NOL would be if it were calculated using a single discount rate that is 1.00% lower or 1% higher:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
System	1.00% Decrease (2.56%)	Current Discount Rate (3.56%)	1.00% Increase (4.56%)
SCRHITF	\$ 21,878,471	\$ 18,577,014	\$ 15,915,231

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

Regarding the sensitivity of the District's proportionate share of SCRHITF's NOL to changes in the healthcare cost trend rates, the following table presents the District's proportionate share of SCRHITF's NOL calculated using the assumed trend rates as well as what the District's proportionate share of SCRHITF's NOL would be if it were calculated using a trend rate that is 1% lower or 1% higher:

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate			
System	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
SCRHITF	\$ 15,233,921	\$ 18,577,014	\$ 22,905,515

The following table presents the District's proportionate share of SCLTDITF's NOL calculated using a single discount rate of 3.87%, as well as what the District's proportionate share of SCLTDITF's NOL would be if it were calculated using a single discount rate that is 1.00% lower or 1% higher:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
System	1.00% Decrease (2.87%)	Current Discount Rate (3.87%)	1.00% Increase (4.87%)
SCLTDITF	\$ 4,036	\$ 2,269	\$ 534

NOTE 11 - ECONOMIC DEPENDENCY:

The District receives over 50% of its property tax revenue from two industrial taxpayers each year.

NOTE 12 - RISK MANAGEMENT:

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

NOTE 13 - CONTINGENCIES AND COMMITMENTS:

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

At June 30, 2018, remaining capital commitments related to construction of additions to both of the District's K-8 schools totaled approximately \$557,000.

CALHOUN COUNTY PUBLIC SCHOOLS
 NOTES TO FINANCIAL STATEMENTS

NOTE 14 - SUBSEQUENT EVENTS:

In August 2018, the District obtained \$850,000 under an acquisition, use and security agreement to finance the purchase of technology equipment. The acquisition indebtedness is due in annual payments, including interest at 2.83%, with final maturity on December 1, 2020.

NOTE 15 - PRIOR PERIOD ADJUSTMENT:

As further discussed in Note 1 and Note 10, the District implemented GASB No. 75 effective July 1, 2017, which resulted in a restatement of net position on that date as follows:

	<u>As Originally Stated</u>	<u>Change</u>	<u>As Restated</u>
Government-wide financial statements:			
Net other post-employment benefit obligation	\$ -	\$ 18,644,712	\$ 18,644,712
Unrestricted net position	(1,778,173)	(18,644,712)	(20,422,885)
Proprietary fund financial statements:			
Enterprise fund - Food service:			
Net other post-employment benefit obligation	-	574,659	574,659
Unrestricted net position	(107,302)	(574,659)	(681,961)

REQUIRED SUPPLEMENTARY INFORMATION

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 7,033,850	\$ 6,919,193	\$ 6,620,468	\$ (298,725)
State	9,156,186	9,270,843	9,336,285	65,442
Total revenues	<u>16,190,036</u>	<u>16,190,036</u>	<u>15,956,753</u>	<u>(233,283)</u>
EXPENDITURES:				
Current:				
Instruction	8,535,705	8,525,786	8,436,896	88,890
Support services	7,466,767	7,474,386	7,091,098	383,288
Debt service	36,000	36,000	-	36,000
Capital outlay	9,350	11,650	-	11,650
Total expenditures	<u>16,047,822</u>	<u>16,047,822</u>	<u>15,527,994</u>	<u>519,828</u>
Excess of revenues over expenditures	142,214	142,214	428,759	286,545
OTHER FINANCING SOURCES (USES):				
Operating transfers in	423,169	423,169	427,317	4,148
Operating transfers out	(565,383)	(565,383)	(556,622)	8,761
Total other financing sources (uses)	<u>(142,214)</u>	<u>(142,214)</u>	<u>(129,305)</u>	<u>12,909</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>299,454</u>	<u>299,454</u>
Fund balance - July 1, 2017			<u>4,775,539</u>	
Fund balance - June 30, 2018			<u>\$ 5,074,993</u>	

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> (Budgetary Basis)	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES:				
Local	\$ 72,780	\$ 156,828	\$ 126,388	\$ (30,440)
State	654,448	763,457	869,318	105,861
Federal	1,447,849	2,025,251	1,970,000	(55,251)
Total revenues	<u>2,175,077</u>	<u>2,945,536</u>	<u>2,965,706</u>	<u>20,170</u>
EXPENDITURES:				
Current:				
Instruction	1,674,667	1,643,334	1,891,390	(248,056)
Support services	820,338	974,374	1,242,508	(268,134)
Community services	-	405	-	405
Intergovernmental	-	-	170,673	(170,673)
Capital outlay	-	164,280	1,179	163,101
Total expenditures	<u>2,495,005</u>	<u>2,782,393</u>	<u>3,305,750</u>	<u>(523,357)</u>
Deficiency of revenue over expenditures	(319,928)	163,143	(340,044)	(503,187)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	307,048	303,045	346,189	43,144
Operating transfers out	-	-	(6,145)	(6,145)
Total other financing sources (uses)	<u>307,048</u>	<u>303,045</u>	<u>340,044</u>	<u>36,999</u>
Net change in fund balances	<u>(12,880)</u>	<u>466,188</u>	-	-
Fund balance - July 1, 2017			<u>-</u>	
Fund balance - June 30, 2018			<u>\$ -</u>	

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
EDUCATION IMPROVEMENT ACT
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive
	Original	Final		(Negative)
REVENUES:				
State	\$ 282,117	\$ 1,839,239	\$ 1,633,512	\$ (205,727)
Total revenues	<u>282,117</u>	<u>1,839,239</u>	<u>1,633,512</u>	<u>(205,727)</u>
EXPENDITURES:				
Current:				
Instruction	373,675	850,625	790,313	60,312
Support services	3,803	1,095,143	430,713	664,430
Total expenditures	<u>377,478</u>	<u>1,945,768</u>	<u>1,221,026</u>	<u>724,742</u>
Excess of revenue over expenditures	(95,361)	(106,529)	412,486	(519,015)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	95,361	98,875	9,135	89,740
Operating transfers out	-	7,654	(421,621)	429,275
Total other financing sources (uses)	<u>95,361</u>	<u>106,529</u>	<u>(412,486)</u>	<u>519,015</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - July 1, 2017			<u>-</u>	
Fund balance - June 30, 2018			<u>\$ -</u>	

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.113906%	0.115450%	0.115586%	0.115847%	0.115847%
District's proportionate share of the net pension liability	\$ 25,642,072	\$ 24,659,950	\$ 21,921,442	\$ 19,945,013	\$ 20,778,819
District's covered payroll	\$ 11,754,990	\$ 11,565,801	\$ 11,240,224	\$ 10,903,456	\$ 10,591,385
District's proportionate share of the net pension liability as a percentage of its covered payroll	218.14%	213.21%	195.03%	182.92%	196.19%
Plan fiduciary net position as a percentage of total pension liability	53.30%	52.90%	57.00%	59.92%	56.39%

NOTES TO SCHEDULE:

The District implemented GASB Statement No. 68 during the year ended June 30, 2015. Thus, data is only available for the last 5 years. The above schedule will present 10 years of information once it is accumulated.

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

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,580,758	\$ 1,328,561	\$ 1,235,632	\$ 1,182,149	\$ 1,114,846
Contributions in relation to the contractually required contribution	<u>1,580,758</u>	<u>1,328,561</u>	<u>1,235,632</u>	<u>1,182,149</u>	<u>1,114,846</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,754,990	\$ 11,565,801	\$ 11,240,224	\$ 10,903,456	\$ 10,591,385
Contributions as a percentage of covered payroll	13.4%	11.5%	11.0%	10.8%	10.5%

NOTE TO SCHEDULE:

The District implemented GASB Statement No. 68 during the year ended June 30, 2015. Thus, data is only available for the last 5 years. The above schedule will present 10 years of information once it is accumulated.

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability:		
SCRHITF	0.137152%	0.137152%
SCLTDITF	0.125133%	0.125133%
District's proportionate share of the net OPEB liability:		
SCRHITF	\$ 18,577,014	\$ 19,844,017
SCLTDITF	\$ 2,269	\$ 869
District's covered payroll	\$ 11,754,990	\$ 11,565,801
District's proportionate share of the net OPEB liability as a percentage of its covered payroll		
SCRHITF	158.04%	171.57%
SCLTDITF	0.02%	0.01%
Plan fiduciary net position as a percentage of total OPEB liability		
SCRHITF	7.60%	6.62%
SCLTDITF	95.29%	98.15%

NOTE TO SCHEDULE:

The District implemented GASB Statement No. 75 during the year ended June 30, 2018. Thus, data is only available for the last 2 years. The above schedule will present 10 years of information once it is accumulated.

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

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 646,524	\$ 616,457
Contributions in relation to the contractually required contribution	646,524	616,457
Contribution deficiency (excess)	\$ -	\$ -
District's covered payroll	\$ 11,754,990	\$ 11,565,801
Contributions as a percentage of covered payroll	5.5%	5.3%

NOTE TO SCHEDULE:

The District implemented GASB Statement No. 75 during the year ended June 30, 2018. Thus, data is only available for the last 2 years. The above schedule will present 10 years of information once it is accumulated.

SUPPLEMENTARY INFORMATION

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

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
1000 Local Sources:			
1200 Revenue from local government units other than LEAs:			
1210 Ad valorem taxes - including delinquent	\$ 5,500,000	\$ 5,478,801	\$ (21,199)
1240 Penalties and interest on taxes	400,000	296,984	(103,016)
1280 Revenue in lieu of taxes	719,000	742,907	23,907
1300 Tuition:			
1310 Student tuition out of district	7,000	9,600	2,600
1320 From other LEAs for regular day school	1,500	-	(1,500)
1500 Earnings on investments:			
1510 Interest on investments	5,000	58,510	53,510
1900 Other revenue from local sources:			
1930 Medicaid	20,000	26,888	6,888
1990 Miscellaneous revenue	5,000	6,778	1,778
1999 Revenue from other local sources	261,693	-	(261,693)
Total local sources	<u>6,919,193</u>	<u>6,620,468</u>	<u>(298,725)</u>
3000 Revenue from State Sources:			
3100 Restricted state funding:			
3131 Handicapped transportation	15,000	19,492	4,492
3160 Transportation salaries	204,169	193,417	(10,752)
3162 Transportation workmen's comp	12,502	12,711	209
3180 Employee fringe benefits	1,268,848	1,286,375	17,527
3181 Retiree insurance	455,106	478,949	23,843
3300 Education Finance Act:			
3310 Full time programs:			
3311 Kindergarten	160,714	133,534	(27,180)
3312 Primary	456,314	478,838	22,524
3313 Elementary	731,233	737,997	6,764
3314 High school	140,486	185,345	44,859
3315 Trainable mentally handicapped	-	24,220	24,220
3316 Speech handicapped	63,307	66,919	3,612
3317 Homebound	555	545	(10)
3320 Part-time programs:			
3321 Emotionally handicapped	12,447	16,286	3,839
3322 Educable mentally handicapped	41,692	41,089	(603)
3323 Learning disabilities	296,231	304,418	8,187
3324 Hearing handicapped	6,419	6,514	95
3325 Visually handicapped	3,241	3,257	16
3326 Orthopedically handicapped	4,679	2,586	(2,093)
3327 Vocational	423,551	386,191	(37,360)
3330 Other EFA programs:			
3331 Autism	41,616	40,164	(1,452)
3332 Gifted and Talented Education Pupils	23,494	21,052	(2,442)
3334 Limited English Proficiency	10,845	14,106	3,261
3351 Academic Assistance	110,321	118,122	7,801
3352 Pupils in Poverty	377,824	384,277	6,453
3353 Dual	43,382	24,119	(19,263)

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES (CONTINUED):			
3800 State revenue in lieu of taxes:			
3810 Reimbursement for local residential property tax relief	\$ 785,313	\$ 785,313	\$ -
3820 Homestead exemption	268,093	268,093	-
3825 Reimbursement for property tax relief (tier 3)	2,500,000	2,500,000	-
3830 Merchant's inventory tax	22,805	22,805	-
3840 Manufacturers depreciation reimbursement	578,000	538,152	(39,848)
3890 Other state property tax revenues	98,000	115,162	17,162
3999 Revenue from other state agency	114,656	126,237	11,581
Total state sources	<u>9,270,843</u>	<u>9,336,285</u>	<u>65,442</u>
Total revenue all sources	<u>16,190,036</u>	<u>15,956,753</u>	<u>(233,283)</u>
EXPENDITURES:			
100 Instruction:			
110 General instruction:			
111 Kindergarten program:			
100 Salaries	426,228	365,310	60,918
200 Employee benefits	189,714	173,218	16,496
400 Supplies and materials	3,173	2,598	575
112 Primary programs:			
100 Salaries	733,604	687,434	46,170
200 Employee benefits	308,020	271,843	36,177
400 Supplies and materials	9,540	8,661	879
113 Elementary programs:			
100 Salaries	1,810,773	1,908,721	(97,948)
200 Employee benefits	714,294	738,499	(24,205)
370 Purchased services - tuition	3,212	-	3,212
400 Supplies and materials	14,670	10,665	4,005
500 Capital outlay	-	5,622	(5,622)
114 High school programs:			
100 Salaries	1,043,274	1,057,970	(14,696)
200 Employee benefits	400,546	381,037	19,509
370 Tuition	80,788	62,664	18,124
400 Supplies and materials	34,170	37,854	(3,684)
500 Capital outlay	-	2,307	(2,307)
115 Career and technology education programs:			
100 Salaries	163,933	166,044	(2,111)
200 Employee benefits	62,517	62,534	(17)
300 Purchased services - other than tuition	150,000	186,058	(36,058)
400 Supplies and materials	2,034	2,159	(125)
500 Capital outlay	-	3,732	(3,732)
116 Career and technology education: (vocational) programs - middle school:			
300 Purchased Services	-	750	(750)
400 Supplies and materials	-	847	(847)
118 Montessori Programs:			
100 Salaries	222,268	231,823	(9,555)
200 Employee benefits	94,141	99,643	(5,502)

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
100 Instruction (Continued):			
120 Exceptional programs:			
121 Educable mentally handicapped:			
100 Salaries	\$ 126,265	\$ 109,352	\$ 16,913
200 Employee benefits	50,937	42,899	8,038
123 Orthopedically handicapped:			
100 Salaries	-	2,827	(2,827)
200 Employee benefits	-	1,202	(1,202)
125 Hearing handicapped:			
100 Salaries	4,470	6,750	(2,280)
200 Employee benefits	1,466	2,250	(784)
126 Speech handicapped:			
100 Salaries	171,755	156,293	15,462
200 Employee benefits	72,981	67,564	5,417
600 Other objects	2,980	759	2,221
127 Learning disabilities:			
100 Salaries	613,378	592,470	20,908
200 Employee benefits	234,034	223,431	10,603
128 Emotionally handicapped:			
100 Salaries	22,864	17,546	5,318
200 Employee benefits	9,428	7,174	2,254
300 Purchased services - other than tuition	1,500	-	1,500
130 Preschool programs:			
133 Preschool handicapped self-contained:			
400 Supplies and materials	412	-	412
136 Preschool handicapped itinerant:			
100 Salaries	59,299	60,202	(903)
200 Employee benefits	36,034	35,592	442
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
200 Employee benefits	-	1,754	(1,754)
141 Gifted and talented - academic:			
100 Salaries	-	2,000	(2,000)
200 Employee benefits	-	530	(530)
300 Purchased services	10,541	3,316	7,225
400 Supplies and materials	3,188	2,453	735
600 Membership Dues and Fees	100	100	-
145 Homebound:			
100 Salaries	18,000	14,471	3,529
200 Employee benefits	4,819	3,826	993
300 Purchased services	10,180	1,782	8,398
147 Child Development Education Pilot Program:			
100 Salaries	35,604	36,175	(571)
200 Employee benefits	14,291	14,288	3
400 Supplies and materials	-	476	(476)
148 Tuition to LEA:			
300 Purchased services	8,700	-	8,700
149 Other special programs:			
100 Salaries	205,000	244,757	(39,757)
200 Employee benefits	54,879	40,116	14,763
300 Purchased services	2,493	1,752	741
400 Supplies and materials	153,528	150,266	3,262

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
100 Instruction (Continued):			
160 Other exceptional programs:			
161 Autism:			
100 Salaries	\$ 64,313	\$ 62,081	\$ 2,232
200 Employee benefits	27,468	24,605	2,863
162 Limited english proficiency:			
300 Travel	1,000	944	56
170 Summer school program:			
175 Instructional programs beyond regular school day:			
100 Salaries	300	300	-
200 Employee benefits	80	109	(29)
180 Adult/continuing educational programs:			
181 Adult basic education programs:			
300 Purchased services	36,600	36,491	109
Total instruction	<u>8,525,786</u>	<u>8,436,896</u>	<u>88,890</u>
200 Supporting Services:			
210 Pupil services:			
211 Attendance and social work:			
100 Salaries	141,918	130,561	11,357
200 Employee benefits	60,046	53,355	6,691
400 Supplies and materials	3,820	2,921	899
212 Guidance:			
100 Salaries	310,634	313,427	(2,793)
200 Employee benefits	117,621	116,990	631
300 Purchased services	1,559	84	1,475
400 Supplies and materials	1,447	745	702
213 Health:			
100 Salaries	-	479	(479)
200 Employee benefits	-	126	(126)
400 Supplies and materials	-	723	(723)
214 Psychological services:			
100 Salaries	26,709	26,710	(1)
200 Employee benefits	11,650	9,401	2,249
300 Purchased services	31	31	-
400 Supplies and materials	-	186	(186)
215 Exceptional program services:			
100 Salaries	6,000	8,000	(2,000)
200 Employee benefits	1,606	2,103	(497)
220 Instructional staff services:			
221 Improvement of instruction - curriculum development:			
100 Salaries	168,709	167,463	1,246
200 Employee benefits	45,163	51,314	(6,151)
300 Purchased services	18,571	2,359	16,212
400 Supplies and materials	4,336	3,417	919
222 Library and media:			
100 Salaries	221,066	226,669	(5,603)
200 Employee benefits	86,554	88,482	(1,928)
300 Purchased services	3,152	3,435	(283)
400 Supplies and materials	18,893	16,989	1,904
500 Capital outlay	500	-	500
223 Supervisor of special projects:			
100 Salaries	174,733	192,229	(17,496)
200 Employee benefits	60,831	66,431	(5,600)

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
200 Supporting Services (Continued):			
220 Instructional staff services (Continued):			
224 Improvement of instruction inservice staff training:			
300 Purchased services	\$ 7,350	\$ 5,677	\$ 1,673
400 Supplies and materials	-	14	(14)
230 General and administrative services:			
231 Board of Education:			
100 Salaries	11,000	11,200	(200)
200 Employee benefits	170,748	157,647	13,101
300 Purchased services	98,700	37,143	61,557
318 Audit services	35,500	29,000	6,500
400 Supplies and materials	6,400	2,900	3,500
600 Other objects	16,100	8,611	7,489
232 Office of Superintendent:			
100 Salaries	241,335	241,419	(84)
200 Employee benefits	78,271	76,565	1,706
300 Purchased services	10,442	11,921	(1,479)
400 Supplies and materials	10,078	15,534	(5,456)
500 Capital outlay	910	-	910
600 Other objects	6,000	4,865	1,135
233 School administration:			
100 Salaries	752,522	713,835	38,687
200 Employee benefits	306,908	273,305	33,603
300 Purchased services	8,641	3,525	5,116
400 Supplies and materials	3,677	3,563	114
600 Other objects	-	150	(150)
250 Finance and operations services:			
251 Student transportation (federal/district mandated):			
100 Salaries	-	1,986	(1,986)
200 Employee benefits	-	521	(521)
252 Fiscal services:			
100 Salaries	234,458	236,351	(1,893)
200 Employee benefits	79,190	80,179	(989)
300 Purchased services	47,031	53,213	(6,182)
400 Supplies and materials	14,219	8,882	5,337
500 Capital outlay	6,930	-	6,930
600 Other objects	12,171	16,491	(4,320)
254 Operation and maintenance of plant:			
100 Salaries & Terminal Leave	578,654	581,448	(2,794)
200 Employee benefits	280,185	280,237	(52)
300 Purchased services	384,205	336,129	48,076
321 Public utilities	32,600	27,810	4,790
400 Supplies and materials	156,214	139,524	16,690
470 Energy	485,000	432,433	52,567
500 Capital outlay	6,640	-	6,640
600 Other objects	2,640	279	2,361
255 Pupil transportation:			
100 Salaries	569,529	472,370	97,159
200 Employee benefits	176,694	138,016	38,678
300 Purchased services	74,884	31,044	43,840
400 Supplies and materials	9,000	8,856	144
500 Capital outlay	13,167	10,770	2,397
600 Other objects	900	-	900

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
200 Supporting Services (Continued):			
250 Finance and operations services (Continued):			
257 Internal services:			
100 Salaries	34,015	34,015	-
200 Employee benefits	13,275	13,058	217
300 Purchased services	52,000	57,093	(5,093)
400 Supplies and materials	3,000	1,987	1,013
258 Security:			
300 Purchased services	118,726	158,702	(39,976)
500 Capital outlay	1,060	1,058	2
260 Data and technology processing services:			
262 Planning:			
300 Purchased services	2,500	3,582	(1,082)
400 Supplies and materials	2,500	4,551	(2,051)
600 Other objects	3,600	6,600	(3,000)
263 Information services:			
300 Purchased services	10,000	2,131	7,869
264 Staff services:			
100 Salaries	90,076	138,452	(48,376)
200 Employee benefits	38,798	40,742	(1,944)
300 Purchased services	9,998	8,632	1,366
400 Supplies and materials	28,504	27,578	926
600 Other objects	17,700	17,700	-
266 Data processing services:			
100 Salaries	242,799	229,581	13,218
200 Employee benefits	92,446	86,675	5,771
300 Purchased services	68,485	84,262	(15,777)
400 Supplies and materials	10,945	15,163	(4,218)
500 Capital outlay	5,940	-	5,940
270 Support services - pupil activity:			
271 Pupil services activity:			
100 Salaries	115,143	106,287	8,856
200 Employee benefits	30,909	26,683	4,226
300 Purchased services	55,475	52,456	3,019
600 Other objects	23,700	36,067	(12,367)
Total supporting services	<u>7,486,036</u>	<u>7,091,098</u>	<u>394,938</u>

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
500 Debt Service:			
319 Legal services	6,000	-	6,000
620 Interest	30,000	-	30,000
Total debt service	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Total expenditures	<u>16,047,822</u>	<u>15,527,994</u>	<u>519,828</u>
Excess of revenues over expenditures	142,214	428,759	286,545
OTHER FINANCING SOURCES (USES):			
Interfund transfers, from (to) other funds:			
5230 Transfer from special revenue EIA fund	\$ 423,169	421,621	\$ (1,548)
5280 Transfer from other funds indirect costs	-	5,696	5,696
421-710 Transfer to special revenue funds	(552,883)	(346,189)	206,694
422-710 Transfer to special revenue EIA funds	(12,500)	(8,686)	3,814
424-710 Transfer to school building fund	-	(141,396)	(141,396)
425-710 Transfer to food service fund	-	(60,351)	(60,351)
Total other financing sources (uses)	<u>(142,214)</u>	<u>(129,305)</u>	<u>12,909</u>
Net change in fund balances	<u>-</u>	<u>299,454</u>	<u>299,454</u>
FUND BALANCE, JULY 1, 2017		<u>4,775,539</u>	
FUND BALANCE, JUNE 30, 2018		<u>\$ 5,074,993</u>	

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2018

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
REVENUES						
1000 Revenue from Local Sources:						
1900 Other revenue from local sources:						
1930 Medicaid	\$ -	\$ -	\$ -	\$ -	\$ 93,421	\$ 93,421
1999 Revenue from other local sources	-	-	-	-	32,967	32,967
Total local sources	-	-	-	-	126,388	126,388
3000 Revenue from State Sources:						
3100 Restricted State funding:						
3110 Occupational education:						
3118 EEDA career specialist	-	-	-	88,570	-	88,570
3120 General education:						
3127 Student health and fitness	-	-	-	16,526	-	16,526
3130 Special programs:						
3134 Child development education pilot program	-	-	-	333,812	-	333,812
3135 Reading Coaches	-	-	-	125,460	-	125,460
3136 Student health and fitness - nurses	-	-	-	54,383	-	54,383
3170 Summer Reading Programs:						
3177 Summer Reading Program	-	-	-	16,629	-	16,629
3180 Fringe Benefits Employer Contributions:						
3183 Teacher Recruitment and Retention	-	-	-	8,084	-	8,084
3600 Education Lottery Act Revenue:						
3630 Technology Initiative	-	-	-	83,264	-	83,264
3990 Other State Revenue:						
3994 PEBA Nonemployer Contributions	-	-	-	142,590	-	142,590
Total state sources	-	-	-	869,318	-	869,318
4000 Revenue from Federal Sources:						
4200 Occupational education:						
4210 Vocational aid	-	-	-	-	32,803	32,803
4300 Elementary and Secondary Education Act of 1965:						
4310 Title I, Basic State Grant Programs	609,185	-	-	-	62,937	672,122
4312 Rural and low-income school program, Title II	-	-	-	-	27,795	27,795
4340 Title V - Informed Parental	-	-	-	-	-	-
4341 Title III - Limited English Proficiency	-	-	-	-	9,109	9,109
4342 SC Teacher incentive fund	-	-	-	-	-	-
4345 Title IV	-	-	-	-	9,411	9,411
4351 Improving Teacher Quality	-	-	-	-	96,162	96,162
4500 Programs for children with disabilities:						
4510 IDEA	-	805,170	-	-	-	805,170
4520 Pre-school	-	-	28,784	-	-	28,784
4900 Other federal sources:						
4990 Other Federal Revenue	-	-	-	-	133,250	133,250
4999 Revenue from other Federal Sources	-	-	-	-	155,394	155,394
Total federal sources	609,185	805,170	28,784	-	526,861	1,970,000

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

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES						
100 Instruction:						
111 Kindergarten programs:						
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ 34,702	\$ 34,702
200 Employee benefits	-	-	-	-	9,268	9,268
400 Supplies and materials	-	-	-	2,593	-	2,593
112 Primary programs:						
100 Salaries	109,218	-	-	-	46,508	155,726
200 Employee benefits	41,834	-	-	-	17,691	59,525
400 Supplies and materials	3,887	-	-	9,743	872	14,502
500 Capital outlay	-	-	-	2,682	-	2,682
113 Elementary programs:						
100 Salaries	214,138	-	-	-	28,912	243,050
200 Employee benefits	81,993	-	-	-	10,901	92,894
400 Supplies and materials	-	-	-	4,190	5,331	9,521
500 Capital outlay	-	-	-	2,682	-	2,682
114 High school programs:						
100 Salaries	72,625	-	-	-	155,442	228,067
200 Employee benefits	28,405	-	-	-	42,641	71,046
300 Purchased services	1,500	-	-	-	39,500	41,000
400 Supplies and materials	-	-	-	2,682	3,202	5,884
115 Vocational programs:						
600 Other objects	-	-	-	-	3,000	3,000
118 Montessori programs:						
400 Supplies and materials	-	-	-	-	555	555
120 Exceptional programs:						
121 Educable mentally handicapped:						
100 Salaries	-	44,428	-	-	-	44,428
200 Employee benefits	-	22,765	-	-	-	22,765
123 Orthopedically handicapped:						
100 Salaries	-	1,921	-	-	-	1,921
200 Employee Benefits	-	746	-	-	-	746
124 Visually handicapped:						
400 Supplies and materials	-	274	-	-	-	274
125 Hearing Handicapped						
100 Salaries	-	27,743	-	-	-	27,743
200 Employee benefits	-	12,160	-	-	-	12,160
400 Supplies and materials	-	-	-	-	72	72
126 Speech handicapped:						
100 Salaries	-	-	-	-	5,750	5,750
200 Employee benefits	-	-	-	-	1,508	1,508
400 Supplies and materials	-	5,971	-	-	1,193	7,164
127 Learning disabilities:						
100 Salaries	-	136,855	-	-	-	136,855
200 Employee benefits	-	68,274	-	-	-	68,274
300 Purchased services	-	-	-	-	106	106
400 Supplies and materials	-	2,237	-	-	4,646	6,883

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

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES (CONTINUED):						
100 Instruction (Continued):						
128 Emotionally handicapped:						
100 Salaries	\$ -	\$ 5,904	\$ -	\$ -	\$ -	\$ 5,904
200 Employee benefits	-	2,729	-	-	-	2,729
137 Preschool handicapped self-contained (3 & 4 yr. olds)						
100 Salaries	-	-	18,683	-	-	18,683
200 Employee benefits	-	-	10,101	-	-	10,101
140 Special programs:						
147 Child development education pilot program:						
100 Salaries	-	-	-	194,888	394	195,282
200 Employee benefits	-	-	-	85,508	-	85,508
400 Supplies and materials	-	-	-	43,522	-	43,522
500 Capital Outlay	-	-	-	1,179	-	1,179
149 Other special programs:						
100 Salaries	-	17,000	-	-	243	17,243
200 Employee benefits	-	4,781	-	-	57	4,838
300 Purchased services	-	104	-	-	-	104
400 Supplies and materials	-	-	-	-	12,332	12,332
500 Capital outlay	-	-	-	75,218	-	75,218
160 Other exceptional programs:						
161 Autism:						
100 Salaries	-	30,052	-	-	-	30,052
200 Employee benefits	-	15,676	-	-	-	15,676
170 Summer school program:						
171 Primary summer school:						
400 Supplies and materials	-	-	-	3,844	-	3,844
172 Elementary summer school:						
100 Salaries	-	-	-	5,250	6,480	11,730
200 Employee benefits	-	-	-	1,402	1,731	3,133
173 Accounts 173:						
100 Salaries	-	-	-	-	4,015	4,015
200 Employee benefits	-	-	-	-	1,065	1,065
300 Purchased Services	-	-	-	-	2,800	2,800
400 Supplies and materials	-	-	-	-	5,294	5,294
175 Instructional programs beyond regular school day:						
100 Salaries	-	-	-	-	18,633	18,633
200 Employee benefits	-	-	-	-	4,927	4,927
400 Supplies and materials	-	-	-	-	505	505
188 Parenting/family literacy:						
400 Supplies and materials	3,223	-	-	-	1,683	4,906
Total instruction	556,823	399,620	28,784	435,383	471,959	1,892,569

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

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES (CONTINUED):						
200 Supporting services:						
210 Pupil services:						
211 Attendance and social work:						
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ 39,296	\$ 39,296
200 Employee benefits	-	-	-	-	14,095	14,095
212 Guidance:						
100 Salaries	-	-	-	66,346	73,132	139,478
200 Employee benefits	-	-	-	22,224	33,197	55,421
300 Purchased services	-	-	-	-	8,463	8,463
400 Supplies and materials	-	-	-	-	415	415
213 Health:						
100 Salaries	-	-	-	84,651	30,576	115,227
200 Employee benefits	-	-	-	39,029	11,908	50,937
300 Purchased services	-	197,064	-	-	14,804	211,868
400 Supplies and materials	-	447	-	-	5,830	6,277
214 Psychological:						
100 Salaries	-	26,709	-	-	-	26,709
200 Employee benefits	-	9,400	-	-	-	9,400
300 Purchased services	-	12,526	-	-	-	12,526
400 Supplies and materials	-	3,230	-	-	721	3,951
221 Improvement of instruction - curriculum development:						
100 Salaries	-	-	-	121,978	5,500	127,478
200 Employee benefits	-	-	-	50,029	14,444	64,473
300 Purchased services	42,000	-	-	-	9,634	51,634
400 Supplies and materials	-	-	-	-	2,498	2,498
222 Library and media:						
400 Supplies and materials	-	-	-	-	455	455
223 Supervision of special programs:						
100 Salaries	7,364	78,068	-	-	46,383	131,815
200 Employee benefits	2,662	30,526	-	-	16,915	50,103
300 Purchased services	336	3,485	-	-	8,680	12,501
400 Supplies and materials	-	1,265	-	-	943	2,208
600 Other objects	-	-	-	-	150	150
224 Improvement of instruction - inservice and staff training:						
300 Purchased services	-	333	-	8,716	3,218	12,267
400 Supplies and materials	-	-	-	-	3,203	3,203
233 School administration:						
300 Purchased services	-	-	-	-	1,087	1,087
250 Finance and operations services:						
251 Student transportation (Federal mandated):						
100 Salaries	-	31,140	-	-	-	31,140
200 Employee benefits	-	8,144	-	-	-	8,144
254 Operation and Maintenance of Plant:						
300 Purchased services	-	-	-	-	3,000	3,000
400 Supplies and materials	-	-	-	-	4,896	4,896
255 Student transportation (State mandated):						
100 Salaries	-	-	-	4,975	-	4,975
200 Employee benefits	-	-	-	686	-	686
260 Data and technology processing services:						
264 Staff services:						
300 Purchased services	-	-	-	8,084	210	8,294
600 Other objects	-	-	-	-	1,500	1,500
271 Pupil Activity Services:						
100 Salaries	-	313	-	-	2,355	2,668
200 Employee benefits	-	50	-	-	551	601
660 Pupil activity	-	2,850	-	23	19,796	22,669

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

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES (CONTINUED):						
400 Intergovernmental Expenditures:						
411 Payments to State Department of Education:						
720 Transits	\$ -	\$ -	\$ -	\$ -	\$ 28,083	\$ 28,083
419 Payments from Nonemployer Contributions:						
720 Transits	-	-	-	142,590	-	142,590
Total intergovernmental expenditures	-	-	-	142,590	28,083	170,673
Total expenditures	609,185	805,170	28,784	984,714	877,897	3,305,750
OTHER FINANCING SOURCES (USES):						
Transfers from (to) other funds:						
5210 Transfer from General Fund	-	-	-	115,845	230,344	346,189
422-710 Transfer to Special Revenue EIA Fund	-	-	-	(449)	-	(449)
431-791 Special Revenue Fund indirect costs	-	-	-	-	(5,696)	(5,696)
Total other financing sources (uses)	-	-	-	115,396	224,648	340,044
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-
FUND BALANCE, JULY 1, 2017	-	-	-	-	-	-
FUND BALANCE, JUNE 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
YEAR ENDED JUNE 30, 2018

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	Special Revenue		Special Revenue Fund <u>Unearned</u>
					Interfund Transfers <u>In/(Out)</u>	Other Fund Transfers <u>In/(Out)</u>	
903	3183	Teacher Recruitment and Retention	\$ 8,084	\$ 14,564	\$ -	\$ -	\$ -
919	3193	Education License Plates	-	-	(223)	-	223
924	3134	Child Development Education Pilot Program	333,812	327,332	(39,880)	-	39,880
926	3116	Education and Economic Development	16,629	16,180	-	(449)	-
928	3118	EEDA Career Specialist	88,570	88,570	(14,634)	-	14,634
935	3135	Reading Coach	125,460	172,008	-	46,548	-
936	3136	Student health and fitness - Nurses	54,383	123,680	-	69,297	-
937	3127	Student health and fitness - PE Teachers	16,526	16,526	(1,398)	-	1,398
939	3999	Library Allocation	-	-	(163,101)	-	163,101
963	3630	Technology Initiative	83,264	83,264	-	-	-
994	3994	PEBA Nonemployer Contributions	142,590	142,590	-	-	-
Totals			<u>\$ 869,318</u>	<u>\$ 984,714</u>	<u>\$ (219,236)</u>	<u>\$ 115,396</u>	<u>\$ 219,236</u>

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

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES
YEAR ENDED JUNE 30, 2018

TITLE 1

201 Title I, Basic State Grant Programs

IDEA

203 Individuals with Disabilities Education Act (IDEA)

Preschool and Handicapped

205 Individuals with Disabilities Education Act (IDEA) Preschool

Other Designated Restricted State Grants

918 Technology Professional Development

919 Education License Plates

924 CDEP Program

926 Summer Reading Program

928 EEDA Career Specialists

935 Reading Coaches

936 Student Health and Fitness - Nurses

937 Student Health and Fitness - PE Teachers

963 Technology Initiative

967 6-8 Enhancement

Other Special Revenue Programs

227 Rural and Low Income (Title VI)

240 SC Campaign to Prevent Teen Pregnancy

264 Limited English Proficient and Immigrant Students (Title III)

267 Improving Teacher Quality (Title II)

271 Vocational Education - Student Organization (10)

272 Vocational Education - Work Based Learning (02)

273 Vocational Education - Guidance (9)

274 Vocational Education - Initiate/Improve Prog (6)

277 Vocational Education - Professional Development (4)

278 Vocational Education - Nontraditional (14)

290 Other Federal Revenue

299 SC Gear Up

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

Other Special Revenue Programs (continued)

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

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

EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS
YEAR ENDED JUNE 30, 2018

REVENUES:

3000 State Sources:

3500 Education Improvement Act:

3502	ADEPT	\$	1,536
3511	Professional development		17,375
3512	Technology professional development		8,156
3518	Formative assessment		10,164
3519	Grade 10 assessment		2,189
3525	Career and technology education equipment		1,658
3526	Refurbishment of K-8 Sciences		9,001
3528	Industry Certificates		7,674
3529	Career and technology education		50,000
3532	National Board Certification (NBC) salary supplement		47,404
3533	Teacher of the year awards		1,077
3538	Students at risk of school failure		271,669
3541	CDEPP		267,866
3550	Teacher salary increase		362,858
3555	School employer contributions		58,763
3557	Summer Reading Program		635
3558	Reading assistance		13,836
3577	Teacher supplies		36,300
3578	High schools that work/making middle grades work		10,025
3587	IDEA MFS		54,133
3592	Work-based learning		4,163
3593	EAA reduce class size grades 1-3		359,114
3595	EEDA Professional Development Funds		4,224
3597	Aid to districts		33,692
	Total state sources		1,633,512
	Total revenue all sources		1,633,512

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

EXPENDITURES:

100 Instruction:

110 General instruction:

111 Kindergarten programs:		
400 Supplies and materials	\$	1,551
112 Primary programs:		
100 Salaries		126,607
200 Employee benefits		53,379
400 Supplies and materials		3,884
113 Elementary programs:		
100 Salaries		48,237
200 Employee benefits		16,229
400 Supplies and materials		3,565
114 High school programs:		
100 Salaries		1,000
200 Employee benefits		77
400 Supplies and materials		1,773
115 Career and technology education programs:		
100 Salaries		7,500
200 Employee benefits		1,986
300 Purchased services		9,480
400 Supplies and materials		7,085
500 Capital outlay		44,573
600 Other objects		200
116 Career and technology education (vocational) programs - middle school:		
600 Other objects		400
118 Montessori Programs:		
400 Supplies and materials		14,911
130 Preschool programs:		
139 Early childhood programs:		
140 Special programs:		
147 Full Day 4K:		
100 Salaries		66,684
200 Employee benefits		30,508
400 Supplies and materials		10,111
500 Capital outlay		159,384
149 Other special programs:		
100 Salaries		57,610
200 Employee benefits		26,306
400 Supplies and materials		44,539
170 Summer school program:		
171 Primary summer school:		
100 Salaries		4,320
200 Employee benefits		1,154
175 Instructional programs beyond regular school day:		
100 Salaries		37,395
200 Employee benefits		9,865
Total instruction		<u>790,313</u>

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

EXPENDITURES (CONTINUED):

200 Support Services:

210 Pupil services:

212 Guidance services:

300 Purchased services \$ 643
400 Supplies and materials 5,324

214 Psychological services:

300 Purchased services 231
400 Supplies and materials 1,129

220 Instructional staff services:

221 Improvement of instruction-curriculum development:

300 Purchased services 5,335
400 Supplies and materials 75

222 Library and media:

400 Supplies and materials 825

223 Supervision of special programs:

100 Salaries 8,125
200 Employee benefits 2,147
300 Purchased services 656

224 Improvement of instruction inservice and staff training:

300 Purchased services 38,308
400 Supplies and materials 1,649

230 General Administration Services

233 School administration

300 Purchased services 1,210

250 Finance and operations services:

253 Account 253

500 Capital Outlay 359,114

255 Student transportation:

100 Salaries 2,642
200 Employee benefits 571

270 Pupil Activity:

271 Pupil Activity:

660 Pupil activity 2,729

Total supporting services 430,713

Total expenditures 1,221,026

OTHER FINANCING SOURCES (USES):

Interfund transfers, from (to) other funds:

5210 Transfer from general fund (excludes indirect costs) 8,686

5220 Transfer from special revenue fund (excludes indirect costs) 449

5230 Transfer from special revenue EIA fund 7,654

420-710 Transfer to general fund (excludes indirect costs) (421,621)

422-710 Transfer to EIA fund (7,654)

Total other financing sources (uses) (412,486)

Excess (deficiency) of revenues over (under) expenditures -

FUND BALANCE JULY 1, 2017 -

FUND BALANCE JUNE 30, 2018 \$ -

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

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM
YEAR ENDED JUNE 30, 2018

<u>Program</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Fund Transfers In/(Out)</u>	<u>EIA Fund Unearned Revenue</u>
3500 Education Improvement Act:				
3502 ADEPT	\$ 1,536	\$ 10,273	\$ 8,737	\$ -
3507 Aid to Districts - Technology	-	-	-	43,563
3511 Professional development	17,375	17,375	-	9,712
3512 Technology professional development	8,156	1,447	(6,709)	-
3518 Formative assessment	10,164	10,164	-	-
3519 Grade 10 assessment	2,189	1,244	(945)	-
3525 Career and technology education equipment	1,658	1,658	-	-
3526 Refurbishment of K-8 Sciences	9,001	9,001	-	14,825
3528 Industry Certificates	7,674	7,674	-	15,323
3529 Career and technology education	50,000	50,000	-	-
3532 National Board Certification (NBC) - salary supplement	47,404	47,404	-	-
3533 Teacher of the year awards	1,077	1,077	-	-
3538 Students at risk of school failure	271,669	271,669	-	181,111
3541 CDEPP	267,866	267,866	-	-
3550 Teacher salary increase	362,858	-	(362,858)	-
3555 School employer contributions	58,763	-	(58,763)	-
3557 Summer Reading Program	635	8,687	8,052	11,386
3558 Reading assistance	13,836	13,836	-	5,562
3577 Teacher supplies	36,300	36,300	-	-
3578 High schools that work/making middle grades work	10,025	10,025	-	-
3587 IDEA MFS	54,133	54,133	-	-
3592 Work-based learning	4,163	4,163	-	-
3593 EAA reduce class size grades 1-3	359,114	359,114	-	640,886
3595 EEDA Professional Development Funds	4,224	4,224	-	3,158
3597 Aid to districts	33,692	33,692	-	28,107
Total	\$ 1,633,512	\$ 1,221,026	\$ (412,486)	\$ 953,633

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

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2018

	<u>Other</u>	<u>SCAGO</u>	<u>Total</u>
REVENUES:			
1000 Revenue from Local Sources:			
1200 Revenue from local governmental units other than LEAs:			
1210 Ad valorem taxes-including delinquent taxes (fiscally dependent LEA)	\$ 873,438	\$ -	\$ 873,438
1240 Penalties and interest on taxes (dependent)	55,296	-	55,296
1280 Revenue in lieu of taxes (dependent and independent)	1,796,284	-	1,796,284
1500 Earnings on investments:			
1510 Interest on investments	3,644	2,045	5,689
Total local sources	2,728,662	2,045	2,730,707
3000 Revenue from State Sources:			
3800 State revenue in lieu of taxes:			
3820 Homestead exemption	42,231	-	42,231
3830 Merchant's inventory tax	4,456	-	4,456
3840 Manufacturers depreciation reimbursement	65,479	-	65,479
3890 Other state property tax revenues	14,068	-	14,068
Total state sources	126,234	-	126,234
Total revenue all sources	2,854,896	2,045	2,856,941
EXPENDITURES:			
500 Debt Service:			
395 Other professional and technical services	-	5,000	5,000
610 Redemption of principal	3,034,309	1,065,000	4,099,309
620 Interest	82,587	837,400	919,987
Total expenditures	3,116,896	1,907,400	5,024,296
OTHER FINANCING SOURCES (USES):			
5200 Interfund transfers, from (to) other funds			
5250 Transfer from School Building Fund	258,494	1,905,740	2,164,234
424-710 Transfer to School Building Fund	-	(35,000)	(35,000)
Total other financing sources	258,494	1,870,740	2,129,234
EXCESS OF REVENUES OVER EXPENDITURES	(3,506)	(34,615)	(38,121)
FUND BALANCE, JULY 1, 2017	1,455,482	35,110	1,490,592
FUND BALANCE, JUNE 30, 2018	\$ 1,451,976	\$ 495	\$ 1,452,471

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

SCHOOL BUILDING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Other</u>	<u>SCAGO</u>	<u>Total</u>
REVENUES:			
1000 Revenue from Local Sources:			
1500 Earnings on investments:			
1510 Interest on investments	\$ 10,148	\$ -	\$ 10,148
Total local sources	<u>10,148</u>	<u>-</u>	<u>10,148</u>
Total revenue all sources	<u>10,148</u>	<u>-</u>	<u>10,148</u>
EXPENDITURES:			
100 Instructional:			
149 Other Special Programs:			
500 Capital outlay	355,765	-	355,765
Total Instruction	<u>355,765</u>	<u>-</u>	<u>355,765</u>
200 Support Services:			
252 Fiscal Services:			
300 Purchased services	-	8,358	8,358
253 Facilities Acquisitions and Construction:			
300 Purchased services	90,317	-	90,317
400 Supplies and materials	205	-	205
500 Capital outlay			
520 Construction services	1,948,413	-	1,948,413
530 Improvements other than building	54,000	-	54,000
540 Equipment	140,980	-	140,980
545 Technology equipment and software	23,068	-	23,068
266 Technology and Data Processing Services			
300 Purchased services	4,782	-	4,782
271 Pupil Service Activities			
500 Capital outlay	1,580	-	1,580
Total support services	<u>2,263,345</u>	<u>8,358</u>	<u>2,271,703</u>
Total expenditures	<u>2,619,110</u>	<u>8,358</u>	<u>2,627,468</u>
OTHER FINANCING SOURCES (USES):			
5100 Sale of Bonds:			
5110 Premiums on bonds sold	23,326	-	23,326
5120 Proceeds of general obligation bonds	2,464,000	-	2,464,000
5200 Interfund transfers, from (to) other funds			
5210 Transfer from General Fund	141,396	-	141,396
5240 Transfer from Debt Service Fund	-	35,000	35,000
423-710 Transfer to Debt Service Fund	(2,164,234)	-	(2,164,234)
Total other financing sources (uses)	<u>464,488</u>	<u>35,000</u>	<u>499,488</u>
Excess (deficiency) of revenues over expenditures	(2,144,474)	26,642	(2,117,832)
FUND BALANCE, JULY 1, 2017	<u>4,288,826</u>	<u>4,624</u>	<u>4,293,450</u>
FUND BALANCE, JUNE 30, 2018	<u>\$ 2,144,352</u>	<u>\$ 31,266</u>	<u>\$ 2,175,618</u>

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

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018

REVENUES

1000 Revenue from Local Sources:

1600 Food service:

1610 Lunch sales to pupils	\$	1,460
1630 Special sales to pupils		10,923
1640 Lunch sales to adults		11,684
1650 Breakfast sales to adults		130
1660 Special sales to adults		4,875

1900 Other revenue from local sources:

1990 Miscellaneous local revenue:

1999 Revenue from other local sources		10,202
Total revenue from local sources		39,274

3000 Revenue from State Sources:

3100 Restricted state funding:

3140 School lunch:

3142 Program aid		68
Total state sources		68

4000 Revenue from Federal Sources:

4800 USDA reimbursement:

4810 School lunch and after school snacks program		797,552
4830 School breakfast program		443,613
4860 Fresh fruits and vegetables program		34,200

4900 Other federal sources:

4991 USDA commodities		92,354
Total federal sources		1,367,719
Total revenue all sources		1,407,061

EXPENDITURES

250 Finance and operations:

256 Food Service:

100 Salaries		336,685
200 Employee benefits		216,292
300 Purchased services		44,883
400 Supplies and materials		725,438
500 Capital outlay		98,268
600 Other objects		3,050
Total expenditures		1,424,616

OTHER FINANCING SOURCES (USES)

Interfund transfers from (to) other funds:

5210 Transfer from general fund

5210 Transfer from general fund		60,351
Total other financing sources		60,351

CHANGE IN NET POSITION

42,796

NET POSITION, JULY 1, 2017 - as restated

(681,961)

NET POSITION, JUNE 30, 2018

\$ (639,165)

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

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS AND CHANGE IN AMOUNTS DUE TO PUPIL
ACTIVITIES
YEAR ENDED JUNE 30, 2018

RECEIPTS:

1000 Receipts from Local Sources:

1700 Pupil activities:

1790 Other

\$ 361,251

Total receipts

361,251

DISBURSEMENTS:

100 Instruction:

190 Instructional Pupil Activity:

660 Pupil activity

38,152

200 Support services:

270 Support Services Pupil Activity:

271 Pupil service activities:

224,820

660 Pupil activity

272 Enterprise activities:

38,469

660 Pupil activity

273 Trust and agency activities:

66,546

660 Pupil activity

Total disbursements

367,987

DEFICIENCY OF REVENUES OVER EXPENDITURES

(6,736)

DUE TO STUDENT GROUPS, JULY 1, 2017

143,722

DUE TO STUDENT GROUPS, JUNE 30, 2018

\$ 136,986

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

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
JUNE 30, 2018

Program	Project/Grant Number and FY	Revenue & Subfund Code	Description	Amount Due to SCDE or Federal Government	Status of Amount Due to Grantors
Refurbishment of K-8 Science Kits	EIA	326/035260	Unexpended funds	\$ 2,568	Paid after year-end
National Board Certification	EIA	332/035320	Unexpended funds	112	Paid after year-end
Teacher Supplies	EIA	377/035770	Unexpended funds	275	Paid after year-end
EEDA Supplies and Materials	EIA	395/035950	Unexpended funds	1,272	Paid after year-end
Total				<u>\$ 4,227</u>	

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

SCHOOL DISTRICT LOCATION RECONCILIATION SCHEDULE
YEAR ENDED JUNE 30, 2018

<u>Location ID</u>	<u>Location Description</u>	<u>Education Level</u>	<u>Cost Type</u>	<u>Total Expenditures</u>
10	Districtwide	Non-school	Central	\$ 10,102,960
20	Calhoun County High	High School	School	5,747,239
45	Sandy Run Elementary	Elementary School	School	6,477,373
50	St. Matthews School	Elementary School	School	7,164,173
99	Orangeburg 4	Other School	School	<u>7,392</u>
Total expenditures/disbursements for all funds				<u>\$ 29,499,137</u>

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

General Fund (Subfund 100's)	\$ 15,527,994
Special Revenue Fund (Subfund 200's, 800's, and 900's)	3,305,750
Special Revenue EIA Fund (Subfund 300's)	1,221,026
Debt Service Fund (Subfund 400's)	5,024,296
Capital Projects Fund (Subfund 500's)	2,627,468
Proprietary Fund (Subfund 600's)	1,424,616
Trust and Agency Fund (Subfund 700's)	<u>367,987</u>
Total expenditures/disbursements for all funds	<u>\$ 29,499,137</u>

SINGLE AUDIT SECTION



J. W. Hunt and Company

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calhoun County Public Schools, St. Matthews, South Carolina (District), as of and for the year ended June 30, 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.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

November 26, 2018



J. W. Hunt and Company

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

We have audited Calhoun County Public Schools, St. Matthews, South Carolina's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 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, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 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 of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

J. W. Hunt and Company

November 26, 2018

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

LEA Subfund <u>Code</u>	Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	Pass- Through Grantor's <u>Number</u>	<u>Expenditures</u>	
<u>U. S. Department of Agriculture</u>					
Passed through the South Carolina State Department of Education:					
Cash assistance:					
60X	School breakfast program	10.553	N/A	\$ 443,613	
60X	School lunch program	10.555	N/A	<u>797,553</u>	\$ 1,241,166
60X	Fresh fruits and vegetable program	10.582	18FFVP		34,200
Non-cash assistance:					
60X	USDA Commodities (Food Distribution Program)	10.565	N/A		<u>92,354</u>
Total U. S. Department of Agriculture					<u>1,367,720</u>
<u>U. S. Department of Education</u>					
Passed through the South Carolina State Department of Education:					
201	Title I	84.010	Title I, Part A (Regular)	563,298	
202	Title I	84.010	Title I Mini Grant 1	45,886	
210	Title I	84.010	Title I, Part A (SSAE)	9,411	
211	Title I	84.010	Title I Mini Grant 2	<u>62,937</u>	681,532
203	IDEA - Special Education	84.027A	18 IDEA	719,185	
204	IDEA - Special Education	84.027A	17 IDEA	85,985	
212	IDEA - Special Education	84.027A	ESY Handicapped Services	<u>6,462</u>	811,632
205	IDEA - Special Education Preschool	84.173	18 IDEA Preschool	26,958	
206	IDEA - Special Education Preschool	84.173	17 IDEA Preschool	<u>1,826</u>	28,784
251	Title VI - Rural and Low Income	84.358B	18 REAP	20,938	
252	Title VI - Rural and Low Income	84.358B	17 REAP	<u>6,857</u>	27,795
264	Title III - Limited English Proficiency and Immigrant Students	84.365	17 Title III		-
267	Title II - Improving Teacher Quality	84.367A	18 Title II	69,129	
268	Title II - Improving Teacher Quality	84.367A	17 Title II	23,830	
269	Title II - Improving Teacher Quality	84.367A	17 Title II Mini Grant	<u>3,203</u>	96,162
271	Career and Technical Education (subprogram 10)	84.048	18VA016	2,767	
272	Career and Technical Education (subprogram 02)	84.048	18VA016	360	
273	Career and Technical Education (subprogram 09)	84.048	18VA016	20,300	
274	Career and Technical Education (subprogram 06)	84.048	18VA016	3,000	
277	Career and Technical Education (subprogram 04)	84.048	18VA016	4,700	
279	Career and Technical Education - Technology Training	84.048	18VA016	<u>1,676</u>	32,803
299	Gear Up	84.334A	P334A140210		<u>143,062</u>
Total U. S. Department of Education					<u>1,821,770</u>
<u>U. S. Department of Defense</u>					
Direct Program					
290	ROTC	12.357	N/A		<u>70,673</u>
<u>U.S. Department of Labor</u>					
801	Jobs for Americas Graduates - South Carolina	17.259	17JAG101		<u>56,115</u>
Total expenditures of federal awards					<u>\$ 3,316,278</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Calhoun County Public Schools (District), under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Program</u>
84.027A	IDEA – Special Education
84.173	IDEA – Special Education Preschool

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

Auditee qualified as low-risk auditee? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements.

SECTION III - MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS

There were no findings related to major federal award programs.

CALHOUN COUNTY PUBLIC SCHOOLS
ST MATHEWS, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION IV - OTHER COMPLIANCE FINDINGS:

Finding 2018-001 - Commercial Driver's License (CDL) Drug and Alcohol Testing Program:

Condition: During our testing of the reporting requirements of the program, the District was not able to provide documentation that it had obtained and reviewed the motor vehicle record for each bus driver it employs during the period under audit.

Criteria: The program requires that the employer shall obtain and review the motor vehicle record for each driver at least once every 12 months. In addition, a copy of the motor vehicle record shall be maintained in the driver's qualification file and a note, including the name of the person who performed the review of the driving record and the date of such review, shall be maintained in the driver's qualification file.

Cause: Administrative oversight.

Effect: The District is not in compliance with the program's reporting requirements for the period under audit.

Recommendation: The District should review its record retention policies to ensure that all required documentation is maintained in accordance with the applicable program requirements.

Views of Responsible Officials and Planned Corrective Actions: I did not recognize that this finding was required for record as an audit item. That is no excuse, but just a fact that I learned through this audit. We will, from this point, ensure that procedures are in place to account for the necessary records of all our drivers and reviewed twice annually for compliance.

I have taken the necessary steps with my transportation director to impress on him that his knowledge of the requirements for drivers and bus transportation is expected and critical to the operation of this school district. Ignorance of the law is no excuse. I accept full responsibility!

Sometime within the next few days, I will discuss this with key members of my cabinet and the transportation director to plan a place for corrective action moving forward. The plan should remedy the finding.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

No matters were reported for the year ended June 30, 2017.