

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
JUNE 30, 2020

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denmark-Olar School District No. Two of Bamberg County, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denmark-Olar School District No. Two of Bamberg County, South Carolina as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12 and the budgetary comparison information, schedule of the District's proportionate share of the net pension liability – SCRS, schedule of District contributions – SCRS, schedule of the District's proportionate share of the net OPEB liability – SCRHITF/SCLTDITF and schedules of District's contributions – SCRHITF/SCLTDITF on pages 53-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Denmark-Olar School District No. Two of Bamberg County, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020, on our consideration of Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control over financial reporting and compliance.

M. S. Gregory & Company, LLP

Columbia, South Carolina
December 7, 2020

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

INTRODUCTION

This narrative overview gives an analysis of the financial activities of the District for the fiscal year ended June 30, 2020. Our purpose is to inform our citizens of the effect of our District's operations and to present our financial position.

FINANCIAL HIGHLIGHTS

During the 19/20 and 18/19 school years, the Board of Education utilized the funding flexibility to manage expenditures.

Other key financial aspects were as follows:

- **Net Position:** The District's Total Net Position (Deficit) as of June 30, 2020, was \$(80,650).

For the fiscal year ended June 30, 2020 the District's total net position increased by \$2,707,473. The Deficit Net Position is primarily related to the effects of reporting the post-retirement benefits as a liability on the balance sheet. See Note 5 to the financial statements for more information.

- **Revenues and Expenditures:** Revenues and Other Financing Sources totaled \$47,710,362 and Expenditures and Other Financing Uses totaled \$45,482,446 for all Governmental Funds at the fund level. Accordingly, revenues and other financing sources exceeded expenditures and other financing by \$2,227,916.
- **General Fund/Fund Balance:** Our principal operating fund, the General Fund, had \$7,801,982 in fiscal year 2020 revenues and other financing sources, which primarily consisted of state aid and property taxes, and \$6,823,785 in expenditures and other financing uses resulting in an increase for the year of \$978,197. This resulted in the General Fund fund balance increasing from \$4,736,220 as of June 30, 2019, to \$5,714,417 as of June 30, 2020. The current year actual increase in fund balance of the General Fund was favorable over the planned \$142,207 use of fund balance in the 19/20 approved budget. This increase in fund balance for the year was primarily the result of strict budget monitoring and the use of allowable state funding flexibility.
- **Debt:** The Debt Service fund balance increased by \$275,654 from \$1,786,126 as of June 30, 2019, to \$2,061,780 as of June 30, 2020. At June 30, 2020, the District had \$35,717,056 of long-term general obligation bonds outstanding. This debt is directly related to the \$38 million USDA general obligation bond being drawn to construct/renovate the Districts' Schools. Interest only is due on this bond through August 8, 2020 after which it will begin to amortize principal over the remaining 38 years of its life. The interest rate on this obligation for its entire term is 2.75%.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

Statement of Activities: The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 16 and 18. The District maintains its accounting records in conformity with the South Carolina Department of Education's Financial Accounting Handbook. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, EIA, Debt Service and Capital Projects Funds, all of which are considered to be major funds. The basic governmental funds financial statements can be found on pages 15 and 17 of this report.

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

Fiduciary Funds: Fiduciary (Pupil Activity) funds are used to account for resources held for the benefit of students and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statement can be found on page 22 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-52 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process, net pension liability/retirement contribution schedules under GASB 68 and its Other Post-Employment Benefits (OPEB) liability contribution schedules under GASB 75. The District adopts an annual budget for its General Fund operations. A budgetary comparison statement has been provided for the General Fund as required supplementary information. This required supplementary information can be found on pages 53-57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position (deficit) may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(80,650) at June 30, 2020. At June 30, 2019 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,788,123.

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

The largest liabilities of the District are the general obligation bonds payable and the net pension and net OPEB liabilities. With the reporting of these liabilities under GASB the district's net position is currently a deficit.

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

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2020 and 2019.

| | 2020 | 2019 |
|--|--------------------------|---------------------------|
| Current Assets | \$ 18,233,027 | \$15,772,707 |
| Capital Assets, Net | 41,887,575 | 23,995,808 |
| Deferred Outflows of Resources | <u>1,781,918</u> | <u>1,571,076</u> |
| Total Assets and Deferred Outflows of Resources | <u>61,902,520</u> | <u>41,339,591</u> |
| Current Liabilities | 7,695,139 | 6,943,096 |
| Compensated Absences | 154,496 | 172,122 |
| General Obligation Bonds Payable | 35,717,056 | 18,755,836 |
| Net Pension and OPEB Liabilities | 16,799,565 | 16,666,041 |
| Deferred Inflows of Resources | <u>1,616,914</u> | <u>1,590,619</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>61,983,170</u> | <u>44,127,714</u> |
| Net Position (Deficit): | | |
| Invested in Capital Assets, Net of Related Debt | 6,170,519 | 5,239,972 |
| Restricted | 5,011,942 | 3,756,545 |
| Unrestricted | <u>(11,263,111)</u> | <u>(11,784,640)</u> |
| Total Net Position (Deficit) | <u>(80,650)</u> | <u>(2,788,123)</u> |

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

- Issuance of General Obligation Bonds of \$16,961,220
- Construction on New School Facilities of \$17,756,010
- Depreciation expense of \$249,997
- Current year excess of revenues over expenses of \$2,707,473

Changes in Net Position: The District's total revenues for the fiscal year ended June 30, 2020, were \$13,116,917. The total cost of all programs and services was \$10,409,444. The following table presents a summary of the activity that resulted in changes in net position for the fiscal years ended June 30, 2020 and 2019.

| | 2020 | 2019 |
|--------------------------------------|-------------------|-------------------|
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 123,627 | \$ 119,389 |
| Operating Grants and Contributions | <u>7,398,689</u> | <u>7,143,734</u> |
| Total Program Revenues | <u>7,522,316</u> | <u>7,263,123</u> |
| General Revenues: | | |
| Property Taxes | 4,006,732 | 4,035,000 |
| Investment Earnings | 38,351 | 41,015 |
| State Unrestricted Aid/Miscellaneous | <u>1,549,518</u> | <u>1,586,010</u> |
| Total General Revenues | <u>5,594,601</u> | <u>5,662,025</u> |
| Total Revenues | <u>13,116,917</u> | <u>12,925,148</u> |
| Expenses and Transfers: | | |
| Instruction | 4,630,982 | 4,728,526 |
| Support Services | 4,508,615 | 4,824,817 |
| Community Services | 18,146 | 81,313 |
| Pupil Activity | 86,283 | 62,938 |
| Interest and Other Charges | 665,317 | 511,636 |
| Loss on Sale of Capital Assets | 9,355 | - |
| Food Service | <u>490,746</u> | <u>491,352</u> |
| Total Expenses and Transfers | <u>10,409,444</u> | <u>10,700,582</u> |
| Increase in Net Position | <u>2,707,473</u> | <u>2,224,566</u> |

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

| | June 30, 2020 | |
|--------------------------------|-------------------|--------------------------|
| | Total Expenses | Net (Expense) Revenue |
| Instruction | \$ 4,630,982 | \$ (1,173,449) |
| Support Services | 4,508,615 | (1,068,500) |
| Community Services | 18,146 | (3,415) |
| Pupil Activity | 86,283 | (86,283) |
| Interest and Other Charges | 665,317 | (665,317) |
| Loss on Sale of Capital Assets | <u>9,355</u> | <u>(9,355)</u> |
| Totals | <u>9,918,698</u> | <u>(3,006,319)</u> |

| | June 30, 2019 | |
|----------------------------|-------------------|--------------------------|
| | Total Expenses | Net (Expense) Revenue |
| Instruction | \$ 4,728,526 | \$(1,472,931) |
| Support Services | 4,824,817 | (1,462,300) |
| Community Services | 81,313 | (24,769) |
| Pupil Activity | 62,938 | (62,938) |
| Interest and Other Charges | <u>511,636</u> | <u>(511,636)</u> |
| Totals | <u>10,209,230</u> | <u>(3,534,574)</u> |

- The costs of all governmental activities this year was \$9,918,698.
- Net current year cost of governmental activities was \$3,006,319 and financed by general revenues of \$5,640,298, which are made up primarily of property taxes of \$4,006,732.

FINANCIAL ANALYSIS OF THE DISTRICT FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$10,618,454, an increase of \$2,227,916 due primarily to strict budget monitoring, the use of state funding flexibility and the borrowings from the USDA for construction, reimbursement and required debt service costs. At year end, the District had an unassigned fund balance of \$5,628,579. The fund balance restricted which indicates that it is not available for general purpose spending is as follows:

| | |
|------------------|-----------|
| Special Revenue | \$ 12,978 |
| Debt Service | 2,061,780 |
| Capital Projects | 2,829,279 |

The General Fund is the principal operating fund of the District. The increase in the fund balance in the General Fund for the fiscal year was \$978,197. The Debt Service fund balance showed an increase in fund balance of \$275,654 from the prior year while the Capital Projects fund balance showed an increase in fund balance of \$974,032 from the prior year. The Debt Service increase was a result of tax collections exceeding the debt service required outlay with the USDA bond requiring an interest only payment in the current year. The increase in Capital Projects was the result of a Debt Service transfer from the proceeds of a short term 8% bond issued and repaid during the current year.

Proprietary Fund: Proprietary Funds are used to account for operations that are operated in a manner similar to private business enterprises. The Food Service Fund is the only Proprietary Fund. The Fund had a net income of \$73,494. The net position totaled \$293,989 as of June 30, 2020. The District's plan of continuing to effectively monitor services including its food costs has allowed the Fund to once again increase its net position without affecting the quality of services provided to the students.

BUDGETARY HIGHLIGHTS

Over the course of the past several years, the District has been able to steadily increase its fund balance in the General Fund to a June 30, 2020 balance of over \$5,700,000. The District will continue to explore new grant opportunities and reduce operation costs in order to control expenditures. The District anticipates being in the newly constructed Pre K-12 school facility when the 2020/21 school year opens. While some of the operating costs are expected to increase while the new facility and the old facilities are continuing to be operational, it is expected that in the future, overall cost savings should be achieved as a result of operational and maintenance efficiencies once the older facilities are offline.

A schedule showing the budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information and is located on page 53.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: As of June 30, 2020, the District had invested \$41,887,575 in capital assets, including land, construction in progress, school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. Total depreciation expense for the year was \$249,997.

The following schedule presents capital asset balances, net of depreciation for the fiscal years ended June 30, 2020 and 2019.

| | 2020 | 2019 |
|----------------------------|-------------------|-------------------|
| Land | \$ 149,722 | \$ 149,722 |
| Construction in Progress | 34,169,207 | 18,524,114 |
| Buildings and Improvements | 4,950,904 | 5,132,461 |
| Machinery and Equipment | <u>2,617,742</u> | <u>189,511</u> |
| Total | <u>41,887,575</u> | <u>23,995,808</u> |

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

Debt Administration: At year-end, the District had \$52,671,117 in non-current liabilities, of which \$23,174 is due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal years ended June 30, 2020 and 2019.

| | 2020 | 2019 |
|-----------------------------------|-------------------|-------------------|
| Compensated Absences | \$ 154,496 | \$ 172,122 |
| General Obligations Bonds Payable | 35,717,056 | 18,755,836 |
| Net Pension and OPEB Liabilities | <u>16,799,565</u> | <u>16,666,041</u> |
| Total Debt | <u>52,671,117</u> | <u>35,593,999</u> |

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

The following measures have been implemented for the 2020-2021 FY:

General Fund

The administration will:

- Continue to Increase the responsibilities of the accounting staff to assist in the separation of duties and account reconciliations while continuing to provide adequate internal controls.
- Continue the efforts of providing a safe and secure learning environment for all students in the District without regard to the individuals learning ability.
- Continue to work with available Capital Project funds to provide a completed state of the art new facility where the students, faculty and community are proud of the project.
- Continue efforts to reduce employment and legal costs of foreign employees.
- Increase initiatives to obtain/expand grants and other funding sources.
- Continue to work with the State Department of Education and neighboring District towards a possible consolidation and/or continued collaboration of services to the students of the County

Food Service

The administration will:

- Continue to explore opportunities for additional staff training.
- Continue the sharing of a Food Service manager with neighboring district to reduce costs and improve consistency in operations.
- Continue to maintain sound record keeping for inventory and supply control.
- Continue to improve staff’s ability to plan and prepare balanced, wholesome meals in compliance with the Office of Health and Nutrition Program Standards

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Denmark-Oar School District No. Two of Bamberg County, is a rural district located in South Carolina. The County has lost several industries over the past several years. With the worldwide COVID-19 pandemic affecting school operations since the middle of March 2020, the District has experienced significant change in its delivery of educational instruction to its students. Administration and faculty have worked together with the State Department of Education to provide the best learning environment possible for students. With these changes come additional expenses and only a portion of these expenses are expected to be funded or reimbursed by Federal and State sources. The pandemic is expected to last well into the 20/21 school year and the administration plans to monitor these expenses and adjust the budget as needed. These and other factors were considered by the District’s administration during the process of developing the fiscal year 2020/21 budgets. The District’s top goals were to maintain the fund balance in the General Fund and strengthen the net position in the Proprietary Fund. In striving to achieve these goals, the District will continue to work towards students’ personal and academic growth in addition to providing healthy meal choices to its pupils.

The District is excited to move into its new/renovated Pre K-12 facility with the expected start of the 20/21 school year. The combined facility has been built on the current High School campus and incorporates renovations and updates to the current facility plus new wings for the elementary and middle schools as well as a new sports complex. A USDA General Obligation Bond is funding this construction and the District is working diligently to keep the total project within the \$38 million USDA funding. During the build process the District has continued to maintain the existing facilities to allow for a safe and secure student learning environment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2020

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|--------------------|
| Assets | | | |
| Cash & Cash Equivalents | \$ 10,046,885 | \$ 169,391 | \$ 10,216,276 |
| Property Tax Receivable | 434,246 | - | 434,246 |
| Internal Balances | 80,158 | (80,158) | - |
| Due from County Government | 1,099,759 | - | 1,099,759 |
| Due from State Government | 170,217 | - | 170,217 |
| Due from Federal Government | 6,204,762 | 12,660 | 6,217,422 |
| Prepaid Expenses | 85,838 | - | 85,838 |
| Inventories - Supply & Materials | - | 9,214 | 9,214 |
| Other Receivables | 55 | - | 55 |
| Capital Assets (Net of Accumulated Depreciation) | | | |
| Land | 149,722 | - | 149,722 |
| Buildings & Improvements | 4,950,904 | - | 4,950,904 |
| Machinery, Equipment and Vehicles | 2,431,341 | 186,401 | 2,617,742 |
| Construction in Progress | 34,169,207 | - | 34,169,207 |
| Total Assets | 59,823,094 | 297,508 | 60,120,602 |
| Deferred Outflows of Resources | | | |
| Net Pension Deferred Outflows | 922,766 | - | 922,766 |
| Net OPEB Deferred Outflows | 859,152 | - | 859,152 |
| Total Deferred Outflows of Resources | 1,781,918 | - | 1,781,918 |
| Liabilities | | | |
| Accounts Payable and Other Liabilities | 4,143,044 | 599 | 4,143,643 |
| Accrued Salaries | 376,105 | - | 376,105 |
| Accrued Payroll Related Liabilities | 311,258 | - | 311,258 |
| Due to State Government | 275 | - | 275 |
| Retainage Payable | 1,710,005 | - | 1,710,005 |
| Revenue Received in Advance | 528,533 | 2,920 | 531,453 |
| Accrued Interest Payable | 622,400 | - | 622,400 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 23,174 | - | 23,174 |
| Due in More Than One Year | 35,848,378 | - | 35,848,378 |
| Net Pension Liability | 9,298,421 | - | 9,298,421 |
| Net OPEB Liability | 7,501,144 | - | 7,501,144 |
| Total Liabilities | 60,362,737 | 3,519 | 60,366,256 |
| Deferred Inflows of Resources | | | |
| Net Pension Deferred Inflows | 604,903 | - | 604,903 |
| Net OPEB Deferred Inflows | 1,012,011 | - | 1,012,011 |
| Total Deferred Inflows of Resources | 1,616,914 | - | 1,616,914 |
| Net Position (Deficit) | | | |
| Net Investment in Capital Assets | 5,984,118 | 186,401 | 6,170,519 |
| Restricted For: | | | |
| Special Projects | 12,978 | - | 12,978 |
| Debt Service | 2,169,685 | - | 2,169,685 |
| Capital Projects | 2,829,279 | - | 2,829,279 |
| Net Position - Unrestricted | (11,370,699) | 107,588 | (11,263,111) |
| Total Net Position (Deficit) | \$ (374,639) | \$ 293,989 | \$ (80,650) |

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

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|----------------------|------------------------------------|---|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | Total |
| | | | | Governmental Activities | Business-Type Activities | |
| Governmental Activities: | | | | | | |
| Instruction | \$ 4,630,982 | \$ 45,807 | \$ 3,411,726 | \$ (1,173,449) | \$ - | \$ (1,173,449) |
| Support Services | 4,508,615 | 45,577 | 3,394,538 | (1,068,500) | - | (1,068,500) |
| Community Service | 18,146 | 195 | 14,536 | (3,415) | - | (3,415) |
| Pupil Activity | 86,283 | - | - | (86,283) | - | (86,283) |
| Interest & Other Charges | 665,317 | - | - | (665,317) | - | (665,317) |
| Loss on Sale of Capital Assets | 9,355 | - | - | (9,355) | - | (9,355) |
| Total Governmental Activities | 9,918,698 | 91,579 | 6,820,800 | (3,006,319) | - | (3,006,319) |
| Business-Type Activities: | | | | | | |
| Food Service | 490,746 | 32,048 | 577,889 | - | 119,191 | 119,191 |
| Total Business-Type Activities | 490,746 | 32,048 | 577,889 | - | 119,191 | 119,191 |
| Total Primary Government | \$ 10,409,444 | \$ 123,627 | \$ 7,398,689 | \$ (3,006,319) | \$ 119,191 | \$ (2,887,128) |
| General Revenues: | | | | | | |
| Property Taxes Levied For: | | | | | | |
| General Purposes | | | | 2,664,084 | - | 2,664,084 |
| Debt Service | | | | 1,342,648 | - | 1,342,648 |
| State Aid Not Restricted For Specific Purpose | | | | 1,549,518 | - | 1,549,518 |
| Unrestricted Investment Earnings | | | | 38,351 | - | 38,351 |
| Transfers | | | | 45,697 | (45,697) | - |
| Total General Revenues and Transfers | | | | 5,640,298 | (45,697) | 5,594,601 |
| Change in Net Position | | | | 2,633,979 | 73,494 | 2,707,473 |
| Net Position (Deficit) - Beginning | | | | (3,008,618) | 220,495 | (2,788,123) |
| Net Position (Deficit) - Ending | | | | \$ (374,639) | \$ 293,989 | \$ (80,650) |

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

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| | <u>Special Revenue Funds</u> | | | | | Total Governmental Funds |
|---|------------------------------|-----------------------------|--|-------------------------|-----------------------------|---|
| | General | Special Projects | Education Improvement Act | Debt Service | Capital Projects | |
| Assets | | | | | | |
| Cash & Cash Equivalents | \$ 9,015,535 | \$ 12,812 | \$ - | \$ 1,018,538 | \$ - | \$ 10,046,885 |
| Property Tax Receivable, Net | 543,902 | - | - | 179,841 | - | 723,743 |
| Due From Other Funds | - | - | 183,396 | - | 8,640,647 | 8,824,043 |
| Due From County Government | 56,516 | - | - | 1,043,243 | - | 1,099,759 |
| Due From State Government | 21,477 | 58,827 | 89,913 | - | - | 170,217 |
| Due From Federal Government | - | 420,194 | - | 5,784,568 | - | 6,204,762 |
| Prepaid Expenses | 85,838 | - | - | - | - | 85,838 |
| Other Receivables | - | 55 | - | - | - | 55 |
| Total Assets | <u>\$ 9,723,268</u> | <u>\$ 491,888</u> | <u>\$ 273,309</u> | <u>\$ 8,026,190</u> | <u>\$ 8,640,647</u> | <u>\$ 27,155,302</u> |
| Liabilities | | | | | | |
| Accounts Payable | 40,077 | 1,604 | - | - | 4,101,363 | 4,143,044 |
| Accrued Salaries | 376,105 | - | - | - | - | 376,105 |
| Accrued Payroll Related Liabilities | 311,258 | - | - | - | - | 311,258 |
| Due To Other Funds | 2,737,508 | 221,809 | - | 5,784,568 | - | 8,743,885 |
| Due To State Government | - | - | 275 | - | - | 275 |
| Retainage Payable | - | - | - | - | 1,710,005 | 1,710,005 |
| Unearned Revenue | - | 255,499 | 273,034 | - | - | 528,533 |
| Total Liabilities | <u>3,464,948</u> | <u>478,912</u> | <u>273,309</u> | <u>5,784,568</u> | <u>5,811,368</u> | <u>15,813,105</u> |
| Deferred Inflows of Resources | | | | | | |
| Unavailable Revenue - Property Taxes | 543,902 | - | - | 179,841 | - | 723,743 |
| Total Deferred Inflows of Resources | <u>543,902</u> | <u>-</u> | <u>-</u> | <u>179,841</u> | <u>-</u> | <u>723,743</u> |
| Fund Balances | | | | | | |
| Nonspendable | 85,838 | - | - | - | - | 85,838 |
| Restricted | - | 12,978 | - | 2,061,780 | 2,829,279 | 4,904,037 |
| Unassigned | 5,628,579 | - | - | - | - | 5,628,579 |
| Total Fund Balances | <u>5,714,417</u> | <u>12,978</u> | <u>-</u> | <u>2,061,780</u> | <u>2,829,279</u> | <u>10,618,454</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 9,723,267</u> | <u>\$ 491,890</u> | <u>\$ 273,309</u> | <u>\$ 8,026,189</u> | <u>\$ 8,640,647</u> | <u>\$ 27,155,302</u> |

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

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2020**

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

| | |
|--|----------------------------|
| Ending Fund Balance - Governmental Fund Financial Statements | \$ 10,618,454 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements. | 41,701,174 |
| Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period expenditures and, therefore, are deferred inflows of resources on the fund financial statements. | 434,246 |
| Deferred Outflows (Inflows) resulting from the recognition of the employer's share of the state's net pension and OPEB liability are not current financial resources; therefore, they are not reported on the fund financial statements. | 165,004 |
| Interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. | (622,400) |
| Long-term liabilities, including compensated absences \$(154,496), net pension liability \$(9,298,421), net OPEB liability \$(7,501,144) and bond payable \$(35,717,056) are not due and payable in the current period and therefore, are not reported in the fund financial statements. | <u>(52,671,117)</u> |
| Net Position (Deficit) of Governmental Activities | <u><u>\$ (374,639)</u></u> |

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

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Major Funds | | | | | Total Governmental Funds |
|---|---------------------|---------------------|---------------------------------|---------------------|---------------------|--------------------------------|
| | Special Revenue | | | | Capital Projects | |
| | General | Special Projects | Education Improvement Act | Debt Service | | |
| Revenues | | | | | | |
| Revenue From Local Governmental Units Other Than LEAs | \$ 2,660,833 | \$ - | \$ - | \$ 1,336,970 | \$ - | \$ 3,997,803 |
| Earnings on Investments | 15,996 | 33 | - | 22,323 | - | 38,352 |
| Other Revenue from Local Sources | 12,821 | 142,578 | - | - | - | 155,399 |
| Total Local | <u>2,689,650</u> | <u>142,611</u> | <u>-</u> | <u>1,359,293</u> | <u>-</u> | <u>4,191,554</u> |
| Intergovernmental | 2,980 | 7,869 | - | - | - | 10,849 |
| State Sources | 4,811,220 | 497,875 | 1,353,537 | 132,119 | - | 6,794,751 |
| Federal Sources | - | 1,420,701 | - | - | 80,200 | 1,500,901 |
| Total Revenues | <u>7,503,850</u> | <u>2,069,056</u> | <u>1,353,537</u> | <u>1,491,412</u> | <u>80,200</u> | <u>12,498,055</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Instruction | 3,175,997 | 997,267 | 259,832 | - | - | 4,433,096 |
| Support Services | 3,494,496 | 900,123 | 11,997 | - | 4,147 | 4,410,763 |
| Community Services | - | 18,146 | - | - | - | 18,146 |
| Pupil Activities | 86,283 | - | - | - | - | 86,283 |
| Intergovernmental | 15,402 | 66,146 | 275 | - | - | 81,823 |
| Debt Service: | | | | | | |
| Legal Services | - | - | - | 8,000 | - | 8,000 |
| Other Professional and Technical Services | - | - | - | 3,000 | - | 3,000 |
| Interest | - | - | - | 215,758 | - | 215,758 |
| Other Objects | - | - | - | 985 | - | 985 |
| Capital Outlay | <u>51,607</u> | <u>58,116</u> | <u>858,223</u> | <u>-</u> | <u>17,053,116</u> | <u>18,021,062</u> |
| Total Expenditures | <u>6,823,785</u> | <u>2,039,798</u> | <u>1,130,327</u> | <u>227,743</u> | <u>17,057,263</u> | <u>27,278,916</u> |
| Excess of Revenues Over (Under) Expenditures | <u>680,065</u> | <u>29,258</u> | <u>223,210</u> | <u>1,263,669</u> | <u>(16,977,063)</u> | <u>(14,780,861)</u> |
| Other Financing Sources (Uses) | | | | | | |
| Premiums on Bonds Sold | - | - | - | 1,860 | - | 1,860 |
| Proceeds from General Obligation Bonds | - | - | - | 16,961,220 | - | 16,961,220 |
| Transfers In | 298,132 | - | - | - | 17,951,095 | 18,249,227 |
| Transfers Out | - | (29,225) | (223,210) | (17,951,095) | - | (18,203,530) |
| Total Other Financing Sources (Uses) | <u>298,132</u> | <u>(29,225)</u> | <u>(223,210)</u> | <u>(988,015)</u> | <u>17,951,095</u> | <u>17,008,777</u> |
| Net Change in Fund Balances | <u>978,197</u> | <u>33</u> | <u>-</u> | <u>275,654</u> | <u>974,032</u> | <u>2,227,916</u> |
| Fund Balance, Beginning of Year | <u>4,736,220</u> | <u>12,945</u> | <u>-</u> | <u>1,786,126</u> | <u>1,855,247</u> | <u>8,390,538</u> |
| Fund Balance, Ending of Year | <u>\$ 5,714,417</u> | <u>\$ 12,978</u> | <u>\$ -</u> | <u>\$ 2,061,780</u> | <u>\$ 2,829,279</u> | <u>\$ 10,618,454</u> |

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

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS WITH THE
DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

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

| | |
|---|----------------------------|
| Net Change in Fund Balances - Total Governmental Funds: | \$ 2,227,916 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. This is the amount that current period cost of assets \$17,984,840 exceeds the depreciation \$246,345. | 17,738,495 |
| The statement of activities reports gains or losses arising from the disposal of capital assets. Conversely, governmental funds do not report any gains or loss on disposal of capital assets. | (9,355) |
| In the statement of activities, retirement and pension expense is measured by the District's proportionate share of the SCRS pension and SCRHITF and SCLTDITF OPEB total expense. In the governmental funds, however, the expenditure for retirement is measured by the current contributions to the retirement and pension system. The amount presented is the difference in the accounting for these costs during the current year. | 51,025 |
| Certain deferred revenues reported in the governmental funds are recognized subject to a reserve for uncollectible amounts in the statement of activities. This is the change in the amount of taxes receivable recognized under the accrual basis. | 8,927 |
| In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used. | 17,626 |
| Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Interest on long-term debt is not recognized in the governmental funds statement until due, however, it is recognized in the statement of activities as it accrues. The amount presented is the difference in the accounting for these costs during the current year. | (439,435) |
| The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount that debt issued during the year exceeds the amount of principal paid during the year. | <u>(16,961,220)</u> |
| Change in Net Position - Governmental Activities | <u><u>\$ 2,633,979</u></u> |

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

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 STATEMENT OF NET POSITION
 PROPRIETARY FUND - FOOD SERVICE
 JUNE 30, 2020**

Assets

| | | |
|----------------------------------|----|-----------------------|
| Cash & Cash Equivalents | \$ | 169,391 |
| Due From Federal Government | | 12,660 |
| Inventories - Supply & Materials | | 9,214 |
| Property and Equipment, Net | | <u>186,401</u> |
| Total Assets | | <u><u>377,666</u></u> |

Liabilities

| | | |
|--------------------------|--|----------------------|
| Accounts Payable | | 599 |
| Due To Other Funds | | 80,158 |
| Unearned Revenue | | <u>2,920</u> |
| Total Liabilities | | <u><u>83,677</u></u> |

Net Position

| | | |
|------------------------------|-----------|-----------------------|
| Investment in Capital Assets | | 186,401 |
| Unrestricted | | <u>107,588</u> |
| Total Net Position | \$ | <u><u>293,989</u></u> |

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

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Business-Type Activities</u> Enterprise Fund - Food Service |
|--|---|
| Operating Revenues | |
| Proceeds from Sales of Meals | \$ 32,048 |
| Total Operating Revenues | <u>32,048</u> |
| Operating Expenses | |
| Food Costs | 189,759 |
| Salaries & Employee Benefits | 156,198 |
| Supplies & Materials | 102,549 |
| Depreciation | 3,652 |
| Other Operating Costs | 38,588 |
| Total Operating Expenses | <u>490,746</u> |
| Operating Income (Loss) | <u>(458,698)</u> |
| Non-Operating Revenues (Expenses) | |
| USDA Reimbursements | 540,437 |
| Commodities Received from USDA | 37,164 |
| Interest Income | 288 |
| Total Non-Operating Revenues | <u>577,889</u> |
| Net Income Before Transfers | 119,191 |
| Transfers In (Out) | <u>(45,697)</u> |
| Change in Net Position | 73,494 |
| Net Position, Beginning of Year | <u>220,495</u> |
| Net Position, Ending of Year | <u><u>\$ 293,989</u></u> |

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

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2020**

| | <u>Business-Type Activities Enterprise Fund - Food Service</u> |
|---|---|
| Cash Flows from Operating Activities | |
| Received from Patrons | \$ 33,152 |
| Payments to Employees for Services | (156,198) |
| Payments to Suppliers for Goods and Services | <u>(297,512)</u> |
| Net Cash Used by Operating Activities | <u>(420,558)</u> |
| Cash Flows from Noncapital Financing Activities | |
| Federal Subsidy | 562,145 |
| Non-Operating Local Support | 288 |
| Transfers from (to) Other Funds | <u>193,795</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>756,228</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchase of Capital Assets | <u>(166,279)</u> |
| Net Change in Cash and Cash Equivalents | 169,391 |
| Cash and Cash Equivalents - Beginning | <u>-</u> |
| Cash and Cash Equivalents - Ending | <u><u>\$ 169,391</u></u> |
| Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities | |
| Operating Income (Loss) | <u>(458,698)</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities: | |
| Depreciation Expense | 3,652 |
| Commodities Received from USDA | 37,164 |
| Change in Assets and Liabilities: | |
| Increase in Inventories | (2,965) |
| Decrease in Accounts Payable | (815) |
| Increase in Unearned Revenue | <u>1,104</u> |
| Total Adjustments | <u>38,140</u> |
| Net Cash Used by Operating Activities | <u><u>\$ (420,558)</u></u> |
| Non-Cash Transactions: | |
| Commodities Received from the USDA | <u><u>\$ 37,164</u></u> |

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

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
AGENCY FUND - PUPIL ACTIVITY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

Assets

| | |
|-------------------------|-------------------------|
| Cash & Cash Equivalents | <u>\$ 56,703</u> |
| Total Assets | <u><u>\$ 56,703</u></u> |

Liabilities

| | |
|-----------------------------|-------------------------|
| Due to School Organizations | <u>56,703</u> |
| Total Liabilities | <u><u>\$ 56,703</u></u> |

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

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

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

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

A. Basis of Presentation

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

Note 1 Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

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

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

B. Measurement Focus and Basis of Accounting

Fund Accounting:

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

Governmental Funds:

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

Proprietary Funds:

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

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

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

Fiduciary Funds:

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

Basis of Accounting:

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

Note 1 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2020, but which have not met the revenue recognition criteria have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On the governmental fund financial statements, receivables which will not be collected within the available period have also been reported as unearned revenue.

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

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

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

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

C. Budgets and Budgetary Accounting

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

Note 1 Summary of Significant Accounting Policies (Continued)

D. Reporting Entity

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

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

E. Cash and Cash Equivalents

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

F. Inventories

Inventories consist of miscellaneous supplies and food of the Food Service Fund and are valued at the lower-of-cost (first-in, first-out) or market. Supplies and food are considered expenditures at the time of consumption or use. An amount for commodities received from the USDA, but not consumed as of June 30, 2020, has been recorded at fair value as provided by the United States Department of Agriculture.

G. Compensated Absences

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

Annual Leave is not expected to be liquidated with expendable available financial resources and is reported as an expenditure and a fund liability in the government-wide statements. The balance of the accrued annual leave as of June 30, 2020, was \$154,496 which includes an estimated 29.46% for related fringe benefits.

H. Tax Abatements

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

Note 1 Summary of Significant Accounting Policies (Continued)

I. Capital Assets

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

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

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

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

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

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

J. Pensions

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

The District did not charge any fringe costs to the Food Service Fund (business-type activity) during the current fiscal year. At June 30, 2020, the District did not allocate a portion of the net pension liability to Food Service since the General Fund (governmental activity) would be responsible for the required pension plan contributions.

Note 1 Summary of Significant Accounting Policies (Continued)

K. Use of Estimates

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

L. Accounts Receivable

The amounts shown as receivable and "Due from" on the Statement of Net Position are recorded at 100%. Management reviews these amounts for collectability and at June 30, 2020, all amounts are considered collectible; therefore, no allowance for doubtful accounts has been recorded.

M. Operating Revenues

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

N. Non-Operating Revenues

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

O. Classification of Net Position (Deficit)

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

P. Classification of Fund Balances

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

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

At June 30, 2020, the District has a nonspendable fund balance of \$85,838 representing the balance of prepaid expenditures at fiscal year end. At June 30, 2020, the District has an unassigned fund balance of \$5,628,579.

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

Q. Postemployment Benefits Other Than Pensions (OPEB)

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

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

The District did not charge any fringe costs to the Food Service Fund (business-type activity) during the current fiscal year. At June 30, 2020, the District did not allocate a portion of the net OPEB liability to Food Service since the General Fund (governmental activity) would be responsible for the required OPEB plan contributions.

Note 2 Bank Deposits

The cash on deposit under the direction of the District consists solely of funds held in checking, savings and money market accounts maintained at three regional financial institutions. As of June 30, 2020, the accounts under the direction of the District had a total bank balance of \$10,635,816. Of that balance \$516,463 was covered by Federal Depository Insurance, leaving an uninsured balance of \$10,119,353.

It is the policy of the District to ask the financial institutions to cover the uninsured portion of its deposits with pledged securities that are adequate to cover the amount not covered by depository insurance. At June 30, 2020, the entire uninsured portion of the balances was collateralized with securities pledged to the District by each financial institution; however, these securities remained in the institution's name and were held by a third party depository. Such collateral meets the requirements of the State of South Carolina statutes regarding bank balances maintained by governmental organizations.

Note 3 Property Taxes

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

January 16 through February 1 - 3% of Tax
February 2 through March 15 - 10% of Tax
After March 16 - 15% of Tax

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

Note 4 Deferred Outflows/Inflows of Resources

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

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

Note 5 Pension Plans

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

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

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

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

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

Benefits Provided - Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

Note 5 Pension Plans (Continued)

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

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions - Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rate was increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rate beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. 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 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent.

- Required **employee** contribution rates for fiscal year 2019-2020 are as follows:

SCRS

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

State ORP Employee

9.00% of earnable compensation

Note 5 Pension Plans (Continued)

- Required **employer** contribution rates for fiscal year 2019-2020 are as follows:

SCRS

| | |
|-----------------------------------|---------------------------------|
| Employer Class Two | 15.41% of earnable compensation |
| Employer Class Three | 15.41% of earnable compensation |
| Employer Incidental Death Benefit | 0.15% of earnable compensation |

State ORP

| | |
|-----------------------------------|---------------------------------|
| Employer Contribution | 15.41% of earnable compensation |
| Employer Incidental Death Benefit | 0.15% of earnable compensation |

Of the employer contribution of 15.41% for State ORP, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

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

| SCRS | 2020 | 2019 | 2018 |
|-----------------------------------|---------------------|---------------------|-------------------|
| Employee Contributions | \$ 370,539 | \$ 380,506 | \$ 389,442 |
| Employer Contributions | 640,413 | 619,586 | 585,853 |
| Employer Group Life Contributions | 6,262 | 6,507 | 6,588 |
| Total | \$ 1,017,214 | \$ 1,006,599 | \$ 981,883 |

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$9,298,421 for its proportionate share of the net pension liability for SCRS. The net pension liability of the defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2018, using membership as of that date projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2020, the District's proportion was 0.040722%.

Note 5 Pension Plans (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$503,170 for SCRS. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

| SCRS | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences Between Expected and Actual Experience | \$ 6,392 | \$ 66,798 |
| Changes in Assumptions | 187,377 | - |
| Net Difference Between Projected and Actual Investment Earnings | 82,322 | - |
| Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Employer Contributions | - | 538,105 |
| Direct Contributions Subsequent to the Measurement Date | 646,675 | - |
| Total | <u>\$ 922,766</u> | <u>\$ 604,903</u> |

The amount of \$646,675 for SCRS reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

The following schedule reflects the amortization of the net balance of remaining deferred outflows and inflows of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plans at the measurement date was 4.08 years for SCRS, which is being used for amortizing the difference between expected and actual variance and the changes in proportionate share of employer contributions. The difference between each year's projected and actual investment earnings is required to be amortized over a closed, 5-year period.

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

| Measurement Period Ending June 30, | SCRS |
|---|---------------------|
| 2021 | \$ (133,657) |
| 2022 | (133,657) |
| 2023 | (133,657) |
| 2024 | (133,657) |
| 2025 | (3,477) |
| Net Balance of Deferred (Inflows) of Resources | <u>\$ (538,105)</u> |

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

| Measurement Period Ending June 30, | SCRS |
|---|--------------------|
| 2021 | \$ (15,004) |
| 2022 | (15,004) |
| 2023 | (15,004) |
| 2024 | (15,004) |
| 2025 | (390) |
| Net Balance of Deferred Inflows of Resources | \$ (60,406) |

Changes in Assumptions

| Measurement Period Ending June 30, | SCRS |
|--|-------------------|
| 2021 | \$ 46,542 |
| 2022 | 46,542 |
| 2023 | 46,542 |
| 2024 | 46,542 |
| 2025 | 1,209 |
| Net Balance of Deferred Outflows of Resources | \$ 187,377 |

Difference Between Projected and Actual Investment Earnings

| Measurement Period Ending June 30, | SCRS |
|--|------------------|
| 2021 | \$ 16,464 |
| 2022 | 16,464 |
| 2023 | 16,464 |
| 2024 | 16,464 |
| 2025 | 16,466 |
| Net Balance of Deferred Outflows of Resources | \$ 82,322 |

Actuarial Assumptions and Methods - Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2016.

Note 5 Pension Plans (Continued)

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the Systems’ consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2019, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019.

| | SCRS |
|-------------------------------|--------------------------------|
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Investment rate of return | 7.25% |
| Projected salary increases | 3.0% to 12.5% |
| Includes inflation at | 2.25% |
| Benefits adjustments | Lesser of 1% or \$500 annually |

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

Assumptions used in the determination of the June 30, 2019, TPL are as follows:

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

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of June 30, 2019, for SCRS is presented below.

| System | Total Pension Liability | Plan Fiduciary Net Position | Employers’ Net Pension Liability(Asset) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------|--------------------------------|------------------------------------|--|---|
| SCRS | \$50,073,060,256 | \$27,238,916,138 | \$22,834,144,118 | 54.4% |

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

Note 5 Pension Plans (Continued)

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments is based upon 20 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

| Asset Class | Target Asset Allocation | Expected Arithmetic Real Rate of Return | Long Term Expected Portfolio Real Rate of Return |
|----------------------------------|--------------------------------|--|---|
| Global Equity | 51.0% | | |
| Global Public Equity | 35.0% | 7.29% | 2.55% |
| Private Equity | 9.0% | 7.67% | 0.69% |
| Equity Options Strategies | 7.0% | 5.23% | 0.37% |
| Real Assets | 12.0% | | |
| Real Estate (Private) | 8.0% | 5.59% | 0.45% |
| Real Estate (REITs) | 1.0% | 8.16% | 0.08% |
| Infrastructure (Private) | 2.0% | 5.03% | 0.10% |
| Infrastructure (Public) | 1.0% | 6.12% | 0.06% |
| Opportunistic | 8.0% | | |
| GTAA/Risk Parity | 7.0% | 3.09% | 0.22% |
| Other Opportunistic Strategies | 1.0% | 3.82% | 0.04% |
| Credit | 15.0% | | |
| High Yield Bonds/Bank Loans | 4.0% | 3.14% | 0.13% |
| Emerging Markets Debt | 4.0% | 3.31% | 0.13% |
| Private Debt | 7.0% | 5.49% | 0.38% |
| Rate Sensitive | 14.0% | | |
| Core Fixed Income | 13.0% | 1.62% | 0.21% |
| Cash and Short Duration (Net) | 1.0% | 0.31% | 0.00% |
| Total Expected Real Return | 100.0% | | 5.41% |
| Inflation for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | 7.66% |

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

Note 5 Pension Plans (Continued)

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

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

| System | 1.00% Decrease (6.25%) | Current Discount Rate (7.25%) | 1.00% Increase (8.25%) |
|---------------|-----------------------------------|--|-----------------------------------|
| SCRS | \$ 11,714,190 | \$ 9,298,421 | \$ 7,282,504 |

Payables to the Pension Plan - As of June 30, 2020, the District had \$139,331 in payables outstanding to the pension plans for its legally required contributions.

On-Behalf Payments - The State of South Carolina made payments of \$46,090 to PEBA on behalf of the District for the year ended June 30, 2020.

Pension Plan Fiduciary Net Position - Detailed information regarding the fiduciary net position of the plan administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS. Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2019.

Note 6 Other Post-Employment Benefits

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

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

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

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

Note 6 Other Post-Employment Benefits (Continued)

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

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

Contributions and Funding Policies - Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2019 was 6.05 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums 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, 2019. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers 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.

Contributions to the OPEB plan from the District for the SCRHITF and SCLTDITF were \$260,902 and \$4,271, respectively, for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

Note 6 Other Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020, the District reported a liability of \$7,501,144 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District's proportion was 0.049599% for SCRHITF and 0.051778% for SCLTDITF.

For the year ended June 30, 2020, the District recognized OPEB expense of \$357,653. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>SCRHITF</u> | |
|--|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual Experience | \$ 88,316 | \$ 243,794 |
| Changes in Assumptions | 496,290 | 464,448 |
| Net difference between projected and actual Investment Experience | 8,773 | - |
| Changes in proportionate share and differences between District contributions and proportionate share of contributions | - | 302,739 |
| District contributions subsequent to the measurement date | <u>260,902</u> | <u>-</u> |
| | <u>\$ 854,281</u> | <u>\$ 1,010,981</u> |

| | <u>SCLTDITF</u> | |
|--|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Changes in Assumptions | \$ 573 | \$ 91 |
| Net difference between projected and actual Investment Experience | 27 | 709 |
| Changes in proportionate share and differences between District contributions and proportionate share of contributions | - | 230 |
| District contributions subsequent to the measurement date | <u>4,271</u> | <u>-</u> |
| | <u>\$ 4,871</u> | <u>\$ 1,030</u> |

Note 6 Other Post-Employment Benefits (Continued)

\$260,902 (SCRHITF) and \$4,271 (SCLTDITF) reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Difference between expected and actual experience

| | <u>SCRHITF</u> <u>June 30, 2020</u> | <u>SCLTDITF</u> <u>June 30, 2020</u> |
|----------------------------------|--|---|
| Initial Balance (Inflow)/Outflow | \$ (155,478) | \$ - |
| Amortization period | 7.1330 | 10.4233 |
| Amortized period ended June 30, | | |
| 2021 | \$ 21,797 | \$ - |
| 2022 | 21,797 | - |
| 2023 | 21,797 | - |
| 2024 | 21,797 | - |
| 2025 | 21,797 | - |
| 2026 | 21,797 | - |
| Thereafter | 24,696 | - |

Assumption changes

| | <u>SCRHITF</u> <u>June 30, 2020</u> | <u>SCLTDITF</u> <u>June 30, 2020</u> |
|----------------------------------|--|---|
| Initial Balance (Inflow)/Outflow | \$ 31,842 | \$ 482 |
| Amortization period | 7.1330 | 10.4233 |
| Amortized period ended June 30, | | |
| 2021 | \$ (4,464) | \$ (46) |
| 2022 | (4,464) | (46) |
| 2023 | (4,464) | (46) |
| 2024 | (4,464) | (46) |
| 2025 | (4,464) | (46) |
| 2026 | (4,464) | (46) |
| Thereafter | (5,058) | (206) |

Difference between projected and actual investment earnings

| | <u>SCRHITF</u> <u>June 30, 2020</u> | <u>SCLTDITF</u> <u>June 30, 2020</u> |
|----------------------------------|--|---|
| Initial Balance (Inflow)/Outflow | \$ 8,773 | \$ (682) |
| Amortization period | 5.0000 | 5.0000 |
| Amortized period ended June 30, | | |
| 2021 | \$ (1,755) | \$ 136 |
| 2022 | (1,755) | 136 |
| 2023 | (1,755) | 136 |
| 2024 | (1,755) | 136 |
| 2025 | (1,753) | 138 |

Note 6 Other Post-Employment Benefits (Continued)

Actuarial Assumptions

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

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.

Additional information as of the latest actuarial valuation for SCRHITF:

| | |
|----------------------------|--|
| Valuation Date: | June 30, 2018 |
| Actuarial Cost Method: | Entry Age Normal |
| Inflation: | 2.25% |
| Investment Rate of Return: | 2.75%, net of OPEB Plan investment expense; including inflation. |
| Single Discount Rate: | 3.13% as of June 30, 2019. |
| Demographic Assumptions: | Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015. |
| Mortality: | For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type. |
| Health Care Trend Rate: | Initial trend starting at 6.40% and gradually decreasing to an ultimate trend of 4.15% over a period of 14 years. |
| Retiree Participation: | 79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums |
| Notes: | There were no benefit changes during the year; the discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019; minor updates were made to the healthcare trend rate assumption |

Note 6 Other Post-Employment Benefits (Continued)

Actuarial Assumptions (continued)

Additional information as of the latest actuarial valuation for SCLTDITF:

| | |
|--|--|
| Valuation Date: | June 30, 2018 |
| Actuarial Cost Method: | Entry Age Normal |
| Inflation: | 2.25% |
| Investment Rate of Return: | 3.00%, net of OPEB Plan investment expense; including inflation. |
| Single Discount Rate: | 3.04% as of June 30, 2019 |
| Salary, Termination, and Retirement Rates: | Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015. |
| Disability Incidence: | The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans. |
| Disability Recovery: | For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years. |
| Offsets: | 40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group. |
| Expenses: | Third party administrative expenses were included in the benefit projections |
| Notes: | The discount rate changed from 3.91% as of June 30, 2018 to 3.04% as of June 30, 2019. |

Roll Forward Disclosure - The actuarial valuation was performed as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

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

Note 6 Other Post-Employment Benefits (Continued)

The following table represents the components of the net OPEB liability as of June 30, 2019:

| <u>OPEB Trust</u> | <u>Total OPEB Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net OPEB Liability</u> | <u>Plan Fiduciary Net Position as a % of Total OPEB Liability</u> |
|-------------------|-----------------------------|------------------------------------|---------------------------|---|
| SCRHITF | \$16,516,264,617 | \$1,394,740,049 | \$15,121,524,568 | 8.44% |
| SCLTDITF | \$ 40,743,755 | \$ 38,775,500 | \$ 1,968,255 | 95.17% |

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

Single Discount Rate - The Single Discount Rate of 3.13% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.04% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 3.13%. 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 2039, and the municipal bond rate was applied to all benefit payments after that date.

Note 6 Other Post-Employment Benefits (Continued)

Long-Term Expected Rate of Return - The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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 tables:

| SCRHITF | <u>Target Asset Allocation</u> | <u>Arithmetic Real Rate of Return</u> | <u>Allocation-Weighted Long-Term Expected Real Rate of Return</u> |
|-------------------------------------|---------------------------------------|--|--|
| Asset Class | | | |
| U.S. Domestic Fixed Income | 80.00% | 0.60% | 0.48% |
| Cash equivalents | <u>20.00%</u> | 0.10% | <u>0.02%</u> |
| Total | 100.00% | | 0.50% |
| Expected Inflation | | | <u>2.25%</u> |
| Total Return | | | <u>2.75%</u> |
| Investment Return Assumption | | | <u>4.00%</u> |

| SCLTDITF | <u>Target Asset Allocation</u> | <u>Arithmetic Real Rate of Return</u> | <u>Allocation-Weighted Long-Term Expected Real Rate of Return</u> |
|-------------------------------------|---------------------------------------|--|--|
| Asset Class | | | |
| U.S. Domestic Fixed Income | 80.00% | 0.95% | 0.76% |
| Cash equivalents | <u>20.00%</u> | 0.51% | <u>0.10%</u> |
| Total | 100.00% | | 0.86% |
| Expected Inflation | | | <u>2.25%</u> |
| Total Return | | | <u>3.11%</u> |
| Investment Return Assumption | | | <u>3.00%</u> |

Sensitivity Analysis - The following table presents the District's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.13%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|-------------------------------|---------------------------|-------------------------------------|---------------------------|
| | <u>2.13%</u> | <u>3.13%</u> | <u>4.13%</u> |
| SCRHITF Net OPEB Liability \$ | 8,891,306 | \$ 7,500,125 | \$ 6,383,644 |

Note 6 Other Post-Employment Benefits (Continued)

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

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rate</u> | <u>1% Increase</u> |
|----------------------------|--------------------|---|--------------------|
| SCRHITF Net OPEB Liability | \$ 6,120,903 | \$ 7,500,125 | \$ 9,296,279 |

The following table represents the District's proportionate share of the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.04%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

| | <u>1% Decrease 2.04%</u> | <u>Current Discount Rate 3.04%</u> | <u>1% Increase 4.04%</u> |
|-----------------------------|------------------------------|--|------------------------------|
| SCLTDITF Net OPEB Liability | \$ 1,753 | \$ 1,019 | \$ 291 |

Additional Financial and Actuarial Information - Information in this note was compiled from the OPEB Trusts Funds' audited financial statement for the year ended June 30, 2019, and the accounting and financial reporting actuarial valuation as of June 30, 2019. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trusts Funds' audited financial statements.

Note 7 Short-Term Debt

The District issued and repaid a short-term general obligation bond anticipation note during the current fiscal year. The bond had a face amount of \$1,000,000 and the net proceeds of \$989,875 were transferred to the capital projects fund.

Note 8 Long-Term Obligations

Long-term obligations at June 30, 2020 consist of general obligation bonds and compensated absences. The School District issues general obligation bonds to provide funds for the acquisition, renovation and construction of major capital facilities. Principal and interest payments on the District's bonded debt are secured by ad valorem property taxes on taxable property within the District. Payments for the general obligation bonds are recorded in the Debt Service Fund.

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2020:

| | June 30, 2019 | Additions | Reductions | June 30, 2020 | Due Within One Year |
|------------------------------------|----------------------|----------------------|--------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 18,755,836 | \$ 16,961,220 | \$ - | \$ 35,717,056 | \$ - |
| Compensated Absences | 172,122 | 8,192 | (25,818) | 154,496 | 23,174 |
| Total Long-Term Liabilities | <u>\$ 18,927,958</u> | <u>\$ 16,969,412</u> | <u>\$ (25,818)</u> | <u>\$ 35,871,552</u> | <u>\$ 23,174</u> |

Note 8 Long-Term Obligations (Continued)

On August 9, 2018, the District started drawing down funds from its loan with the United States Department of Agriculture (USDA) for the purpose of funding capital projects approved by referendum in relation to the new Pre K-12 school facility. The USDA loan is not to exceed \$38,000,000 and is secured by general obligation bonds with a 2.75% interest rate on 40 year repayment term, with the first two years being interest only.

The annual debt service requirements to maturity as of June 30, 2020 are as follows:

| Year Ended June 30: | Principal | Interest | Total |
|----------------------------|----------------------|----------------------|----------------------|
| 2021 | \$ - | \$ 696,883 | \$ 696,883 |
| 2022 | 551,646 | 994,926 | 1,546,572 |
| 2023 | 566,817 | 979,756 | 1,546,573 |
| 2024 | 582,404 | 964,169 | 1,546,573 |
| 2025 | 598,420 | 948,153 | 1,546,573 |
| 2026-2030 | 3,248,190 | 4,484,675 | 7,732,865 |
| 2031-2035 | 3,720,066 | 4,012,799 | 7,732,865 |
| 2036-2040 | 4,260,492 | 3,472,373 | 7,732,865 |
| 2041-2045 | 4,879,427 | 2,853,438 | 7,732,865 |
| 2046-2050 | 5,588,278 | 2,144,585 | 7,732,863 |
| 2051-2055 | 6,400,105 | 1,332,760 | 7,732,865 |
| 2056-2058 | 5,321,211 | 402,994 | 5,724,205 |
| Totals | \$ 35,717,056 | \$ 23,287,511 | \$ 59,004,567 |

The above schedule reflects only the principal and interest payable on the outstanding balance of the USDA general obligation bond at June 30, 2020 and the expected debt service requirements to fund the repayment of the bond once it is fully drawn based on the \$38 million commitment (see Note 9) is expected to be materially more than reported amounts in the schedule.

Note 9 Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|----------------------|-------------------|----------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 149,722 | \$ - | \$ - | \$ 149,722 |
| Construction in Progress | 18,524,114 | 15,645,093 | - | 34,169,207 |
| Total Capital Assets Not Being Depreciated | 18,673,836 | 15,645,093 | - | 34,318,929 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | 9,965,259 | - | - | 9,965,259 |
| Vehicles | 132,521 | 228,830 | - | 361,351 |
| Furniture and Equipment | 1,686,422 | 2,110,917 | (62,378) | 3,734,961 |
| Total Capital Assets Being Depreciated | 11,784,202 | 2,339,747 | (62,378) | 14,061,571 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (4,832,798) | (181,557) | - | (5,014,355) |
| Vehicles | (116,180) | (14,554) | - | (130,734) |
| Furniture and Equipment | (1,537,026) | (50,234) | 53,023 | (1,534,237) |
| Total Accumulated Depreciation | (6,486,004) | (246,345) | 53,023 | (6,679,326) |
| Total Capital Assets Being Depreciated, Net | 5,298,198 | 2,093,402 | (9,355) | 7,382,245 |
| Governmental Activities Capital Assets, Net | \$ 23,972,034 | \$ 17,738,495 | \$ (9,355) | \$ 41,701,174 |
| Business-Type Activities: | | | | |
| School Food Service Fund: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Property and Equipment | \$ 350,212 | \$ 166,279 | \$ - | \$ 516,491 |
| Less Accumulated Depreciation for: | | | | |
| Property and Equipment | (326,438) | (3,652) | - | (330,090) |
| Business-Type Activities Capital Assets, Net | \$ 23,774 | \$ 162,627 | \$ - | \$ 186,401 |

Depreciation expense was charged as follows:

| | |
|--|-------------------|
| Governmental Activities: | |
| Instruction | \$ 123,484 |
| Support | 122,861 |
| Total Depreciation - Governmental Activities | \$ 246,345 |
| Business-Type Activities: | |
| Food Service | \$ 3,652 |
| Total Depreciation - Business-Type Activities | \$ 3,652 |

Construction Commitment - The District is in the process of a construction/renovation project to the existing High School campus for the consolidation of the Pre K-12 facilities into one centralized location. The expected completed cost of this project is \$38,000,000 which will be funded with a USDA general obligation bond that is subject to a reimbursement draw down. The total outstanding construction commitment for this project at June 30, 2020 is approximately \$1,959,862.

Note 10 Property Taxes Receivables/Allowance for Doubtful Accounts

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

| | |
|---------------------------------|-------------------|
| Property Taxes, Current | \$ 723,743 |
| Allowance for Doubtful Accounts | <u>(289,497)</u> |
| Property Taxes, Current | <u>\$ 434,246</u> |

Note 11 Risk Management

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

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

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

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

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

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

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

The District has not reported a supplemental premium assessment expenditure, and the related liability at June 30, 2020, because the requirements of GASB Statement No. 10 state that a liability for supplemental assessments must be reported if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2020, and the amount of the premium is reasonably estimable, have not been satisfied. In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the District.

Note 12 Operating Transfers In (Out)

A summary of Operating Transfers In (Out) for the year ending June 30, 2020, follows:

| | Transfers In | Transfers Out |
|--|----------------------|------------------------|
| General Fund - Excluding Indirect Costs | \$ 223,210 | \$ - |
| General Fund - Indirect Costs | 74,922 | - |
| Special Projects Fund - Indirect Costs | - | (29,225) |
| EIA Fund - Excluding Indirect Costs | - | (223,210) |
| Debt Service Fund - Excluding Indirect Costs | - | (17,951,095) |
| Capital Projects Fund - Excluding Indirect Costs | 17,951,095 | - |
| Proprietary Fund - Indirect Costs | - | (45,697) |
| Total | \$ 18,249,227 | \$ (18,249,227) |

Note 13 Interfund Balances

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

A summary of these interfund balances at June 30, 2020, are as follows:

| | General Fund | Special Projects | EIA Fund | Debt Service | Capital Projects | Proprietary Fund | Total |
|-----------------------|-----------------------|---------------------|-------------------|-----------------------|---------------------|---------------------|-------------------|
| Due From: | | | | | | | |
| General Fund | \$ - | \$ - | \$ 183,396 | \$ - | \$ 8,640,647 | \$ - | \$ 8,824,043 |
| Special Projects Fund | 221,809 | - | - | - | - | - | 221,809 |
| Debt Service | 5,784,568 | - | - | - | - | - | 5,784,568 |
| Proprietary Fund | 80,158 | - | - | - | - | - | 80,158 |
| | <u>6,086,535</u> | <u>-</u> | <u>183,396</u> | <u>-</u> | <u>8,640,647</u> | <u>-</u> | <u>14,910,578</u> |
| Due to: | | | | | | | |
| General Fund | - | 221,809 | - | - | - | 80,158 | 301,967 |
| EIA Fund | 183,396 | - | - | - | - | - | 183,396 |
| Capital Projects | 8,640,647 | - | - | 5,784,568 | - | - | 14,425,215 |
| | <u>8,824,043</u> | <u>221,809</u> | <u>-</u> | <u>5,784,568</u> | <u>-</u> | <u>80,158</u> | <u>14,910,578</u> |
| | <u>\$ (2,737,508)</u> | <u>\$ (221,809)</u> | <u>\$ 183,396</u> | <u>\$ (5,784,568)</u> | <u>\$ 8,640,647</u> | <u>\$ (80,158)</u> | <u>\$ -</u> |

Note 14 Funding Flexibility

The State of South Carolina passed a Joint Resolution to provide funding flexibility for the fiscal year ended June 30, 2020. Under the resolution, school districts may transfer revenue between programs to any instructional program with the same funding source and may make expenditures for instructional programs and essential operating costs from any state source without regard to fund type except school building bond funds. Also, the District may defer certain revenue to be used within its strategy or as funding flexibility allows in future years. Certain funds and other exceptions apply. The District used this flexibility for the current fiscal year by transferring revenue between programs and deferring certain revenue allowed under the Joint Resolution. The impact of applying funding flexibility to the District's General Fund was not measured.

Note 15 Commitments and Contingencies

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

Other - The District is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of the District's management, the ultimate effect of these legal matters will not have a material effect on the District's financial position. The State Department of Education is pushing for the consolidation of small school districts; as a result, the District is in the preliminary stages of evaluating what effect this may have on the district and its operations.

Note 16 Tax Abatements

The District's property tax revenues were reduced by \$326,950 under tax abatement agreements entered into by Bamberg County for the 2018 tax year. Below is a table that represents the amount of taxes abated by program:

| <u>Tax Abatement Program</u> | <u>Amount of Taxes Abated During the Fiscal Year</u> |
|--|--|
| Fee-in-lieu of Taxes Program (FILOT) | \$ 167,956 |
| Special Source Revenue Credit Program (SSRC) | 39,751 |
| Multi-County Industrial or Business Parks (MCIP) | 119,243 |
| | <u>\$ 326,950</u> |

Note 17 Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020**

| | General Fund | | | |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Budget Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Revenues | | | | |
| Local | \$ 3,281,948 | \$ 3,281,948 | \$ 2,689,650 | \$ (592,298) |
| State | 4,751,613 | 4,751,613 | 4,811,220 | 59,607 |
| Intergovernmental | - | - | 2,980 | 2,980 |
| Total Revenues | <u>8,033,561</u> | <u>8,033,561</u> | <u>7,503,850</u> | <u>(529,711)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 3,858,850 | 3,858,850 | 3,176,028 | 682,822 |
| Support Services | 4,458,540 | 4,458,540 | 3,546,072 | 912,468 |
| Intergovernmental | 20,000 | 20,000 | 15,402 | 4,598 |
| Total Expenditures | <u>8,337,390</u> | <u>8,337,390</u> | <u>6,737,502</u> | <u>1,599,888</u> |
| Excess Revenues Over (Under) Expenditures | <u>(303,829)</u> | <u>(303,829)</u> | <u>766,348</u> | <u>1,070,177</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers from Other Funds | 161,622 | 161,622 | 211,849 | 50,227 |
| Total Other Financing Sources (Uses) | <u>161,622</u> | <u>161,622</u> | <u>211,849</u> | <u>50,227</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ (142,207)</u> | <u>\$ (142,207)</u> | <u>978,197</u> | <u>\$ 1,120,404</u> |
| Fund Balance, Beginning of Year | | | <u>4,736,220</u> | |
| Fund Balance, End of Year | | | <u>\$ 5,714,417</u> | |

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|------|------|------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2010 | 2011 | 2012 | 2013 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| SCRS | | | | | | | | | | |
| District's Proportion of the Net Pension Liability (Asset) | N/A* | N/A* | N/A* | N/A* | \$9,804,902 | \$9,807,240 | \$9,911,185 | \$9,758,107 | \$9,446,906 | \$9,298,421 |
| District's Proportionate Share of the Net Pension Liability (Asset) | N/A* | N/A* | N/A* | N/A* | 0.056950% | 0.051711% | 0.046401% | 0.043347% | 0.042161% | 0.040722% |
| District's Covered-Employee Payroll | N/A* | N/A* | N/A* | N/A* | \$5,177,950 | \$4,871,526 | \$4,518,488 | \$4,397,664 | \$4,392,353 | \$4,337,874 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | N/A* | N/A* | N/A* | N/A* | 189.36% | 201.32% | 219.35% | 221.89% | 215.08% | 214.35% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | N/A* | N/A* | N/A* | N/A* | 59.90% | 57.00% | 52.90% | 53.30% | 54.10% | 54.40% |

N/A* - Not Available

Note:

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

Source: Audit report of employer allocations of the South Carolina Retirement System (SCRS), as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2019.

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

| | Fiscal Year | | | | | | | | | |
|--|-------------|------|------|-------------|------------|------------|------------|------------|------------|------------|
| | 2010 | 2011 | 2012 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| SCRS | | | | | | | | | | |
| Contractually Required Contribution | N/A* | N/A* | N/A* | \$ 547,829 | \$ 528,493 | \$ 496,964 | \$ 505,590 | \$ 592,441 | \$ 626,093 | \$ 646,675 |
| Contributions in Relation to the Contractually Required Contribution | N/A* | N/A* | N/A* | \$(547,829) | (528,493) | (496,964) | (505,590) | (592,441) | (626,093) | (646,675) |
| Contribution Deficiency (Excess) | N/A* | N/A* | N/A* | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered-Employee Payroll | N/A* | N/A* | N/A* | 5,177,950 | 4,871,526 | 4,518,488 | 4,397,664 | 4,392,353 | 4,337,874 | 4,174,428 |
| Contributions as a Percentage of Covered-Employee Payroll | N/A* | N/A* | N/A* | 10.58% | 10.85% | 11.00% | 11.50% | 13.49% | 14.43% | 15.49% |

N/A* - Not Available

Note:

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

Source: District quarterly retirement contribution reports.

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

| | Fiscal Year | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|--------------|--------------|--------------|--------------|
| | 2010* | 2011* | 2012* | 2013* | 2014* | 2015* | 2017 | 2018 | 2019 | 2020 |
| SCRHTIF | | | | | | | | | | |
| District's Proportion of Net OPEB Liability | N/A | N/A | N/A | N/A | N/A | N/A | \$ 7,545,246 | \$ 7,063,497 | \$ 7,217,504 | \$ 7,500,125 |
| District's Proportionate Share of Net OPEB Liability | N/A | N/A | N/A | N/A | N/A | N/A | 0.052149% | 0.052149% | 0.050933% | 0.049599% |
| District's Covered-Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | 4,518,488 | 4,397,664 | 4,392,353 | 4,337,874 |
| District's Proportionate Share of Net OPEB Liability as a Percentage of Its Covered-Employee Payroll | N/A | N/A | N/A | N/A | N/A | N/A | 166.99% | 160.62% | 164.32% | 172.90% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 7.60% | 7.91% | 8.44% |
| SCLTDITF | | | | | | | | | | |
| District's Proportion of Net OPEB Liability | N/A | N/A | N/A | N/A | N/A | N/A | \$ 392 | \$ 1,023 | \$ 1,631 | \$ 1,019 |
| District's Proportionate Share of Net OPEB Liability | N/A | N/A | N/A | N/A | N/A | N/A | 0.05641% | 0.05641% | 0.05329% | 0.05178% |
| District's Covered-Employee Payroll (1) | | | | | | | | | | |
| District's Proportionate Share of Net OPEB Liability as a Percentage of Its Covered-Employee Payroll (1) | | | | | | | | | | |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 95.29% | 95.20% | 95.17% |

*** Note:**

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

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

Source:

Audit report on the Schedules of Employer and Non-Employer Entity Allocations and Other Post-Employment Benefit (OPEB) Amounts by Employer for the South Carolina Retiree Health Insurance and Long-Term Disability Insurance Trust Funds, as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2019.

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|--------------|--------------|--------------|--------------|--------------|
| | 2010* | 2011* | 2012* | 2013* | 2014* | 2016 | 2017 | 2018 | 2019 | 2020 |
| SCRHIIF | | | | | | | | | | |
| Contractually Required Contribution Contributions in Relation to the | N/A | N/A | N/A | N/A | N/A | \$ 240,835 | \$ 234,395 | \$ 241,579 | \$ 262,441 | \$ 260,902 |
| Contractually Required Contribution | N/A | N/A | N/A | N/A | N/A | (240,835) | (234,395) | (241,579) | (262,441) | (260,902) |
| Contribution Deficiency (Excess) | N/A | N/A | N/A | N/A | N/A | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll | N/A | N/A | N/A | N/A | N/A | \$ 4,518,488 | \$ 4,397,664 | \$ 4,392,353 | \$ 4,337,874 | \$ 4,174,428 |
| | N/A | N/A | N/A | N/A | N/A | 5.33% | 5.33% | 5.50% | 6.05% | 6.25% |
| SCLTDITF | | | | | | | | | | |
| Contractually Required Contribution Contributions in Relation to the | N/A | N/A | N/A | N/A | N/A | N/A | \$ 4,083 | \$ 3,720 | \$ 3,880 | \$ 4,271 |
| Contractually Required Contribution | N/A | N/A | N/A | N/A | N/A | N/A | (4,083) | (3,720) | (3,880) | (4,271) |
| Contribution Deficiency (Excess) | N/A | N/A | N/A | N/A | N/A | N/A | \$ - | \$ - | \$ - | \$ - |
| District's Covered-Employee Payroll (1) Contributions as a Percentage of Covered-Employee Payroll (1) | | | | | | | | | | |

*** Note:**

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

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

Source:

District Quarterly Retirement Contribution Reports and Health Insurance Reports

SUPPLEMENTAL FINANCIAL SCHEDULES

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GENERAL FUND

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

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

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------------|------------------|--|
| Revenues | | | |
| 1000 Revenue from Local Sources | | | |
| 1200 Revenue From Local Governmental Units Other Than LEAs: | | | |
| 1210 Ad Valorem Taxes-Including Delinquent (Dependent) | \$ 2,893,489 | \$ 2,458,401 | \$ (435,088) |
| 1240 Penalties & Interest on Taxes (Dependent) | 198,179 | 168,379 | (29,800) |
| 1280 Revenue in Lieu of Taxes (Independent and Dependent) | 40,080 | 34,053 | (6,027) |
| 1500 Earnings on Investments: | | | |
| 1510 Interest on Investments | 142,125 | 15,996 | (126,129) |
| 1900 Other Revenue from Local Sources: | | | |
| 1910 Rentals | 8,075 | 485 | (7,590) |
| 1920 Contributions & Donations Private Sources | - | 5,972 | 5,972 |
| 1950 Refund of Prior Year's Expenditures | - | 6,340 | 6,340 |
| 1990 Miscellaneous Local Revenue: | | | |
| 1999 Revenue from Other Local Sources | - | 24 | 24 |
| Total Local Sources | <u>3,281,948</u> | <u>2,689,650</u> | <u>(592,298)</u> |
| 2000 Intergovernmental Revenue | | | |
| 2100 Payments from Other Governmental Units | - | 2,980 | 2,980 |
| Total Intergovernmental Revenues | <u>-</u> | <u>2,980</u> | <u>2,980</u> |
| 3000 Revenue from State Sources | | | |
| 3100 Restricted State Funding: | | | |
| 3130 Special Programs: | | | |
| 3131 Handicapped Transportation | 605 | 656 | 51 |
| 3160 School Bus Driver Salary (Includes Hazardous Condition Transportation) | 87,826 | 95,295 | 7,469 |
| 3162 Transportation Workers' Compensation | 5,578 | 6,052 | 474 |
| 3180 Fringe Benefits Employer Contributions (No Carryover Provision) | 807,322 | 875,976 | 68,654 |
| 3181 Retiree Insurance (No Carryover Provision) | 196,622 | 213,342 | 16,720 |
| 3186 State Aid to Classrooms - Teacher Salary | 148,399 | 161,018 | 12,619 |
| 3300 Education Finance Act: | | | |
| 3310 Full-Time Programs: | | | |
| 3311 Kindergarten | 106,107 | 102,852 | (3,255) |
| 3312 Primary | 290,898 | 281,974 | (8,924) |
| 3313 Elementary | 403,371 | 390,995 | (12,376) |
| 3314 High School | 88,384 | 85,673 | (2,711) |
| 3316 Speech Handicapped (Part-Time Program) | 128,866 | 124,913 | (3,953) |
| 3317 Homebound | 394 | 382 | (12) |
| 3320 Part-Time Programs: | | | |
| 3321 Emotionally Handicapped | 3,005 | 2,913 | (92) |
| 3322 Educable Mentally Handicapped | 35,134 | 34,056 | (1,078) |
| 3323 Learning Disabilities | 225,128 | 218,222 | (6,906) |
| 3324 Hearing Handicapped | 5,327 | - | (5,327) |
| 3325 Visually Handicapped | - | 5,164 | 5,164 |
| 3327 Vocational | 241,689 | 234,275 | (7,414) |

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------------|------------------|--|
| 3330 Miscellaneous EFA Programs: | | | |
| 3331 Autism | \$ 47,944 | \$ 46,473 | \$ (1,471) |
| 3332 High Achieving Students | 3,731 | 3,617 | (114) |
| 3334 Limited English Proficiency | 311 | 301 | (10) |
| 3351 Academic Assistance | 85,648 | 83,021 | (2,627) |
| 3352 Pupils in Poverty | 245,836 | 238,294 | (7,542) |
| 3353 Dual Credit Enrollment | 10,468 | 10,147 | (321) |
| 3800 State Revenue in Lieu of Taxes: | | | |
| 3810 Reimbursement for Local Residential Property Tax Relief (Tier 1) | 411,248 | 349,410 | (61,838) |
| 3820 Homestead Exemption (Tier 2) | 217,960 | 212,157 | (5,803) |
| 3825 Reimbursement for Property Tax Relief (Tier 3) | 531,485 | 583,788 | 52,303 |
| 3827 \$2.5 Million Tax Bonus | 366,399 | 356,645 | (9,754) |
| 3830 Merchant's Inventory Tax | 38,588 | 32,786 | (5,802) |
| 3890 Other State Property Tax Revenues (Includes Motor Carrier Tax) | 17,340 | 14,733 | (2,607) |
| 3900 Other State Revenue: | | | |
| 3993 PEBA On-Behalf | - | 46,090 | 46,090 |
| Total State Sources | <u>4,751,613</u> | <u>4,811,220</u> | <u>59,607</u> |
| Total Revenues All Sources | <u>8,033,561</u> | <u>7,503,850</u> | <u>(529,711)</u> |
| Expenditures | | | |
| 100 Instruction | | | |
| 110 General Instruction | | | |
| 111 Kindergarten Programs: | | | |
| 100 Salaries | 223,651 | 158,553 | 65,098 |
| 200 Employee Benefits | 93,029 | 51,982 | 41,047 |
| 400 Supplies and Materials | 2,000 | 957 | 1,043 |
| 112 Primary Programs: | | | |
| 100 Salaries | 296,676 | 363,468 | (66,792) |
| 200 Employee Benefits | 106,812 | 71,227 | 35,585 |
| 300 Purchased Services | 73,750 | 73,173 | 577 |
| 400 Supplies and Materials | 1,000 | 728 | 272 |
| 113 Elementary Programs: | | | |
| 100 Salaries | 713,800 | 615,879 | 97,921 |
| 200 Employee Benefits | 262,672 | 198,909 | 63,763 |
| 300 Purchased Services | 44,250 | 43,096 | 1,154 |
| 400 Supplies and Materials | 5,502 | 3,554 | 1,948 |
| 114 High School Programs: | | | |
| 100 Salaries | 863,538 | 767,036 | 96,502 |
| 200 Employee Benefits | 297,459 | 210,592 | 86,867 |
| 300 Purchased Services | 92,750 | 13,596 | 79,154 |
| 400 Supplies and Materials | 11,200 | 5,856 | 5,344 |
| 115 Career and Technology Education Programs: | | | |
| 100 Salaries | 204,399 | 175,618 | 28,781 |
| 200 Employee Benefits | 74,985 | 69,099 | 5,886 |
| 370 Tuition (Purchased Services) | 50,000 | - | 50,000 |
| 400 Supplies and Materials | 400 | 22 | 378 |
| 500 Capital Outlay | - | 31 | (31) |

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|------------------|------------------|--|
| 120 Exceptional Programs | | | |
| 121 Educable Mentally Handicapped: | | | |
| 100 Salaries | \$ 114,743 | \$ 111,607 | \$ 3,136 |
| 200 Employee Benefits | 44,097 | 41,220 | 2,877 |
| 122 Trainable Mentally Handicapped: | | | |
| 100 Salaries | 13,516 | 14,250 | (734) |
| 200 Employee Benefits | 8,398 | 9,632 | (1,234) |
| 127 Learning Disabilities: | | | |
| 100 Salaries | 129,632 | 113,462 | 16,170 |
| 200 Employee Benefits | 63,905 | 39,197 | 24,708 |
| 300 Purchased Services | 14,750 | 14,750 | - |
| 128 Emotionally Handicapped: | | | |
| 100 Salaries | 7,435 | 6,260 | 1,175 |
| 200 Employee Benefits | 4,835 | 2,261 | 2,574 |
| 140 Special Programs | | | |
| 145 Homebound: | | | |
| 100 Salaries | 28,500 | - | 28,500 |
| 200 Employee Benefits | 8,070 | - | 8,070 |
| 170 Summer School Program | | | |
| 173 High School Summer School: | | | |
| 100 Salaries | 2,500 | - | 2,500 |
| 200 Employee Benefits | 596 | 13 | 583 |
| Total Instruction | 3,858,850 | 3,176,028 | 682,822 |
| 200 Support Services | | | |
| 210 Pupil Services | | | |
| 212 Guidance Services: | | | |
| 100 Salaries | 175,690 | 162,209 | 13,481 |
| 200 Employee Benefits | 67,556 | 65,231 | 2,325 |
| 300 Purchased Services | 1,500 | 276 | 1,224 |
| 400 Supplies and Materials | 1,000 | 693 | 307 |
| 213 Health Services: | | | |
| 100 Salaries | 40,794 | 30,870 | 9,924 |
| 200 Employee Benefits | 16,514 | 12,115 | 4,399 |
| 400 Supplies and Materials | 2,900 | 347 | 2,553 |
| 220 Instructional Staff Services | | | |
| 221 Improvement of Instruction Curriculum Development: | | | |
| 100 Salaries | - | 12,599 | (12,599) |
| 200 Employee Benefits | - | 3,757 | (3,757) |
| 300 Purchased Services | 8,000 | 5,400 | 2,600 |
| 400 Supplies and Materials | 3,500 | - | 3,500 |
| 222 Library and Media Services: | | | |
| 100 Salaries | 81,034 | 77,756 | 3,278 |
| 200 Employee Benefits | 36,996 | 34,186 | 2,810 |
| 400 Supplies and Materials | 4,200 | 253 | 3,947 |

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------|------------|--|
| 223 Supervision of Special Programs: | | | |
| 100 Salaries | \$ 183,350 | \$ 157,300 | \$ 26,050 |
| 140 Terminal Leave | 20,000 | 26,019 | (6,019) |
| 200 Employee Benefits | 73,852 | 71,086 | 2,766 |
| 300 Purchased Services | 40,800 | 20,453 | 20,347 |
| 400 Supplies and Materials | 13,000 | 3,392 | 9,608 |
| 500 Capital Outlay | 20,000 | - | 20,000 |
| 600 Other Objects | 12,000 | 2,459 | 9,541 |
| 224 Improvement of Instruction Inserve and Staff Training: | | | |
| 300 Purchased Services | 17,000 | 16,995 | 5 |
| 230 General Administration Services | | | |
| 231 Board of Education: | | | |
| 100 Salaries | 30,468 | 31,014 | (546) |
| 200 Employee Benefits | 111,031 | 11,576 | 99,455 |
| 300 Purchased Services | 90,100 | 76,565 | 13,535 |
| 318 Audit Services | 65,000 | 65,000 | - |
| 400 Supplies and Materials | 2,000 | 2,000 | - |
| 600 Other Objects | 39,100 | 4,989 | 34,111 |
| 232 Office of the Superintendent: | | | |
| 100 Salaries | 177,227 | 171,794 | 5,433 |
| 200 Employee Benefits | 60,740 | 63,431 | (2,691) |
| 300 Purchased Services | 11,000 | 4,830 | 6,170 |
| 400 Supplies and Materials | 4,000 | 2,148 | 1,852 |
| 600 Other Objects | 9,200 | 2,196 | 7,004 |
| 233 School Administration: | | | |
| 100 Salaries | 367,469 | 355,005 | 12,464 |
| 200 Employee Benefits | 155,777 | 164,929 | (9,152) |
| 300 Purchased Services | 96,100 | 48,522 | 47,578 |
| 400 Supplies and Materials | 6,100 | 2,738 | 3,362 |
| 600 Other Objects | 1,200 | 300 | 900 |
| 250 Finance and Operations Services | | | |
| 252 Fiscal Services: | | | |
| 100 Salaries | 185,829 | 159,568 | 26,261 |
| 200 Employee Benefits | 77,606 | 70,066 | 7,540 |
| 300 Purchased Services | 60,600 | 45,341 | 15,259 |
| 400 Supplies and Materials | 7,000 | 5,780 | 1,220 |
| 600 Other Objects | 50,000 | - | 50,000 |
| 253 Facilities Acquisition and Construction: | | | |
| 500 Capital Outlay | | | |
| 520 Construction Services | 81,302 | - | 81,302 |
| 550 Vehicles | 20,000 | 20,000 | - |
| 254 Operation and Maintenance of Plant: | | | |
| 100 Salaries | 268,876 | 238,678 | 30,198 |
| 200 Employee Benefits | 134,060 | 120,567 | 13,493 |
| 300 Purchased Services | 396,900 | 250,153 | 146,747 |
| 321 Public Utilities (Excludes gas, oil, elec. & other heating fuels) | 42,500 | 33,056 | 9,444 |
| 400 Supplies and Materials | 91,000 | 57,566 | 33,434 |
| 470 Energy (Include gas, oil, elec. & other heating fuels) | 318,708 | 278,907 | 39,801 |
| 500 Capital Outlay | 10,000 | 10,000 | - |
| 600 Other Objects | 3,000 | - | 3,000 |

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------------|---------------------|--|
| 255 Student Transportation (State Mandated): | | | |
| 100 Salaries | \$ 210,625 | \$ 175,755 | \$ 34,870 |
| 200 Employee Benefits | 99,934 | 90,890 | 9,044 |
| 300 Purchased Services | 15,100 | 2,822 | 12,278 |
| 400 Supplies and Materials | 4,000 | 1,611 | 2,389 |
| 256 Food Service: | | | |
| 100 Salaries | 8,500 | 1,500 | 7,000 |
| 200 Employee Benefits | 83,991 | 90,989 | (6,998) |
| 258 Security: | | | |
| 300 Purchased Services | 35,000 | 28,909 | 6,091 |
| 260 Central Support Services | | | |
| 262 Planning, Research, Development & Evaluation: | | | |
| 300 Purchased Services | 5,000 | 5,000 | - |
| 400 Supplies and Materials | 4,000 | 1,000 | 3,000 |
| 263 Information Services: | | | |
| 300 Purchased Services | 2,500 | - | 2,500 |
| 400 Supplies and Materials | 3,000 | 1,013 | 1,987 |
| 266 Technology and Data Processing Services: | | | |
| 100 Salaries | 56,354 | 28,560 | 27,794 |
| 200 Employee Benefits | 21,957 | 15,323 | 6,634 |
| 300 Purchased Services | 86,000 | 80,000 | 6,000 |
| 400 Supplies and Materials | 4,000 | 1,009 | 2,991 |
| 500 Capital Outlay | 25,000 | 21,576 | 3,424 |
| Total Support Services | <u>4,458,540</u> | <u>3,546,072</u> | <u>912,468</u> |
| 400 Other Charges | | | |
| 410 Intergovernmental Expenditures | | | |
| 411 Payments to the South Carolina Department of Education | | | |
| 720 Transits | 20,000 | 15,402 | 4,598 |
| Total Intergovernmental Expenditures | <u>20,000</u> | <u>15,402</u> | <u>4,598</u> |
| Total Expenditures | <u>8,337,390</u> | <u>6,737,502</u> | <u>1,599,888</u> |
| Other Financing Sources (Uses) | | | |
| Interfund Transfers, From (To) Other Funds: | | | |
| 5230 Transfer from Special Revenue EIA Fund | 205,716 | 223,210 | 17,494 |
| 5280 Transfer from Other Funds Indirect Costs | 52,171 | 74,922 | 22,751 |
| 426-710 Transfer to Pupil Activity Fund | (96,265) | (86,283) | 9,982 |
| Total Other Financing Sources (Uses) | <u>161,622</u> | <u>211,849</u> | <u>50,227</u> |
| Excess/(Deficiency) of Revenues over Expenditures | <u>\$ (142,207)</u> | <u>978,197</u> | <u>\$ 1,120,404</u> |
| Fund Balance, Beginning of Year | | <u>4,736,220</u> | |
| Fund Balance, End of Year | | <u>\$ 5,714,417</u> | |

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SPECIAL REVENUE FUND

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

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

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

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

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

SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | TITLE I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | PRESCHOOL HANDICAPPED (CG Projects) (205/206) | CATE (VA Projects) (207/208) | OTHER DESIGNATED RESTRICTED STATE GRANTS (900s) | OTHER SPECIAL REVENUE PROGRAMS (200s/800s) | TOTAL |
|---|---------------------------------------|------------------------------------|--|------------------------------------|--|--|----------------|
| Revenues | | | | | | | |
| 1000 Revenue from Local Sources | | | | | | | |
| 1500 Earnings on Investments: | | | | | | | |
| 1510 Interest on Investments | \$ 33 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 33 |
| 1900 Other Revenue from Local Sources: | | | | | | | |
| 1920 Contributions & Donations Private Sources | - | - | - | - | - | 2,295 | 2,295 |
| 1930 Special Needs Transportation - Medicaid | - | - | - | - | - | 91,094 | 91,094 |
| 1990 Miscellaneous Local Revenue: | | | | | | | |
| 1999 Revenue from Other Local Sources | - | - | - | - | - | 49,189 | 49,189 |
| Total Local Sources | 33 | - | - | - | - | 142,578 | 142,611 |
| 2000 Intergovernmental Revenue: | | | | | | | |
| 2310 Payments from Nonprofit Entities (other than for First Steps) | - | - | - | - | - | 7,869 | 7,869 |
| Total Intergovernmental Revenues | - | - | - | - | - | 7,869 | 7,869 |
| 3000 Revenue from State Sources | | | | | | | |
| 3100 Restricted State Funding: | | | | | | | |
| 3118 EEDA Career Specialists | - | - | - | - | 111,661 | - | 111,661 |
| 3130 Special Programs: | | | | | | | |
| 3134 Child Early Reading Development and Education Program (CERDEP) - Full Day 4K | - | - | - | - | 166,375 | - | 166,375 |
| 3135 Reading Coaches | - | - | - | - | 63,982 | - | 63,982 |
| 3136 Student Health and Fitness - Nurses | - | - | - | - | 28,975 | - | 28,975 |
| 3190 Miscellaneous Restricted State Grants: | | | | | | | |
| 3193 Education License Plates | - | - | - | - | 120 | - | 120 |
| 3300 Education Finance Act: | | | | | | | |
| 3330 Miscellaneous EFA Programs: | | | | | | | |
| 3393 Capital Improvement Plan - Additional | - | - | - | - | 48,120 | - | 48,120 |

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

SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | TITLE I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | PRESCHOOL HANDICAPPED (CG Projects) (205/206) | CATE (VA Projects) (207/208) | OTHER DESIGNATED RESTRICTED STATE GRANTS (900s) | OTHER SPECIAL REVENUE PROGRAMS (200s/800s) | TOTAL |
|---|---------------------------------------|------------------------------------|--|------------------------------------|--|--|-----------|
| 3600 Education Lottery: | | | | | | | |
| 3670 School Safety - Facility and Infrastructure Upgrades | \$ - | \$ - | \$ - | \$ - | \$ 9,996 | \$ - | \$ 9,996 |
| 3900 Other State Revenue: | | | | | | | |
| 3994 PEBA Nonemployer Contributions | - | - | - | - | 66,146 | - | 66,146 |
| 3999 Revenue From Other State Sources | - | - | - | - | - | 2,500 | 2,500 |
| Total State Sources | - | - | - | - | 495,375 | 2,500 | 497,875 |
| 4000 Revenue from Federal Sources | | | | | | | |
| 4200 Occupational Education: | | | | | | | |
| 4210 Perkins Aid, Title I - CATE - Basic Grants to States | - | - | - | 24,111 | - | - | 24,111 |
| 4300 Elementary and Secondary Education Act of 1965 (ESEA): | | | | | | | |
| 4310 Title I, Basic State Grant Programs | 445,179 | - | - | - | - | 79,369 | 524,548 |
| 4312 Rural and Low-Income School Program, Title VI | - | - | - | - | - | 13,352 | 13,352 |
| 4351 Supporting Effective Instruction | - | - | - | - | - | 41,801 | 41,801 |
| 4500 Programs for Children with Disabilities: | | | | | | | |
| 4510 Individuals With Disabilities Education Act (IDEA) | - | 482,338 | - | - | - | 8,507 | 490,845 |
| 4520 Preschool Grants (Carryover Provision) | - | - | 25,227 | - | - | - | 25,227 |
| 4900 Other Federal Sources: | | | | | | | |
| 4924 21st Century Community Learning Centers Program, (Title IV, 21st Century Schools) | - | - | - | - | - | 142,386 | 142,386 |
| 4990 Other Federal Revenue: | | | | | | | |
| 4997 Title IV - SSAE | - | - | - | - | - | 54,362 | 54,362 |
| 4999 Revenue from Other Federal Sources | - | - | - | - | - | 104,069 | 104,069 |
| Total Federal Sources | 445,179 | 482,338 | 25,227 | 24,111 | - | 443,846 | 1,420,701 |
| Total Revenues All Sources | 445,212 | 482,338 | 25,227 | 24,111 | 495,375 | 596,793 | 2,069,056 |

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

SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | TITLE I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | PRESCHOOL HANDICAPPED (CG Projects) (205/206) | CATE (VA Projects) (207/208) | OTHER DESIGNATED RESTRICTED STATE GRANTS (900s) | OTHER SPECIAL REVENUE PROGRAMS (200s/800s) | TOTAL |
|---|---------------------------------------|------------------------------------|--|------------------------------------|--|--|-----------|
| Expenditures | | | | | | | |
| 100 Instruction | | | | | | | |
| 110 General Instruction | | | | | | | |
| 112 Primary Programs: | | | | | | | |
| 300 Purchased Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 26,201 | \$ 26,201 |
| 114 High School Programs: | | | | | | | |
| 100 Salaries | - | - | - | - | - | 49,053 | 49,053 |
| 200 Employee Benefits | - | - | - | - | - | 14,777 | 14,777 |
| 400 Supplies and Materials | - | - | - | - | - | 26,484 | 26,484 |
| 115 Career and Technology Education Programs: | | | | | | | |
| 100 Salaries | - | - | - | 8,915 | - | - | 8,915 |
| 200 Employee Benefits | - | - | - | 5,934 | - | - | 5,934 |
| 120 Exceptional Programs | | | | | | | |
| 121 Educable Mentally Handicapped: | | | | | | | |
| 100 Salaries | - | 105,523 | - | - | - | 20,956 | 126,479 |
| 200 Employee Benefits | - | 41,684 | - | - | - | 4,723 | 46,407 |
| 400 Supplies and Materials | - | 191 | - | - | - | - | 191 |
| 127 Learning Disabilities: | | | | | | | |
| 100 Salaries | - | 35,298 | - | - | - | 30,504 | 65,802 |
| 200 Employee Benefits | - | 3,037 | - | - | - | 6,590 | 9,627 |
| 300 Purchased Services | - | - | - | - | - | 27,049 | 27,049 |
| 400 Supplies and Materials | - | - | 300 | - | - | - | 300 |
| 140 Special Programs | | | | | | | |
| 145 Homebound: | | | | | | | |
| 100 Salaries | - | 6,776 | - | - | - | - | 6,776 |
| 200 Employee Benefits | - | 1,480 | - | - | - | - | 1,480 |
| 147 CERDEP: | | | | | | | |
| 100 Salaries | - | - | - | - | 112,839 | - | 112,839 |
| 200 Employee Benefits | - | - | - | - | 33,885 | - | 33,885 |
| 300 Purchased Services | - | - | - | - | 1,061 | - | 1,061 |
| 400 Supplies and Materials | - | - | - | - | 5,166 | - | 5,166 |

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

SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | TITLE I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | PRESCHOOL HANDICAPPED (CG Projects) (205/206) | CATE (VA Projects) (207/208) | OTHER DESIGNATED RESTRICTED STATE GRANTS (900s) | OTHER SPECIAL REVENUE PROGRAMS (200s/800s) | TOTAL |
|---|---------------------------------------|------------------------------------|--|------------------------------------|--|--|----------------|
| 149 Other Special Programs: | | | | | | | |
| 100 Salaries | \$ 163,804 | \$ - | \$ - | \$ - | \$ - | \$ 30,000 | \$ 193,804 |
| 200 Employee Benefits | 81,007 | - | - | - | 6,187 | 11,811 | 99,005 |
| 400 Supplies and Materials | - | - | - | - | - | 30,639 | 30,639 |
| 170 Summer School Program | | | | | | | |
| 172 Elementary Summer School: | | | | | | | |
| 100 Salaries | - | - | - | - | - | 6,538 | 6,538 |
| 200 Employee Benefits | - | - | - | - | - | 1,969 | 1,969 |
| 175 Instructional Programs Beyond Regular School Day: | | | | | | | |
| 100 Salaries | 6,888 | - | - | - | - | 62,150 | 69,038 |
| 200 Employee Benefits | 1,420 | - | - | - | - | 11,426 | 12,846 |
| 300 Purchased Services | - | - | - | - | - | 9,465 | 9,465 |
| 400 Supplies and Materials | - | - | - | - | - | 2,728 | 2,728 |
| 180 Adult/Continuing Educational Programs | | | | | | | |
| 188 Parenting/Family Literacy: | | | | | | | |
| 300 Purchased Services | 2,596 | - | - | - | - | - | 2,596 |
| 189 CDEP (Parenting): | | | | | | | |
| 400 Supplies and Materials | - | - | - | - | 213 | - | 213 |
| Total Instruction | 255,715 | 193,989 | 300 | 14,849 | 159,351 | 373,063 | 997,267 |
| 200 Support Services | | | | | | | |
| 210 Pupil Services | | | | | | | |
| 211 Attendance and Social Work Services: | | | | | | | |
| 100 Salaries | - | - | - | - | - | 7,500 | 7,500 |
| 200 Employee Benefits | - | - | - | - | - | 2,259 | 2,259 |
| 300 Purchased Services | - | 115,221 | 7,838 | - | - | 2,032 | 125,091 |
| 400 Supplies and Materials | 1,050 | - | - | - | - | - | 1,050 |
| 212 Guidance Services: | | | | | | | |
| 100 Salaries | - | - | - | 3,614 | 78,430 | - | 82,044 |
| 200 Employee Benefits | - | - | - | 1,335 | 33,231 | - | 34,566 |
| 400 Supplies and Materials | - | - | - | 1,691 | - | - | 1,691 |

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

SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | TITLE I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | PRESCHOOL HANDICAPPED (CG Projects) (205/206) | CATE (VA Projects) (207/208) | OTHER DESIGNATED RESTRICTED STATE GRANTS (900s) | OTHER SPECIAL REVENUE PROGRAMS (200s/800s) | TOTAL |
|--|---------------------------------------|------------------------------------|--|------------------------------------|--|--|-----------|
| 213 Health Services: | | | | | | | |
| 100 Salaries | \$ - | \$ - | \$ - | \$ - | \$ 18,407 | \$ - | \$ 18,407 |
| 200 Employee Benefits | - | - | - | - | 10,568 | - | 10,568 |
| 214 Psychological Services: | | | | | | | |
| 300 Purchased Services | - | 37,585 | - | - | - | 862 | 38,447 |
| 400 Supplies and Materials | - | 288 | - | - | - | - | 288 |
| 215 Exceptional Program Services: | | | | | | | |
| 300 Purchased Services | - | 6,621 | - | - | - | - | 6,621 |
| 220 Instructional Staff Services | | | | | | | |
| 221 Improvement of Instruction Curriculum Development: | | | | | | | |
| 100 Salaries | 60,000 | - | - | - | 43,443 | - | 103,443 |
| 200 Employee Benefits | 22,962 | - | - | - | 20,539 | - | 43,501 |
| 300 Purchased Services | - | - | - | - | - | 24,501 | 24,501 |
| 222 Library and Media Services: | | | | | | | |
| 400 Supplies and Materials | - | - | - | - | - | 171 | 171 |
| 223 Supervision of Special Programs: | | | | | | | |
| 100 Salaries | 48,935 | 78,724 | 9,959 | - | - | 37,350 | 174,968 |
| 200 Employee Benefits | 18,463 | 37,013 | 5,576 | - | - | 10,724 | 71,776 |
| 300 Purchased Services | 4,548 | 2,155 | 984 | - | 654 | 2,608 | 10,949 |
| 400 Supplies and Materials | 6,085 | - | 570 | - | - | 6,154 | 12,809 |
| 224 Improvement of Instruction Inservice and Staff Training: | | | | | | | |
| 300 Purchased Services | 4,410 | 142 | - | 1,872 | 4,704 | 64,095 | 75,223 |
| 400 Supplies and Materials | 177 | - | - | - | 1,665 | 1,521 | 3,363 |
| 250 Finance and Operations Services | | | | | | | |
| 251 Student Transportation (Federal/District Mandated): | | | | | | | |
| 100 Salaries | 830 | 124 | - | - | - | 11,665 | 12,619 |
| 200 Employee Benefits | 179 | 23 | - | - | - | 3,807 | 4,009 |
| 300 Purchased Services | 150 | - | - | - | - | 5,562 | 5,712 |
| 253 Facilities Acquisition and Construction: | | | | | | | |
| 500 Capital Outlay | - | - | - | - | 48,120 | - | 48,120 |
| 520 Construction Services | - | - | - | - | - | - | - |
| 254 Operation and Maintenance of Plant: | | | | | | | |
| 300 Purchased Services | - | - | - | - | - | 240 | 240 |

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

SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | TITLE I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | PRESCHOOL HANDICAPPED (CG Projects) (205/206) | CATE (VA Projects) (207/208) | OTHER DESIGNATED RESTRICTED STATE GRANTS (900s) | OTHER SPECIAL REVENUE PROGRAMS (200s/800s) | TOTAL |
|--|---------------------------------------|------------------------------------|--|------------------------------------|--|--|----------------|
| 255 Student Transportation (State Mandated): | | | | | | | |
| 100 Salaries | \$ - | \$ 9,359 | \$ - | \$ - | \$ - | \$ 69 | \$ 9,428 |
| 200 Employee Benefits | - | 1,094 | - | - | - | 23 | 1,117 |
| 258 Security: | | | | | | | |
| 500 Capital Outlay | - | - | - | - | 9,996 | - | 9,996 |
| 260 Central Support Services | | | | | | | |
| 264 Staff Services: | | | | | | | |
| 300 Purchased Services | - | - | - | - | - | 16,445 | 16,445 |
| 400 Supplies and Materials | - | - | - | - | - | 35 | 35 |
| 266 Technology and Data Processing Services: | | | | | | | |
| 400 Supplies and Materials | - | - | - | - | 121 | - | 121 |
| 270 Support Services Pupil Activity | | | | | | | |
| 271 Pupil Services Activities: | | | | | | | |
| 300 Purchased Services (optional) | - | - | - | 750 | - | 411 | 1,161 |
| Total Support Services | 167,789 | 288,349 | 24,927 | 9,262 | 269,878 | 198,034 | 958,239 |
| 300 Community Services | | | | | | | |
| 390 Other Community Services: | | | | | | | |
| 300 Purchased Services | - | - | - | - | - | 17,746 | 17,746 |
| 400 Supplies and Materials | - | - | - | - | - | 400 | 400 |
| Total Community Services | - | - | - | - | - | 18,146 | 18,146 |
| 400 Other Charges: | | | | | | | |
| 410 Intergovernmental Expenditures | | | | | | | |
| 419 Payments to PEBA Nonemployer Contributions | - | - | - | - | 66,146 | - | 66,146 |
| 720 Transits | - | - | - | - | 66,146 | - | 66,146 |
| Total Intergovernmental Expenditures | - | - | - | - | 66,146 | - | 66,146 |

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

SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | TITLE I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | PRESCHOOL HANDICAPPED (CG Projects) (205/206) | CATE (VA Projects) (207/208) | OTHER DESIGNATED RESTRICTED STATE GRANTS (900s) | OTHER SPECIAL REVENUE PROGRAMS (200s/800s) | TOTAL |
|--|---------------------------------------|------------------------------------|--|------------------------------------|--|--|--------------|
| Total Expenditures | \$ 423,504 | \$ 482,338 | \$ 25,227 | \$ 24,111 | \$ 495,375 | \$ 589,243 | \$ 2,039,798 |
| Other Financing Sources (Uses) | | | | | | | |
| Interfund Transfers, From (To) Other Funds: | | | | | | | |
| 431-791 Special Revenue Fund Indirect Costs | (21,675) | - | - | - | - | (7,550) | (29,225) |
| Total Other Financing Sources (Uses) | (21,675) | - | - | - | - | (7,550) | (29,225) |
| Excess/(Deficiency) of Revenues over Expenditures | 33 | - | - | - | - | - | 33 |
| Fund Balance, Beginning of Year | 12,945 | - | - | - | - | - | 12,945 |
| Fund Balance, End of Year | \$ 12,978 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 12,978 |

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND
 SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
 AND OTHER SPECIAL REVENUE PROGRAMS
 FOR FISCAL YEAR ENDED JUNE 30, 2020

| Designated State Restricted Grants: | | Revenue Code | Programs | Revenues | Expenditures | Special Revenue | | Unearned Revenue |
|---|-----------|--|-----------|-------------------|-------------------|------------------------------|-------------------------------|-------------------|
| | | | | | | Interfund Transfers In (Out) | Other Fund Transfers In (Out) | |
| 919 | 3193 | Education License Plates | \$ 120 | \$ 120 | \$ - | \$ - | \$ 308 | |
| 924 | 3134 | CERDEP - Full Day 4k | 166,375 | 166,375 | - | - | 104,638 | |
| 928 | 3118 | EEDA - Career Specialist | 111,661 | 111,661 | - | - | 304 | |
| 935 | 3135 | Reading Coaches | 63,982 | 63,982 | - | - | - | |
| 936 | 3136 | Student Health and Fitness - Nurses | 28,975 | 28,975 | - | - | - | |
| 937 | 3127 | Student Health and Fitness - PE Teachers | - | - | - | - | 9,924 | |
| 939 | 3393 | Capital Improvement Plan | 48,120 | 48,120 | - | - | 7,461 | |
| 970 | 3670 | School Safety Upgrades | 9,996 | 9,996 | - | - | 24,158 | |
| 994 | 3994 | Nonemployer PEBA Payments | 66,146 | 66,146 | - | - | - | |
| Totals - Other Restricted State Grants | | | | \$ 495,375 | \$ 495,375 | \$ - | \$ 146,793 | |
| Other Special Revenue Programs: | | | | | | | | |
| 210 | 4997 | Title IV - SSAE | \$ 54,362 | \$ 53,633 | \$ - | \$ (729) | \$ - | |
| 212 | 4510 | IDEA - Extended School Year | 8,507 | 8,507 | - | - | 692 | |
| 224 | 4924 | 21st Century Community Learning Centers Program | 142,386 | 142,386 | - | - | - | |
| 237 | 4310 | Title I - School Improvement | 79,369 | 75,539 | - | (3,830) | - | |
| 251 | 4312 | Rural and Low Income School Program, Title VI | 13,352 | 13,352 | - | - | - | |
| 267 | 4351 | Supporting Effective Instruction | 41,801 | 40,685 | - | (1,116) | - | |
| 804 | 1920/4999 | Personal Responsibility Education Program (PREP) | 2,614 | 2,614 | - | - | 582 | |
| 810 | 1930 | Medicaid Special Services | 91,094 | 91,094 | - | - | 64,500 | |
| 815 | 1920 | The Arts (Local Contributions) | 2,180 | 2,180 | - | - | 1,705 | |
| 817 | 4999 | Title V - Abstinence Grant | 40,239 | 38,364 | - | (1,875) | - | |
| 819 | 3199 | Profound Mentally Disabled | - | - | - | - | 526 | |
| 826 | 2310 | The Original Six Foundation | 7,869 | 7,869 | - | - | - | |
| 852 | 4999 | JROTC | 63,831 | 63,831 | - | - | - | |
| 856 | 1999 | Fitness Program | 240 | 240 | - | - | - | |
| 860 | 3999 | Recycling Education Grant | - | - | - | - | 249 | |
| 866 | 1999 | MUSC Wellness | 550 | 550 | - | - | 10,353 | |
| 867 | 1999 | Center of Recruitment | 48,399 | 48,399 | - | - | 28,287 | |
| 873 | 1920 | SC Grown Grant | - | - | - | - | 1,812 | |
| Totals - Other Special Revenue Programs: | | | | \$ 596,793 | \$ 589,243 | \$ - | \$ (7,550) | \$ 108,706 |

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

Revenues

3000 Revenue from State Sources

| | |
|--|------------------|
| 3500 Education Improvement Act: | |
| 3507 Aid to District Technology | \$ 247 |
| 3509 Arts in Education | 1,500 |
| 3519 Grade 10 Assessments | 527 |
| 3526 Refurbishment of K-8 Science Kits | 16,629 |
| 3529 Career and Technology Education | 22,511 |
| 3533 Teacher of the Year Awards | 1,077 |
| 3538 Students At Risk of School Failure | 118,011 |
| 3541 Child Development Education Pilot Program (CDEPP) (Full Day 4K) | 80,000 |
| 3550 Teacher Salary Increase (No Carryover Provision) | 177,840 |
| 3555 Teacher Salary Fringe (No Carryover Provision) | 45,370 |
| 3577 Teacher Supplies (No Carryover Provision) | 16,225 |
| 3593 Capital Improvement Plan | 826,246 |
| 3597 Aid to Districts | 9,848 |
| 3599 Other EIA | 37,506 |
| | <hr/> |
| Total State Sources | 1,353,537 |

Total Revenues All Sources

1,353,537

Expenditures

100 Instruction

110 General Instruction

| | |
|---|--------|
| 111 Kindergarten Programs: | |
| 100 Salaries | 1,000 |
| 200 Employee Benefits | 77 |
| 400 Supplies and Materials | 550 |
| 112 Primary Programs: | |
| 400 Supplies and Materials | 4,125 |
| 113 Elementary Programs: | |
| 100 Salaries | 56,470 |
| 200 Employee Benefits | 21,867 |
| 400 Supplies and Materials | 12,656 |
| 114 High School Programs: | |
| 300 Purchased Services | 34,500 |
| 400 Supplies and Materials | 20,077 |
| 115 Career and Technology Education Programs: | |
| 300 Purchased Services - Other Than Tuition | 1,600 |
| 400 Supplies and Materials | 21,736 |

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2020**

| | | |
|---|----|---------|
| 140 Special Programs | | |
| 145 Homebound: | | |
| 300 Purchased Services | \$ | 174 |
| 147 CDEP: | | |
| 300 Purchased Services | | 40,000 |
| 400 Supplies and Materials | | 40,000 |
| 180 Adult/Continuing Educational Programs | | |
| 181 Adult Basic Education Programs: | | |
| 300 Purchased Services | | 5,000 |
| Total Instruction | | 259,832 |
| 200 Support Services | | |
| 210 Pupil Services | | |
| 212 Guidance Services: | | |
| 400 Supplies and Materials | | 1,627 |
| 220 Instructional Staff Services | | |
| 222 Library and Media Services: | | |
| 400 Supplies and Materials | | 275 |
| 223 Supervision of Special Programs: | | |
| 400 Supplies and Materials | | 247 |
| 250 Finance and Operations Services | | |
| 253 Facilities Acquisition and Construction: | | |
| 500 Capital Outlay | | |
| 520 Construction Services | | 826,246 |
| 260 Central Support Services | | |
| 266 Technology and Data Processing Services: | | |
| 300 Purchased Services | | 5,553 |
| 400 Supplies and Materials | | 4,295 |
| 500 Capital Outlay | | 31,977 |
| Total Support Services | | 870,220 |

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

400 Other Charges:

410 Intergovernmental Expenditures

411 Payments to the South Carolina Department of Education
720 Transits

\$ 275

Total Intergovernmental Expenditures

275

Total Expenditures

1,130,327

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

420-710 Transfer to General Fund (Exclude Indirect Costs)

(223,210)

Total Other Financing Sources (Uses)

(223,210)

Excess/(Deficiency) of Revenues over Expenditures

-

Fund Balance, Beginning of Year

-

Fund Balance, End of Year

\$ -

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
FOR FISCAL YEAR ENDED JUNE 30, 2020

| Program | Revenues | | Expenditures | | EIA Interfund Transfers | | Other Fund Transfers | | Unearned Revenue |
|--|----------|---------------------|--------------|---------------------|-------------------------|-------------|----------------------|-----------|------------------|
| | | \$ | | \$ | In (Out) | | In (Out) | | |
| 3500 Education Improvement Act: | | | | | | | | | |
| 3502 ADEPT | | \$ - | | \$ - | | \$ - | | \$ - | 2,118 |
| 3507 Aid to District Technology | | 247 | | 247 | | - | | - | - |
| 3509 Arts in Education | | 1,500 | | 1,500 | | - | | - | - |
| 3518 Formative Assessment | | - | | - | | - | | - | 3,717 |
| 3519 Grade 10 Assessments | | 527 | | 527 | | - | | - | 4,302 |
| 3526 Refurbishment of Science Kits | | 16,629 | | 16,629 | | - | | - | - |
| 3528 Industry Certifications/Credentials | | - | | - | | - | | - | 20,000 |
| 3529 Career and Technology Education | | 22,511 | | 22,511 | | - | | - | 38,262 |
| 3533 Teacher of the Year Awards | | 1,077 | | 1,077 | | - | | - | - |
| 3538 Students at Risk of School Failure | | 118,011 | | 118,011 | | - | | - | 26,966 |
| 3541 Child Early Reading Development and Education Program | | 80,000 | | 80,000 | | - | | - | 80,000 |
| 3550 Teacher Salary Increase | | 177,840 | | 0 | | - | (177,840) | - | - |
| 3555 Teacher Salary Fringe | | 45,370 | | - | | - | (45,370) | - | - |
| 3557 Summer Reading Program | | - | | - | | - | - | - | 14,198 |
| 3577 Teacher Supplies | | 16,225 | | 16,225 | | - | - | - | - |
| 3593 Capital Improvement Plan | | 826,246 | | 826,246 | | - | - | - | 65,940 |
| 3595 EEDA - Supplies and Materials - Career Awareness | | - | | - | | - | - | - | 1,236 |
| 3597 Aide to Districts | | 9,848 | | 9,848 | | - | - | - | 13,177 |
| 3599 Other EIA Funds | | 37,506 | | 37,506 | | - | - | - | 3,118 |
| Total | | \$ 1,353,537 | | \$ 1,130,327 | | \$ - | \$ (223,210) | \$ | 273,034 |

DEBT SERVICE FUND

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

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

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

Revenues

1000 Revenue from Local Sources

| | |
|---|--------------|
| 1200 Revenue From Local Governmental Units Other Than LEAs: | |
| 1210 Ad Valorem Taxes-Including Delinquent (Dependent) | \$ 1,223,310 |
| 1240 Penalties & Interest on Taxes (Dependent) | 108,538 |
| 1280 Revenue in Lieu of Taxes | 5,122 |
| | |
| 1500 Earnings on Investments: | |
| 1510 Interest on Investments | 22,323 |

| | |
|----------------------------|-----------|
| Total Local Sources | 1,359,293 |
|----------------------------|-----------|

3000 Revenue from State Sources

| | |
|--|---------|
| 3800 State Revenue in Lieu of Taxes: | |
| 3820 Homestead Exemption (Tier 2) | 123,493 |
| 3830 Merchant's Inventory Tax | 2,610 |
| 3890 Other State Property Tax Revenues | 6,016 |

| | |
|----------------------------|---------|
| Total State Sources | 132,119 |
|----------------------------|---------|

| | |
|-----------------------------------|-----------|
| Total Revenues All Sources | 1,491,412 |
|-----------------------------------|-----------|

Expenditures

500 Debt Service

| | |
|---|---------|
| 319 Legal Services | 8,000 |
| 395 Other Professional and Technical Services | 3,000 |
| 620 Interest | 215,758 |
| 690 Other Objects (Includes Fees For Servicing Bonds) | 985 |

| | |
|---------------------------|---------|
| Total Debt Service | 227,743 |
|---------------------------|---------|

| | |
|---------------------------|---------|
| Total Expenditures | 227,743 |
|---------------------------|---------|

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2020**

Other Financing Sources (Uses)

| | |
|--|----------------------------|
| 5110 Premium on Bonds Sold | \$ 1,860 |
| 5120 Proceeds of General Obligation Bonds | 16,961,220 |
| Interfund Transfers, From (To) Other Funds: | |
| 424-710 Transfer to Capital Projects Fund | <u>(17,951,095)</u> |
| Total Other Financing Sources (Uses) | <u>(988,015)</u> |
| Excess/(Deficiency) of Revenues over Expenditures | 275,654 |
| Fund Balance, Beginning of Year | <u>1,786,126</u> |
| Fund Balance, End of Year | <u><u>\$ 2,061,780</u></u> |

CAPITAL PROJECTS FUND - SCHOOL BUILDING

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

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

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020**

Revenues

4000 Revenue from Federal Sources

4900 Other Federal Sources:

4990 Other Federal Revenue:

4999 Revenue from Other Federal Sources \$ 80,200

Total Federal Sources 80,200

Total Revenues All Sources 80,200

Expenditures

200 Support Services

250 Finance and Operations Services

253 Facilities Acquisition and Construction:

300 Purchased Services 4,147

500 Capital Outlay

520 Construction Services 15,645,093

530 Improvements Other Than Buildings 4,255

540 Equipment 1,205,514

545 Technology, Equipment and Software 2,205

550 Vehicles 190,931

254 Operation and Maintenance of Plant:

500 Capital Outlay 5,118

Total Support Services 17,057,263

Total Expenditures 17,057,263

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5240 Transfer from Debt Service Fund 17,951,095

Total Other Financing Sources (Uses) 17,951,095

Excess/(Deficiency) of Revenues over Expenditures 974,032

Fund Balance, Beginning of Year 1,855,247

Fund Balance, End of Year \$ 2,829,279

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PROPRIETARY FUND - FOOD SERVICE FUND

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

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

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 PROPRIETARY FUND - FOOD SERVICE FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020**

Revenues

1000 Revenue from Local Sources

| | | |
|---------------------------------------|--|---------------|
| 1500 Earnings on Investments: | | |
| 1510 Interest on Investments | | \$ 288 |
| 1600 Food Service: | | |
| 1630 Special Sales to Pupils | | 5,725 |
| 1640 Lunch Sales to Adults | | 1,830 |
| 1650 Breakfast Sales to Adults | | 360 |
| 1660 Special Sales to Adults | | 4,233 |
| 1990 Miscellaneous Local Revenue: | | |
| 1999 Revenue from Other Local Sources | | <u>19,900</u> |

Total Local Sources 32,336

4000 Revenue from Federal Sources

| | | |
|---|--|---------------|
| 4800 USDA Reimbursement: | | |
| 4810 School Lunch and After School Snacks and Special Milk Programs | | 359,002 |
| 4830 School Breakfast Program | | 162,835 |
| 4860 Fresh Fruit & Vegetable Program (FFVP) (Carryover Provision) | | 18,600 |
| 4990 Other Federal Revenue: | | |
| 4991 USDA Commodities (Food Distribution Program) | | <u>37,164</u> |

Total Federal Sources 577,601

Total Revenues All Sources 609,937

Expenses

200 Support Services

| | | |
|----------------------------|--|--------------|
| 256 Food Service: | | |
| 100 Salaries | | 156,198 |
| 300 Purchased Services | | 36,372 |
| 400 Supplies and Materials | | 292,308 |
| 500 Capital Outlay | | 3,652 |
| 600 Other Objects | | <u>2,216</u> |

Total Support Services 490,746

Total Expenses 490,746

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
PROPRIETARY FUND - FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

| | |
|--|-------------|
| 432-791 Food Service Fund Indirect Costs | \$ (45,697) |
|--|-------------|

| | |
|---|-----------------|
| Total Other Financing Sources (Uses) | (45,697) |
|---|-----------------|

| | |
|--|---------------|
| Excess/(Deficiency) of Revenues over Expenses | 73,494 |
|--|---------------|

| | |
|--|----------------|
| Net Position, Beginning of Year | 220,495 |
|--|----------------|

| | |
|----------------------------------|-------------------|
| Net Position, End of Year | \$ 293,989 |
|----------------------------------|-------------------|

FIDUCIARY FUND - PUPIL ACTIVITY FUND

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

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

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**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
 BAMBERG COUNTY, S.C.
 FIDUCIARY FUND - PUPIL ACTIVITY FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS
 DUE TO SCHOOL ORGANIZATIONS
 FOR THE YEAR ENDED JUNE 30, 2020**

Receipts

1000 Receipts from Local Sources

| | |
|----------------------------------|-----------|
| 1700 Pupil Activities: | |
| 1710 Admissions | \$ 31,446 |
| 1790 Other Pupil Activity Income | 49,610 |
| | 49,610 |

| | |
|----------------------------|--------|
| Total Local Sources | 81,056 |
|----------------------------|--------|

| | |
|-----------------------------------|--------|
| Total Receipts All Sources | 81,056 |
|-----------------------------------|--------|

Disbursements

200 Support Services

| | |
|---------------------------------------|--------|
| 270 Support Services Pupil Activity | |
| 271 Pupil Services Activities: | |
| 100 Salaries (optional) | 27,605 |
| 200 Employee Benefits (optional) | 10,121 |
| 300 Purchased Services (optional) | 42,369 |
| 400 Supplies and Materials (optional) | 26,113 |
| 600 Other Objects (optional) | |
| 660 Pupil Activity | 64,494 |
| | 64,494 |

| | |
|-------------------------------|---------|
| Total Support Services | 170,702 |
|-------------------------------|---------|

| | |
|----------------------------|---------|
| Total Disbursements | 170,702 |
|----------------------------|---------|

Other Financing Sources (Uses)

| | |
|--|--------|
| Interfund Transfers, From (To) Other Funds: | |
| 5210 Transfer from General Fund (Exclude Indirect Costs) | 86,283 |
| | 86,283 |

| | |
|---|--------|
| Total Other Financing Sources (Uses) | 86,283 |
|---|--------|

| | |
|---|---------|
| Excess/(Deficiency) of Receipts over Disbursements | (3,363) |
|---|---------|

| | |
|---|--------|
| Due to School Organizations, Beginning of Year | 60,066 |
|---|--------|

| | |
|---|-----------|
| Due to School Organizations, End of Year | \$ 56,703 |
|---|-----------|

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

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DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
DETAILED SCHEDULE OF DUE TO STATE
DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
FOR FISCAL YEAR ENDED JUNE 30, 2020

| Program | Revenue/ Subfund Code | Description | Total Due June 30, 2020 | Status of Amount Due to Grantors |
|---|-----------------------------|--------------------|----------------------------|--|
| Pass-Through the State Department of Education: | | | | |
| Teacher Supplies | 3577/377 | Unspent Allocation | \$ 275.00 | Unpaid |
| Total Pass-Through the State Department of Education | | | <u>275.00</u> | |

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
LOCATION RECONCILIATION SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2020**

| Location ID | Location Description | Education Level | Cost Type | Total Expenditures |
|--|--|------------------------|------------------|-----------------------------|
| 07 | Denmark-Olar High | High Schools | School | \$ 3,479,609 |
| 08 | Denmark-Olar Middle | Middle Schools | School | 1,733,462 |
| 09 | Future Pre-K - 12 Complex | All School Levels | School | 16,794,942 |
| 10 | Denmark-Olar Primary | Elementary Schools | School | 3,009,194 |
| 00 | District Wide | Non-School | Central | <u>2,836,874</u> |
| Total Expenditures/Disbursements for All Funds | | | | <u><u>\$ 27,854,081</u></u> |
| The above expenditures are reconciled to the District's financial statements as follows: | | | | |
| | General Fund (Subfund 100s) | | | \$ 6,737,502 |
| | Special Revenue Fund (Subfunds 200s, 800s and 900s) | | | 2,039,798 |
| | Special Revenue EIA Fund (Subfunds 300s) | | | 1,130,327 |
| | Debt Service Fund (Subfunds 400s) | | | 227,743 |
| | Capital Projects Fund (School Building)(Subfunds 500s) | | | 17,057,263 |
| | Proprietary Fund (Food Service)(Subfund 600s) | | | 490,746 |
| | Agency Fund (Pupil Activity)(Subfunds 700s) | | | <u>170,702</u> |
| Total by Fund | | | | <u><u>\$ 27,854,081</u></u> |

SINGLE AUDIT SECTION

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PARTNERS

C.C. McGregor, CPA
1906–1968

G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA

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S.S. Luoma, CPA
T.M. McCall, CPA
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D.K. Strickland, CPA

J.P. McGuire, CPA
J.R. Matthews II, CPA
C.D. Hinchee, CPA
G.P. Davis, CPA
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M.L. Layman, CPA
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D.M. Herpel, CPA
F.C. Gillam, Jr, CPA
H.S. Mims, CPA
T. Solorzano, CPA

C.W. Bolen, CPA
W.C. Sanders, CPA
C.L.T. Valentine, CPA

*Active Retired

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Denmark-Olar School District Two of Bamberg County, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Denmark-Olar School District No. Two of Bamberg County, South Carolina's basic financial statements and have issued our report thereon dated December 7, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Denmark-Olar School District No. Two of Bamberg County, South Carolina's internal control.

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

Our consideration of internal control was for the limited purpose described in the 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Denmark-Olar School District No. Two of Bamberg County, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Item 2020-001.

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

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

Purpose of This Report

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

M. S. Gregory & Company, LLP

Columbia, South Carolina
December 7, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited Denmark-Olar School District No. Two of Bamberg County, South Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Denmark-Olar School District No. Two of Bamberg County, South Carolina's major federal programs for the year ended June 30, 2020. Denmark-Olar School District No. Two of Bamberg County, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Denmark-Olar School District No. Two of Bamberg County, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

MCGregor & Company, LLP

Columbia, South Carolina
December 7, 2020

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part I. Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? _____ Yes X No

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

Noncompliance Material to Financial Statements
Noted _____ Yes X No

Federal Awards

Internal Control Over Major Federal Programs:

Material Weakness(es) Identified? _____ Yes X No

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

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

Any Audit Findings Disclosed That are Required
To be Reported in Accordance With
Section 2 CFR 200.516 (a) _____ Yes X No

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part I. Summary of Auditors' Results (Continued)

Identification of Major Federal Programs:

| <u>CFDA Numbers</u> | <u>Names of Federal Program or Cluster</u> |
|---------------------|--|
| 10.766 | Community Facilities Loans and Grants |

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

Auditee qualified as low-risk auditee? Yes No

Part II. Financial Statement Findings

Compliance and Other Matters

Finding 2020-001 (Compliance)

Criteria: Code of Federal Regulations, Title 49, Chapter III, Section 383 et al., Federal Highway Administration, Department of Transportation, indicates specific requirements for the drug and alcohol testing of school bus drivers and other school bus transportation safety-sensitive employees. The District is required to perform pre-employment testing on all new drivers as a condition of employment.

Conditions: The District did not perform the required pre-employment testing for the 2019-20 fiscal year.

Effect: The District failed to comply with the Federal Regulations concerning CDL pre-employment testing requirements for its drivers.

Cause: Procedures to ensure the District complies with the pre-employment testing of the school bus drivers were not performed as required.

Recommendation: The District should follow the established procedures to assure compliance with federal laws and regulations relating to the required pre-employment testing for school bus drivers.

Part III. Federal Award Findings and Questioned Costs

None

DENMARK-OLAR SCHOOL DISTRICT NO. TWO

BAMBERG COUNTY, S. C.

CORRECTIVE ACTION PLAN

JUNE 30, 2020

Finding 2020-001

Contact Persons: Mrs. Oggretta Tyler, Director of Finance
Ms. Sheila Jones, Transportation Supervisor

Action Plan: Management agrees with the auditors' recommendation and controls in place will be improved to ensure that pre-employment testing will be done on all new bus drivers.

Anticipated

Completion Date: The controls will be placed in service during the current fiscal year and will be monitored to ensure compliance for the year ending June 30, 2021.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part II. Financial Statement Findings

Finding 2019-001

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

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

Current Status: Not sustained in current year.

Finding 2019-002

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

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

Current Status: Not sustained in current year.

Finding 2019-003

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

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

Current Status: Not sustained in current year.

DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S. C.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part II. Financial Statement Findings (Continued)

Compliance and Other Matters

Finding 2019-004

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

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

Current Status: Not sustained in current year.

Part III. Federal Award Findings and Questioned Costs

None

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| LEA Subfund Code | Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Total Expenditures |
|---|--|---------------------------|-------------------------------------|-----------------------|
| U. S. Department of Agriculture | | | | |
| Pass-Through State Department of Education: | | | | |
| Child Nutrition Cluster: | | | | |
| Non-Cash Assistance (Commodities): | | | | |
| 600 | National School Lunch Program | 10.555 | N/A | \$ 37,164 |
| | Non-Cash Assistance Subtotal | | | <u>37,164</u> |
| Cash Assistance: | | | | |
| 600 | School Breakfast Program | 10.553 | N/A | 95,894 |
| 600 | National School Lunch Program | 10.555 | N/A | 251,709 |
| 600 | Summer Food Service Program for Children | 10.559 | N/A | 174,234 |
| | Cash Assistance Subtotal | | | <u>521,837</u> |
| | Total for Program (Cluster) | | | <u>559,001</u> |
| 600 | Fresh Fruit and Vegetable Program | 10.582 | H63010002118 | <u>18,600</u> |
| | Total Pass-Through State Department of Education | | | <u>577,601</u> |
| Direct Program: | | | | |
| 400 | Community Facilities Loans and Grants (Major Program) | 10.766 | N/A | 16,961,220 |
| 500 | Community Facilities Loans and Grants (Major Program) | 10.766 | N/A | 80,200 |
| | Total CFDA 10.766 | | | <u>17,041,420</u> |
| | Total U. S. Department of Agriculture | | | <u>17,619,021</u> |
| U. S. Department of Education | | | | |
| Pass-Through State Department of Education: | | | | |
| 201 | Title I - Regular Grants to LEA's | 84.010 | H63010100120 | 429,308 |
| 201 | Title I - Regular Grants to LEA's | 84.010 | H63010100119 | 13,871 |
| 202 | Title I - Mini Grant, Program H | 84.010 | H63010100118 | 2,000 |
| 237 | Title I Support School Improvement | 84.010 | H63010100120 | 3,152 |
| 237 | Title I Support School Improvement | 84.010 | H63010100119 | 76,217 |
| | Total CFDA 84.010 | | | <u>524,548</u> |
| IDEA Cluster | | | | |
| 203 | IDEA - Children with Disabilities | 84.027 | H63010100920 | 424,428 |
| 203 | IDEA - Children with Disabilities | 84.027 | H63010100919 | 57,910 |
| 205 | Special Education Pre-school Grant | 84.173 | H63010100820 | 17,622 |
| 205 | Special Education Pre-school Grant | 84.173 | H63010100819 | 7,605 |
| 212 | IDEA - Extended School Year | 84.027 | H63010100917 | 8,507 |
| | Total IDEA Cluster | | | <u>516,072</u> |

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| LEA Subfund Code | Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Total Expenditures |
|------------------------|--|---------------------------|-------------------------------------|-----------------------|
| 207 | Vocational Education - Subprogram 1 | 84.048 | H63010107120 | \$ 10,042 |
| 207 | Vocational Education - Subprogram 1 | 84.048 | H63010107119 | 193 |
| 207 | Vocational Education - Subprogram 2 | 84.048 | H63010107120 | 6,888 |
| 207 | Vocational Education - Subprogram 4 | 84.048 | H63010107120 | 1,235 |
| 207 | Vocational Education - Subprogram 4 | 84.048 | H63010107119 | 637 |
| 207 | Vocational Education - Subprogram 8 | 84.048 | H63010107119 | 4,201 |
| 207 | Vocational Education - Subprogram 9 | 84.048 | H63010107119 | 165 |
| 207 | Vocational Education - Subprogram 10 | 84.048 | H63010107119 | 750 |
| | Total CFDA 84.048 | | | <u>24,111</u> |
| 210 | Title IV - Student Support and Academic Enrichment | 84.424 | H63010100320 | 15,102 |
| 210 | Title IV - Student Support and Academic Enrichment | 84.424 | H63010100319 | 39,260 |
| | Total CFDA 84.424 | | | <u>54,362</u> |
| 224 | 21st Century Community Learning Centers | 84.287 | H63010006918 | 142,386 |
| 251 | Rural Education Achievement Program (REAP) | 84.358B | H63010007020 | 13,180 |
| 251 | Rural Education Achievement Program (REAP) | 84.358B | H63010007019 | 47 |
| 251 | Rural Education Achievement Program (REAP) - Mini Grant | 84.358B | H63010007018 | 125 |
| | Total CFDA 84.358B | | | <u>13,352</u> |
| 267 | Supporting Effective Instruction, Title II | 84.367 | H63010006820 | 23,119 |
| 267 | Supporting Effective Instruction, Title II | 84.367 | H63010006819 | 18,682 |
| | Total CFDA 84.367 | | | <u>41,801</u> |
| | Total Pass-Through State Department of Education | | | <u>1,316,632</u> |
| | Total U. S. Department of Education | | | <u>1,316,632</u> |
| | U. S. Department of Defense | | | |
| | Direct Program: | | | |
| 852 | JROTC | 12.000 | N/A | 63,831 |
| | Total U. S. Department of Defense | | | <u>63,831</u> |
| | U. S. Department of Health & Human Services | | | |
| | Pass-Through S. C. Department of Health and Environmental Control: | | | |
| 817 | State Abstinence Education - Emerging Program | 93.235 | CY-5-438 | 40,238 |
| | Total U. S. Department of Health & Human Services | | | <u>40,238</u> |
| | Total Federal Awards Expended | | | <u>\$ 19,039,722</u> |

**DENMARK-OLAR SCHOOL DISTRICT NO. TWO
BAMBERG COUNTY, S.C.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Notes:

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Denmark-Olar School District No. Two (District) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget's (OMB) Uniform Guidance. Because the schedule presents only a selection portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

(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 cost principles contained in OMB Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Also, the District has not elected to use the 10% de minimus indirect cost rate.

(3) USDA Direct Loan Program - Community Facilities Loans and Grants

The outstanding balance on the USDA loan at June 30, 2020 is \$35,717,056, of which \$16,961,220 were proceeds received in the current year and were used for the federal program expenditures noted above.