

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

Annual Financial Report  
Year Ended June 30, 2016  
and  
Independent Auditor's Reports



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

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ST. MATTHEWS, SOUTH CAROLINA**

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J. W. Hunt and Company, LLP

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Calhoun County Public Schools, St. Matthews, South Carolina (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*J. W. Hunt and Company, LLP*

November 28, 2016

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

**Management's Discussion and Analysis  
Year Ended June 30, 2016**

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As management of Calhoun County Public Schools (District), we offer readers of the District's financial statements a narrative overview and analysis of the financial activities for the year ended June 30, 2016. Please read the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

On the governmental activities financial statements:

- The liabilities and deferred inflows of resources of the District exceeded its assets at the close of the most recent fiscal year yielding a net position of approximately -\$2.2 million. Of this amount, approximately \$21.9 million is a net pension liability that is due after one year.
- Governmental activities have an unrestricted net position of approximately -\$39.6 million largely due to the net pension liability.
- The District's net position increased by \$179,646. Program revenues accounted for \$9,615,305, or 42%, of total revenues and general revenues accounted for \$13,508,518, or 58%.
- Total expenses increased \$2,442,196, from \$20,501,981 in fiscal year 2015 to \$22,944,177 in fiscal year 2016.

On the fund financial statements:

- The District's governmental fund expenditures and other financing uses exceeded revenues and other financing sources by \$2,029,671.
- The District's general fund revenues and other financing sources exceeded expenditures and other uses by \$200,264. The General Fund total fund balance was reported as \$4,402,272, an increase of 5% from June 30, 2015.

Overview of the Financial Statements

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

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



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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 41 of this report.

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

#### Financial Analysis of the District as a Whole

The table below provides a summary of the District's net assets for fiscal years 2016 and 2015:

	Governmental Activities			Business-Type Activities		
	<u>2016</u>	<u>2015</u>	<u>Difference</u>	<u>2016</u>	<u>2015</u>	<u>Difference</u>
Assets:						
Current and other assets	\$ 9,906,955	\$ 12,265,521	\$ (2,358,566)	\$ 32,132	\$ (14,697)	\$ 46,829
Capital assets	34,488,499	35,830,109	(1,341,610)	353,674	443,442	(89,768)
Total assets	44,395,454	48,095,630	(3,700,176)	385,806	428,745	(42,939)
Deferred Outflows of Resources:						
Deferred Outflows	2,200,506	1,692,266	508,240	55,813	55,041	772
Total assets and deferred outflows of resources	\$ 46,595,960	\$ 49,787,896	\$ 508,240	\$ 441,619	\$ 483,786	\$ 772
Liabilities:						
Long-term liabilities						
outstanding	\$ 46,799,884	\$ 45,492,503	\$ 1,307,381	\$ 695,718	\$ 630,353	\$ 65,365
Other liabilities	1,728,466	4,806,148	(3,077,682)	(100,083)	2,893	(102,976)
Total liabilities	48,528,350	50,298,651	(1,770,301)	595,635	633,246	(37,611)
Deferred Inflows of Resources:						
Deferred Inflows	73,290	1,628,542	(1,555,252)	2,384	52,969	(50,585)
Net position:						
Invested in capital assets,						
net of related debt	34,488,499	32,266,618	2,221,881	353,674	443,442	(89,768)
Restricted	3,129,145	5,359,076	(2,229,931)	-	-	-
Unrestricted	(39,623,324)	(39,764,991)	141,667	(510,074)	(645,871)	135,797
Total net position	(2,005,680)	(2,139,297)	133,617	(156,400)	(202,429)	46,029
Total liabilities, deferred inflows of resources and net position	\$ 46,595,960	\$ 49,787,896	\$ (1,636,684)	\$ 441,619	\$ 483,786	\$ 8,418

The table below shows the changes in net position for fiscal year 2016. Fiscal year 2015 information is provided to have a comparison to current year revenue and expense.

	Governmental Activities			Business-Type Activities		
	<u>2016</u>	<u>2015</u>	<u>Difference</u>	<u>2016</u>	<u>2015</u>	<u>Difference</u>
Revenue:						
Program revenue:						
Charges for sales and services	\$ 11,620	\$ 10,647	\$ 973	\$ 42,991	\$ 90,617	\$ (47,626)
Operating grants and contributions	8,203,570	8,306,902	(103,332)	1,357,124	985,314	371,810
General revenue:						
Property taxes	13,341,151	13,438,383	(97,232)	-	-	-
Investment earnings	119,145	4,776	114,369	-	-	-
Other	5,777	4,738	1,039	42,445	41,189	1,256
Total revenue	<u>21,681,263</u>	<u>21,765,446</u>	<u>(84,183)</u>	<u>1,442,560</u>	<u>1,117,120</u>	<u>325,440</u>
Expenses:						
Instruction	11,595,601	10,745,896	849,705	-	-	-
Support services	8,481,604	7,391,758	1,089,846	-	-	-
Community services	192	-	192	-	-	-
Intergovernmental	56,055	28,090	27,965	-	-	-
Interest and other charges	1,414,194	1,131,466	282,728	-	-	-
Food service	-	-	-	1,396,531	1,204,771	191,760
Total expenses	<u>21,547,646</u>	<u>19,297,210</u>	<u>2,250,436</u>	<u>1,396,531</u>	<u>1,204,771</u>	<u>191,760</u>
Change in net position	133,617	2,468,236	(2,334,619)	46,029	(87,651)	133,680
NET POSITION, BEGINNING OF YEAR	<u>(2,139,297)</u>	<u>(4,607,533)</u>	<u>2,468,236</u>	<u>(202,429)</u>	<u>(114,778)</u>	<u>(87,651)</u>
NET POSITION, END OF YEAR	<u>\$ (2,005,680)</u>	<u>\$ (2,139,297)</u>	<u>\$ 133,617</u>	<u>\$ (156,400)</u>	<u>\$ (202,429)</u>	<u>\$ 46,029</u>

### Financial Analysis of the District Funds

As of the close of the current fiscal year, the District's governmental funds combined ending fund balance was \$7,531,417, a decrease of \$2,029,671. Of the fund balance, \$85,534 is the fund balance for Educational Facilities Corporation for Calhoun County Schools, Inc.

### General Fund Budgetary Highlights

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

The District budgeted \$15,141,888 of revenue to be received from local and state sources. Of this amount, we had a negative variance in revenue of \$250,208.

- Actual state revenues were \$247,452 lower than expected. This was due to EFA revenue coming in \$169,575 lower than expected and Manufacturer's Depreciation Reimbursement being \$54,049 lower than anticipated.
- Operating transfers in were \$50,910 lower than anticipated.
- Operating transfers out were \$97,516 lower than expected.
- In total, actual expenditures were less than budget spending plan by \$403,866. Of the \$14,956,839 budgeted, \$14,552,973 was spent.

### Capital Asset and Debt Administration

Capital Assets - As of June 30, 2016, the District had invested \$50,959,639 in a broad range of depreciable capital assets, including school buildings, athletic facilities, technology equipment and various types of equipment to operate three schools and one administrative office. This amount represents a net decrease of \$229,265 from last year. (More detailed information about capital assets can be found in Note 6 to the financial statements.) Total depreciation expense for the year was \$1,699,196.

Capital Assets (Net of accumulated depreciation)					Total Percent Change 2016 - 2015
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	2016	2015	2016	2015	
Land	\$ 1,073,687	\$ 1,073,687	\$ -	\$ -	0.00%
Buildings and improvements	31,651,371	32,699,003	-	-	-3.20%
Equipment	1,763,441	2,057,419	353,674	443,442	-15.34%
Total	\$ 34,488,499	\$ 35,830,109	\$ 353,674	\$ 443,442	-18.55%

Long-Term Debt - As of June 30, 2016, the District had \$367,000 in general obligation bonds outstanding and \$22,810,000 in EFC Revenue Refunding Bonds. This represents a net decrease of \$3,275,000 in debt compared to the prior year. Note 10 in the financial statements contains detailed information about long-term debt.

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

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

Economic Factor and Next Year's Budget and Rates - The County in which the District resides is predominantly a rural area. The District's economy depends heavily on manufacturing for both its employment and tax base. The outlook is for manufacturing to grow at a steady rate to add to the County's employment and tax base. Several new subdivisions are being constructed in the Sandy Run community. Student enrollment decreased in the District for the school year 2016.

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

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

**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 8,143,232	\$ 20,978	\$ 8,164,210
Restricted cash	75,534	-	75,534
Property taxes receivable (net of allowance for uncollectible property taxes of \$58,096)	1,090,435	-	1,090,435
Due from governmental units and other receivables	509,931	3,973	513,904
Inventories and prepaid expenses	87,823	7,181	95,004
Total current assets	9,906,955	32,132	9,939,087
Noncurrent assets:			
Capital assets not being depreciated	1,073,687	-	1,073,687
Capital assets, net of accumulated depreciation	33,414,812	353,674	33,768,486
Total noncurrent assets	34,488,499	353,674	34,842,173
Total assets	44,395,454	385,806	44,781,260
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension charges	1,716,020	55,813	1,771,833
Advance refunding charges	484,486	-	484,486
Total deferred outflows of resources	2,200,506	55,813	2,256,319
Total assets and deferred outflows of resources	\$ 46,595,960	\$ 441,619	\$ 47,037,579
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and other current liabilities	\$ 876,969	\$ 1,109	\$ 878,078
Unearned revenue	678,265	-	678,265
Internal balances	101,192	(101,192)	-
Accrued interest	72,040	-	72,040
Total current liabilities	1,728,466	(100,083)	1,628,383
Noncurrent liabilities:			
Net pension liability	21,230,903	690,539	21,921,442
Long-term obligations, due within one year	1,730,630	-	1,730,630
Long-term obligations, due in more than one year	23,838,351	5,179	23,843,530
Total noncurrent liabilities	46,799,884	695,718	47,495,602
Total liabilities	48,528,350	595,635	49,123,985
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension credits	73,290	2,384	75,674
Total deferred inflows of resources	73,290	2,384	75,674
<b>NET POSITION:</b>			
Invested in capital assets, net of related debt	34,488,499	353,674	34,842,173
Restricted for:			
Capital projects	1,823,548	-	1,823,548
Debt service	1,305,597	-	1,305,597
Unrestricted	(39,623,324)	(510,074)	(40,133,398)
Total net position	(2,005,680)	(156,400)	(2,162,080)
Total liabilities, deferred inflows of resources and net position	\$ 46,595,960	\$ 441,619	\$ 47,037,579

*SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS*

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

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
Instruction	\$ 11,595,601	\$ 11,620	\$ 6,098,315	\$ -	\$ (5,485,666)	\$ -	\$ (5,485,666)
Support services	8,481,604	-	1,990,585	-	(6,491,019)	-	(6,491,019)
Community services	192	-	192	-	-	-	-
Intergovernmental	56,055	-	56,055	-	-	-	-
Interest and other charges	1,414,194	-	58,423	-	(1,355,771)	-	(1,355,771)
Total governmental activities	21,547,646	11,620	8,203,570	-	(13,332,456)	-	(13,332,456)
Business-type activities:							
Food service	1,396,531	42,991	1,357,124	-	-	3,584	3,584
Total business-type activities	1,396,531	42,991	1,357,124	-	-	3,584	3,584
Total primary government	\$ 22,944,177	\$ 54,611	\$ 9,560,694	\$ -	(13,332,456)	3,584	(13,328,872)
General revenues:							
Property taxes levied for:							
General purposes					10,508,671	-	10,508,671
Debt service					2,832,480	-	2,832,480
Medicaid					28,563	-	28,563
Local revenue					19,659	-	19,659
Investment income					119,145	-	119,145
Transfers					(42,445)	42,445	-
Total general revenues					13,466,073	42,445	13,508,518
Change in net position					133,617	46,029	179,646
Net position, beginning of year					(2,139,297)	(202,429)	(2,341,726)
Net position, end of year					\$ (2,005,680)	\$ (156,400)	\$ (2,162,080)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General	Special Revenue	EIA	Debt Service Fund	SCAGO Debt Service Fund	School Building Fund	SCAGO School Building Fund	Total Governmental Funds
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 5,423,139	\$ -	\$ -	\$ 1,261,259	\$ -	\$ 1,458,834	\$ -	\$ 8,143,232
Restricted cash equivalents	-	-	-	-	26,363	-	49,171	75,534
Property taxes receivable, net	1,072,460	-	-	17,975	-	-	-	1,090,435
Due from other funds	-	151,054	502,607	-	-	426,830	-	1,080,491
Other receivables	54,664	435,356	-	-	-	-	-	490,020
Prepaid expenses	640	299	-	-	-	-	-	939
Total assets	<u>\$ 6,550,903</u>	<u>\$ 586,709</u>	<u>\$ 502,607</u>	<u>\$ 1,279,234</u>	<u>\$ 26,363</u>	<u>\$ 1,885,664</u>	<u>\$ 49,171</u>	<u>\$ 10,880,651</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ 805,027	\$ 9,216	\$ 845	\$ -	\$ -	\$ -	\$ -	\$ 815,088
Due to other funds	656,879	393,606	-	-	-	111,287	-	1,161,772
Due to other governmental units	-	5,903	1,481	-	-	-	-	7,384
Total liabilities	<u>1,461,906</u>	<u>408,725</u>	<u>2,326</u>	<u>-</u>	<u>-</u>	<u>111,287</u>	<u>-</u>	<u>1,984,244</u>
<b>Deferred inflows of resources:</b>								
Unavailable property tax revenue	686,725	-	-	-	-	-	-	686,725
Unearned grant revenue	-	177,984	500,281	-	-	-	-	678,265
Total deferred inflows of resources	<u>686,725</u>	<u>177,984</u>	<u>500,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,364,990</u>
<b>Fund balances:</b>								
Nonspendable	640	-	-	-	-	-	-	640
Restricted	-	-	-	1,279,234	26,363	1,774,377	49,171	3,129,145
Unassigned	4,401,632	-	-	-	-	-	-	4,401,632
Total fund balances	<u>4,402,272</u>	<u>-</u>	<u>-</u>	<u>1,279,234</u>	<u>26,363</u>	<u>1,774,377</u>	<u>49,171</u>	<u>7,531,417</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,550,903</u>	<u>\$ 586,709</u>	<u>\$ 502,607</u>	<u>\$ 1,279,234</u>	<u>\$ 26,363</u>	<u>\$ 1,885,664</u>	<u>\$ 49,171</u>	<u>\$ 10,880,651</u>

*SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS*

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2016

Total fund balances - governmental funds	\$ 7,531,417
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Amounts reported for governmental activities in the statement of activities are different because of the following:

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

Historical cost	\$ 50,927,353	
Accumulated depreciation	<u>(16,438,854)</u>	34,488,499

Property taxes receivable will be collected but are not available soon enough to pay for the current period's expenditures and are considered unavailable revenues in the funds.	686,725
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Prepaid insurance on bond costs are amortized over the lives of the bonds; however in governmental account, prepaid insurance costs are expenditures in the year they are incurred.	86,884
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Advance refunding charges are amortized over the lives of the bonds; however in governmental accounting, advance refunding charges are expenditures or other financing uses the year they are incurred.

Refunding charges	513,270	
Accumulated amortization	<u>(28,784)</u>	484,486

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

Net pension liability	(21,230,903)	
Deferred inflows of resources	(73,290)	
Deferred outflows of resources	<u>1,716,020</u>	(19,588,173)

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

Refunding bond payable	(22,810,000)	
GO bonds payable	(879,300)	
Premiums, net of accumulated amortization	(1,692,224)	
Arbitrage payable	(54,497)	
Accrued compensated absences	(187,457)	
Accrued interest	<u>(72,040)</u>	<u>(25,695,518)</u>

Total net position - governmental activities	<u>\$ (2,005,680)</u>
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*SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS*



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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	EIA Fund	Debt Service Fund	SCAGO Debt Service Fund	School Building Fund	SCAGO School Building Fund	Total Governmental Funds
<b>REVENUES:</b>								
Local property taxes	\$ 6,248,169	\$ -	\$ -	\$ 2,713,780	\$ -	\$ -	\$ -	\$ 8,961,949
Other local	48,222	247,890	-	-	154,968	2,891	3	453,974
Total local	6,296,391	247,890	-	2,713,780	154,968	2,891	3	9,415,923
State	8,595,289	455,562	1,109,334	121,982	-	-	-	10,282,167
Federal	-	1,932,996	-	-	-	-	-	1,932,996
Total revenues	14,891,680	2,636,448	1,109,334	2,835,762	154,968	2,891	3	21,631,086
<b>EXPENDITURES:</b>								
Current:								
Instruction	7,822,963	1,412,197	841,115	-	-	20,951	-	10,097,226
Support services	6,662,051	1,272,937	50,664	-	-	27,464	6,048	8,019,164
Community services	-	192	-	-	-	-	-	192
Intergovernmental	-	56,055	-	-	-	-	-	56,055
Capital outlay	-	68,620	-	-	-	199,200	-	267,820
Debt service:								
Principal	-	-	-	3,150,700	1,020,000	-	-	4,170,700
Interest	17,127	-	-	34,981	1,007,637	251	-	1,059,996
Other charges	50,832	-	-	25,167	581,811	-	-	657,810
Payment to refunded debt escrow agent	-	-	-	-	1,948,650	-	-	1,948,650
Total expenditures	14,552,973	2,810,001	891,779	3,210,848	4,558,098	247,866	6,048	26,277,613
Excess (deficiency) of revenues over expenditure	338,707	(173,553)	217,555	(375,086)	(4,403,130)	(244,975)	(6,045)	(4,646,527)
<b>OTHER FINANCING SOURCES (USES):</b>								
Premiums on bonds issued	-	-	-	-	1,792,764	26,301	-	1,819,065
Proceeds of general obligation bonds	-	-	-	-	-	2,633,000	-	2,633,000
Proceeds of refunding debt	-	-	-	-	22,810,000	-	-	22,810,000
Payment to refunded debt escrow agent	-	-	-	-	(24,602,764)	-	-	(24,602,764)
Transfers in	353,794	294,220	120,384	259,299	1,920,811	140,000	652	3,089,160
Transfers out	(492,237)	(120,667)	(337,939)	-	(652)	(2,173,902)	(6,208)	(3,131,605)
Total other financing sources (uses)	(138,443)	173,553	(217,555)	259,299	1,920,159	625,399	(5,556)	2,616,856
Net change in fund balances	200,264	-	-	(115,787)	(2,482,971)	380,424	(11,601)	(2,029,671)
Fund balances - July 1, 2015	4,202,008	-	-	1,395,021	2,509,334	1,393,953	60,772	9,561,088
Fund balances - June 30, 2016	\$ 4,402,272	\$ -	\$ -	\$ 1,279,234	\$ 26,363	\$ 1,774,377	\$ 49,171	\$ 7,531,417

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

Total net change in fund balance - governmental funds	\$ (2,029,671)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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

Depreciation	\$ (1,609,428)	
Capital outlay	267,820	(1,341,608)

Some of the capital assets acquired in prior years were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities but rather constitute long-term liabilities in the Statement of Net Assets. Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital lease payments	75,978
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Bonds issued	(25,443,000)	
Bond premiums, net of accretion	(1,675,876)	
Bond insurance costs, net of amortization	86,884	
Bond principal retirement	4,170,700	
Payment to refunded debt escrow agent	26,551,414	3,690,122

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

(28,784)

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

(6,865)

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

92,620

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

(16,221)

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

33,212

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

(335,166)

Change in net position of governmental activities

\$ 133,617

*SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS*

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

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2016

	Enterprise Fund - <u>Food Services</u>
ASSETS:	
Current assets:	
Cash	\$ 20,978
Due from other governmental units	3,973
Due from other funds	105,165
Inventories - supplies and materials	7,181
Total current assets	<u>137,297</u>
Capital assets:	
Equipment	1,105,973
Less accumulated depreciation	<u>(752,299)</u>
Total capital assets	<u>353,674</u>
Total assets	<u>490,971</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred OutFlows of Resources	<u>55,813</u>
Total Deferred outflows of resources	<u>55,813</u>
Total assets and deferred outflows of resources	<u><u>\$ 546,784</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 6,288
Due to other funds	3,973
Total current liabilities	<u>10,261</u>
Long-term liabilities:	
Net pension liability due after one year	<u>690,539</u>
Total Liabilities	<u>700,800</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Inflows of Resources	<u>2,384</u>
Total Deferred Inflows of resources	<u>2,384</u>
NET POSITION:	
Invested in capital assets	353,674
Unrestricted	<u>(510,074)</u>
Total net position	<u>(156,400)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 546,784</u></u>

*SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS*

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

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2016

	Enterprise Fund - <u>Food Services</u>
OPERATING REVENUES:	
Proceeds from sale of meals	\$ 42,991
Total operating revenues	<u>42,991</u>
OPERATING EXPENSES:	
Food costs	697,024
Salaries and wages	497,797
Supplies and materials	78,001
Depreciation	89,768
Other operating costs	33,941
Total operating expenses	<u>1,396,531</u>
Operating loss	<u>(1,353,540)</u>
NONOPERATING REVENUES:	
USDA reimbursements	1,277,025
Commodities received from USDA	80,030
Other federal and state aid	69
Total nonoperating revenues	<u>1,357,124</u>
Income before operating transfers	3,584
Transfers in	42,445
Change in net position	46,029
Total net position - July 1, 2015	<u>(202,429)</u>
Total net position - June 30, 2016	<u>\$ (156,400)</u>

*SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS*

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2016

	Enterprise Fund - Food Services
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from patrons	\$ 42,991
Payments to employees for services	(486,896)
Payments to suppliers for goods and services	(766,954)
Payments to others	(175,040)
Net cash used by operating activities	<u>(1,385,899)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Noncapital financing activities:	
Transfer out	42,445
Federal and state aid	1,357,124
Net cash provided by noncapital financing activities	<u>1,399,569</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,670
CASH AT JULY 1, 2015	<u>7,308</u>
CASH AT JUNE 30, 2016	<u><u>\$ 20,978</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,353,540)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	89,768
Net pension liability	62,258
Deferred inflow of resources	(50,585)
Deferred outflow of resources	(772)
Changes in assets and liabilities:	
Due to/from other funds	(141,100)
Inventories	6,750
Accounts payable	1,322
Net cash used by operating activities	<u><u>\$ (1,385,899)</u></u>

Noncash capital and financing transactions:

During the year, the District received \$80,030 of food commodities from the U.S. Department of Agriculture.

*SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS*

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

STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016

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	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 115,600
Total assets	<u>115,600</u>
LIABILITIES:	
Accounts payable	9,119
Due to other funds	19,911
Due to student groups	<u>86,570</u>
Total liabilities	<u>115,600</u>
NET POSITION	<u><u>\$ -</u></u>

*SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS*

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

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

*Reporting Entity:*

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

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

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

*Governmental Funds:*

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

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

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

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

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

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

*Proprietary Fund:*

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



*Fiduciary Funds:*

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

*Basis of Presentation:*

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

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

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

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

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

*Measurement Focus and Basis of Accounting:*

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

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

*Budget:*

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

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

*Cash and Investments:*

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

CALHOUN COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

*Inventories:*

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

CALHOUN COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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*Capital Assets:*

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

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

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

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

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

*Fund Balances:*

The governmental funds have the following types of fund balances:

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

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

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

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

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

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

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

*Net Position:*

Net position is composed of net assets invested in capital assets, net of related debt, and consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, that has not been spent, is included in the same net assets component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

*Compensated Absences:*

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

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

*Use of Estimates:*

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

*Subsequent Events:*

The District has considered subsequent events through November 28, 2016, the date the financial statements were available to be issued.

*Recent Accounting Pronouncements:*

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

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76), was issued in June 2015 and identifies, in the context of the current governmental financial reporting environment, the hierarchy of GAAP. GASB 76 addresses the use of authoritative and nonauthoritative sources of information in the event the accounting treatment for a transaction is not specific in a GASB pronouncement. The District adopted GASB 76 for the year ended June 30, 2016 resulting in no impact on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures* (GASB 77), was issued in August 2015 and requires new disclosures about tax abatement agreements with entities and individuals. GASB 77 defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forego tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. GASB 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. GASB 77 is effective for reporting periods beginning after December 15, 2015. The District is currently evaluating the impact that GASB 77 will have on its financial statements.

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GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued in March 2016 to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of GASB 82 are effective for reporting periods beginning after June 15, 2016. The District has elected to early implement GASB 82, effective for the year ended June 30, 2016.

**NOTE 2 - CASH AND CASH EQUIVALENTS:**

*Deposits:*

The District's bank balances at June 30, 2016, totaled \$1,242,791. Of this balance, \$250,000 was collateralized by Federal Deposit Insurance. The balance is collateralized by obligations of the U.S. and its agencies (as required by state law) and is held at the Bank of New York Mellon under the District's control via book entry.

Petty cash	\$ 6,000
Cash	718,676
Cash and cash equivalents held by county	<u>7,439,534</u>
 Total unrestricted cash and cash equivalents	 8,164,210
 Restricted cash and cash equivalents with trustee	 <u>75,534</u>
 Total cash and cash equivalents	 <u><u>\$ 8,239,744</u></u>

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

**NOTE 3 - PROPERTY TAXES:**

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

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

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

**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY:**

No individual funds incurred expenditures in excess of budgeted appropriations for the year ended June 30, 2016.

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:**

*Due to/from Other Funds:*

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

As of June 30, 2016, the composition of interfund balances is as follows:

	Due from other <u>funds</u>	Due to other <u>funds</u>
General Fund	\$ -	\$ 656,879
Special Revenue Fund	151,054	393,606
EIA Fund	502,607	-
School Building Fund	426,830	111,287
Enterprise Fund	105,165	3,973
Pupil Activity Fund	190,794	210,705
	<hr/>	<hr/>
Total	\$ 1,376,450	\$ 1,376,450

*Interfund Transfers:*

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



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During the year ended June 30, 2016, the following transfers were made:

	Transfers <u>To</u>	Transfers <u>From</u>
General Fund:		
EIA Fund	\$ 15,572	\$ (336,550)
Special Revenue Fund	294,220	-
School Building Fund	140,000	-
Proprietary Fund	42,445	-
Special Revenue Fund:		
General Fund	-	(294,220)
EIA Fund	103,423	-
EIA Fund:		
General Fund	336,550	(15,572)
Special Revenue Fund	-	(103,423)
Special Revenue Fund EIA Fund	1,389	(1,389)
Debt Service Fund - Other:		
School Building Fund - Other	-	(259,300)
Debt Service Fund - SCAGO:		
School Building Fund - Other	-	(1,914,603)
School Building Fund - SCAGO	652	(6,208)
School Building Fund - Other:		
Debt Service Fund - Other	259,300	-
Debt Service Fund - SCAGO	1,914,603	-
General Fund	-	(140,000)
School Building Fund - SCAGO:		
Debt Service Fund - SCAGO	6,208	(652)
Proprietary Fund:		
General Fund	-	(42,445)
Total	<u>\$ 3,114,362</u>	<u>\$ (3,114,362)</u>

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**NOTE 6 - CAPITAL ASSETS:**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,073,687	\$ -	\$ -	\$ 1,073,687
Total capital assets not being depreciated	1,073,687	-	-	1,073,687
Other capital assets:				
Buildings and improvements	44,725,345	84,016	-	44,809,361
Machinery and equipment	4,868,656	183,804	(8,155)	5,044,305
Total other capital assets at historical cost	49,594,001	267,820	(8,155)	49,853,666
Less accumulated depreciation for:				
Buildings and improvements	(12,026,342)	(1,131,648)	-	(13,157,990)
Machinery and equipment	(2,811,237)	(477,782)	8,155	(3,280,864)
Total accumulated depreciation	(14,837,579)	(1,609,430)	8,155	(16,438,854)
Other capital assets, net	34,756,422	(1,341,610)	-	33,414,812
Governmental activities, capital assets, net	\$ 35,830,109	\$ (1,341,610)	\$ -	\$ 34,488,499
Business type activities:				
Equipment	\$ 1,136,373	\$ -	\$ (30,400)	\$ 1,105,973
Less accumulated depreciation	(692,931)	(89,768)	30,400	(752,299)
Business type activities, capital assets, net	\$ 443,442	\$ (89,768)	\$ -	\$ 353,674

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

Governmental activities:	
Instruction	\$ 1,287,542
Support services	321,886
Business-type activities:	
Food service	89,768

**NOTE 7 - DEFERRED COMPENSATION PLANS:**

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

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

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

**NOTE 8 - PENSION PLAN:**

*Description of the Entity:*

South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the State Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review.

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

PEBA issues a CAFR containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, Post Office Box 11960, Columbia, South Carolina 29211-1960. PEBA is considered a division of the primary government of the State, and therefore, retirement trust fund financial information is also included in the CAFR of the State.

*Plan Description:*

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. South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

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

*Membership:*

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

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

*Benefits:*

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

- 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 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the 5 or 8 year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

For the year ended June 30, 2016, the District's total payroll for all employees was \$11,434,334. Total covered payroll was \$11,240,224. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan.

*Contributions:*

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

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Required employee contribution rates<sup>1</sup> for fiscal year 2016 are as follows:

SCRS	
Employee Class Two	8.16% of earnable compensation
Employee Class Three	8.16% of earnable compensation
State ORP	
Employee	8.16% of earnable compensation

Required employer contribution rates<sup>1</sup> for fiscal year 2016 are as follows:

SCRS	
Employer Class Two	10.91% of earnable compensation
Employer Class Three	10.91% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation
State ORP	
Employer Contribution <sup>2</sup>	10.91% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

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

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

The District's contributions to the Plan for the year ended June 30, 2016 were \$1,218,772. Plan members' contributions to the Plan for the year ended June 30, 2016 were \$904,903.

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

At June 30, 2016, the District reported a liability of \$21,921,442 for its proportionate share of the net pension liability of the SCRS. The net pension liability of the SCRS was determined based on the July 1, 2014 actuarial valuation, using membership data as of July 1, 2014, projected forward to June 30, 2015, and financial information of the pension trust fund as of June 30, 2015, using generally accepted actuarial procedures. The District's portion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2016, the District's proportion of SCRS was .115586%.

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For the year ended June 30, 2016, the District recognized pension expense of \$346,067. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 389,470	\$ (39,203)
Net difference between projected and actual earnings on Plan investments	146,731	-
Change in proportionate share	-	(36,471)
Contributions subsequent to the measurement date	1,235,632	-
Total	<u>\$ 1,771,833</u>	<u>\$ (75,674)</u>

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

<u>Year ending June 30,</u>	
2017	\$ 82,323
2018	82,323
2019	(51,455)
2020	<u>347,336</u>
Net balance of deferred outflows of resources	<u>\$ 460,527</u>

*Actuarial Assumptions and Methods:*

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. State statute requires that an actuarial experience study be completed at least once in each 5-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The June 30, 2015, total pension liability, net pension liability, and sensitivity information were determined by consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2014, actuarial valuation, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015, using generally

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accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2014 valuation for the SCRS.

Actuarial cost method	Entry age normal
Investment rate of return <sup>1</sup>	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually

<sup>1</sup> Includes inflation at 2.75%

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuation for the SCRS are as follows:

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

*Net Pension Liability:*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability less that System's fiduciary net position. The NPL total, as of June 30, 2015, for SCRS is presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	\$ 25,131,828,101	\$ 18,965,482,129	56.99%

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

*Long-term Expected Rate of Return:*

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014, actuarial valuations, was based upon the 30-year capital market outlook at the end of the fourth quarter of 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns



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represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economics forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.50% assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

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

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.50%. 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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*Sensitivity Analysis:*

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate:

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 27,636,675	\$ 21,921,442	\$ 17,131,151

**NOTE 9 - POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS:**

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

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

These benefits are provided through annual appropriations by the State General Assembly to the District for its active employees and to the State Budget and Control Board for all participating State retirees except the portion funded through the pension surcharge and provided from other applicable revenue sources of the District for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

The District paid \$599,104, \$538,845, and \$513,381, during the years ended June 30, 2016, 2015 and 2014, respectively, applicable to 5.33%, 5.00%, and 4.92%, respectively, of surcharges included with the employer contributions for these post-employment retirement benefits. These amounts were remitted to the SCRS for distribution to the Division of Insurance Services for retiree health and dental insurance benefits.

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

**NOTE 10 - LONG TERM AND SHORT TERM DEBT:**

In December 2015, the District issued Series 2015 Installment Purchase Refunding Revenue Bonds with a par amount of \$22,810,000 at a coupon rate of 2.00% to 5.00% (average 3.73%) and received a premium of \$1,792,764. Principal is due on the bonds annually on December 1, 2016 through December 1, 2031 with interest due semiannually beginning on June 1, 2016. These bonds were issued for the purpose of advance refunding \$26,535,000 of the outstanding Series 2006 Installment Purchase Revenue Bonds. The District used the proceeds from the issuance of the refunding bonds along with \$2,509,576 in released debt service reserve funds and \$42,000 in funds from the termination of a forward delivery agreement and placed \$26,532,879 in an irrevocable trust, which will be used to pay the principal and interest payments on the refunded bonds until December 1, 2016, the earliest date of optional redemption, at which time the refunded bonds will be redeemed. The reacquisition price exceeded the net carrying amount of the old debt by \$513,270. This amount is being amortized over the life of the new debt, which has the same life as the old debt. This refunding was undertaken to reduce total debt service payments over the next 16 years by \$5,012,252 and resulted in an economic gain of \$2,758,474. The refunded bonds are considered to be defeased until redemption in December 2016, and the liability has been removed from the governmental activities column of the statement of net position.

The District has also issued short-term general obligation bonds to provide funding for its annual debt service needs under the 2006 and 2015 bond issues.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Short-term obligations:					
General obligation bonds:					
Series 2015A	\$ 636,000	\$ -	\$ (636,000)	\$ -	\$ -
Series 2015B	-	2,266,000	(2,266,000)	-	-
Series 2016A	-	367,000	-	367,000	367,000
Capital lease	75,978	-	(75,978)	-	-
Total short term obligations	<u>\$ 711,978</u>	<u>\$ 2,633,000</u>	<u>\$ (2,977,978)</u>	<u>\$ 367,000</u>	<u>\$ 367,000</u>
Long-term obligations:					
Installment purchase revenue bonds:					
Series 2006	\$ 26,535,000	\$ -	\$ (26,535,000)	\$ -	\$ -
Series 2015 refunding	-	22,810,000	-	22,810,000	1,110,000
Total premiums, net	539,493	1,792,761	(640,030)	1,692,224	-
Series 2015 acquisition bond	761,000	-	(248,700)	512,300	253,630
Compensated absences	174,688	79,979	(62,031)	192,636	76,019
Total long term obligations	<u>\$ 28,010,181</u>	<u>\$ 24,682,740</u>	<u>\$ (27,485,761)</u>	<u>\$ 25,207,160</u>	<u>\$ 1,439,649</u>

Interest paid on the debt issued by the District is exempt from federal income tax. The District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The Code refers to this practice as arbitrage. The bonds did not meet the six month spend down requirement to have an exception to the arbitrage calculation. Excess earnings (the difference between the interest

CALHOUN COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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paid on the debt and the investment earnings received) resulting from arbitrage must be rebated to the United States Treasury on the fifth anniversary of the issuance of the tax-exempt debt and every five years thereafter until the debt has been repaid, in accordance with the arbitrage regulations. The District has accrued \$54,495 for arbitrage due in January 2017.

The following schedule summarizes SCAGO's Revenue Bond debt service requirements subsequent to June 30, 2016:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,730,630	\$ 880,180	\$ 2,610,810
2018	1,323,670	840,944	2,164,614
2019	1,095,000	799,525	1,894,525
2020	1,140,000	749,125	1,889,125
2021	1,195,000	690,750	1,885,750
2022-26	6,880,000	2,551,531	9,431,531
2027-31	8,470,000	979,312	9,449,312
2032	1,855,000	30,144	1,885,144
Total	<u>\$ 23,689,300</u>	<u>\$ 7,521,511</u>	<u>\$ 31,210,811</u>

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

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

CALHOUN COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

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The District's debt limitation at June 30, 2016 is computed below:

2015 Assessed value (as provided by Calhoun County)	\$ 84,784,334
	X 8%
Constitutional debt limit	<u>6,782,747</u>
Debt subject to limit	<u>(879,300)</u>
Legal debt available without a referendum	<u><u>\$ 5,903,447</u></u>

**NOTE 11 - ECONOMIC DEPENDENCY:**

The District received 35.10% of its property tax revenue from two industrial taxpayers during the current year.

**NOTE 12 - RISK MANAGEMENT:**

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

**NOTE 13 - CONTINGENCIES AND COMMITMENTS:**

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

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

**NOTE 14 - SUBSEQUENT EVENTS:**

In September 2016, the District issued \$2,309,000 Series D general obligation bond for the purpose of funding the acquisition and installment purchase revenue bonds payments to SCAGO. The interest rate on the Series 2016D bond is 2.00%, with a maturity date of March 1, 2017.

The District is also planning to construct additions to both of its K-8 schools. Total estimated cost of the project is approximately \$3,200,000, which will be financed by issuance of \$2,500,000 SCAGO bonds with the remaining \$700,000 coming from the District's school building fund.

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

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	(Budgetary Basis)	
REVENUES:				
Local	\$ 6,299,147	\$ 6,299,147	\$ 6,296,391	\$ (2,756)
State	8,842,741	8,842,741	8,595,289	(247,452)
Total revenues	<u>15,141,888</u>	<u>15,141,888</u>	<u>14,891,680</u>	<u>(250,208)</u>
EXPENDITURES:				
Current:				
Instruction	7,960,175	7,971,516	7,822,963	148,553
Support services	6,940,418	6,886,522	6,662,051	224,471
Community services	-	319	-	319
Debt service	36,000	86,832	67,959	18,873
Capital outlay	11,650	11,650	-	11,650
Total expenditures	<u>14,948,243</u>	<u>14,956,839</u>	<u>14,552,973</u>	<u>403,866</u>
Excess of revenues over expenditures	193,645	185,049	338,707	153,658
OTHER FINANCING SOURCES (USES):				
Operating transfers in	404,704	404,704	353,794	(50,910)
Operating transfers out	(598,349)	(589,753)	(492,237)	97,516
Total other financing sources (uses)	<u>(193,645)</u>	<u>(185,049)</u>	<u>(138,443)</u>	<u>46,606</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>200,264</u>	<u>200,264</u>
Fund balance - July 1, 2015			<u>4,202,008</u>	
Fund balance - June 30, 2016			<u>\$ 4,402,272</u>	

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

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>(Negative)</u>
REVENUES:				
Local	\$ 104,000	\$ 278,296	\$ 247,890	\$ (30,406)
State	(47,084)	352,139	455,562	103,423
Federal	1,441,296	2,104,490	1,932,996	(171,494)
Total revenues	1,498,212	2,734,925	2,636,448	(98,477)
EXPENDITURES:				
Current:				
Instruction	921,468	1,564,487	1,412,197	152,290
Support services	889,749	1,376,763	1,272,937	103,826
Community services	-	317	192	125
Intergovernmental	28,000	56,055	56,055	-
Capital outlay	-	68,620	68,620	-
Total expenditures	1,839,217	3,066,242	2,810,001	256,241
Deficiency of revenue over expenditures	(341,005)	(331,317)	(173,553)	157,764
OTHER FINANCING SOURCES (USES):				
Operating transfers in	341,005	331,317	294,220	(37,097)
Operating transfers out	-	-	(120,667)	(120,667)
Total other financing sources (uses)	341,005	331,317	173,553	(157,764)
Net change in fund balances	-	-	-	-
Fund balance - July 1, 2015			-	
Fund balance - June 30, 2016			\$ -	

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

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
EDUCATION IMPROVEMENT ACT  
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>(Negative)</u>
REVENUES:				
State	\$ 973,534	\$ 1,226,402	\$ 1,109,334	\$ (117,068)
Total revenues	973,534	1,226,402	1,109,334	(117,068)
EXPENDITURES:				
Current:				
Instruction	791,844	841,115	841,115	-
Support services	-	50,664	50,664	-
Total expenditures	791,844	891,779	891,779	-
Excess of revenue over expenditures	181,690	334,623	217,555	117,068
OTHER FINANCING SOURCES (USES):				
Operating transfers in	152,933	-	118,995	(118,995)
Operating transfers out	(334,623)	(334,623)	(336,550)	1,927
Total other financing sources (uses)	(181,690)	(334,623)	(217,555)	(117,068)
Net change in fund balances	-	-	-	-
Fund balance - July 1, 2015			-	
Fund balance - June 30, 2016			\$ -	



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

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF SOUTH CAROLINA  
RETIREMENT SYSTEM NET PENSION LIABILITY  
YEAR ENDED JUNE 30, 2016

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

\*Only three years of data were available; thus, only three years were presented

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

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM  
YEAR ENDED JUNE 30, 2016

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Last three fiscal years*	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,235,632	\$ 1,182,149	\$ 1,114,846
Contributions in relation to the contractually required contribution	<u>1,235,632</u>	<u>1,182,149</u>	<u>1,114,846</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,240,224	\$ 10,903,456	\$ 10,591,385
Contributions as a percentage of covered payroll	10.99%	10.84%	10.53%

\*Only three years of data were available; thus, only three years were presented

**CALHOUN COUNTY PUBLIC SCHOOLS**  
**ST. MATTHEWS, SOUTH CAROLINA**  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
1000 Local Sources:			
1200 Revenue from local government units other than LEAs:			
1210 Ad valorem taxes - including delinquent	\$ 5,250,000	\$ 5,229,262	\$ (20,738)
1240 Penalties and interest on taxes	300,000	391,454	91,454
1280 Revenue in lieu of taxes	739,247	599,410	(139,837)
1300 Tuition:			
1310 Student tuition out of district	8,000	11,620	3,620
1320 From other LEAs for regular day school	400	-	(400)
1500 Earnings on investments:			
1510 Interest on investments	1,000	16,423	15,423
1900 Other revenue from local sources:			
1930 Medicaid	-	28,563	28,563
1990 Miscellaneous revenue	500	19,659	19,159
Total local sources	<u>6,299,147</u>	<u>6,296,391</u>	<u>(2,756)</u>
3000 Revenue from State Sources:			
3100 Restricted state funding:			
3130 Special programs:			
3131 Handicapped transportation	15,000	32,430	17,430
3132 Home instruction	-	549	549
3160 Transportation salaries	112,114	135,377	23,263
3162 Transportation workmen's comp	12,502	12,561	59
3180 Employee fringe benefits	1,178,211	1,147,816	(30,395)
3181 Retiree insurance	450,494	417,995	(32,499)
3300 Education Finance Act:			
3310 Full time programs:			
3311 Kindergarten	149,862	142,196	(7,666)
3312 Primary	435,608	421,583	(14,025)
3313 Elementary	692,764	668,901	(23,863)
3314 High school	120,196	143,523	23,327
3316 Speech handicapped	151,130	63,652	(87,478)
3317 Homebound	1,746	1,834	88
3320 Part-time programs:			
3321 Emotionally handicapped	11,539	7,510	(4,029)
3322 Educable mentally handicapped	55,171	49,637	(5,534)
3323 Learning disabilities	217,505	281,786	64,281
3324 Hearing handicapped	8,968	2,965	(6,003)
3325 Visually handicapped	9,219	5,929	(3,290)
3326 Orthopedically handicapped	7,318	969	(6,349)
3327 Vocational	463,971	393,679	(70,292)
3330 Other EFA programs:			
3331 Autism	32,608	36,994	4,386
3332 Gifted and Talented Education Pupils	26,545	27,685	1,140
3334 Limited English Proficiency	15,305	13,150	(2,155)
3351 Academic Assistance	61,162	39,278	(21,884)
3352 Pupils in Poverty	361,592	351,367	(10,225)

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES (CONTINUED):			
3800 State revenue in lieu of taxes:			
3810 Reimbursement for local residential property tax relief	\$ 785,313	\$ 785,313	\$ -
3820 Homestead exemption	268,093	268,093	-
3825 Reimbursement for property tax relief (tier 3)	2,500,000	2,500,000	-
3830 Merchant's inventory tax	22,805	22,805	-
3840 Manufacturers depreciation reimbursement	578,000	523,951	(54,049)
3890 Other state property tax revenues	98,000	95,761	(2,239)
Total state sources	<u>8,842,741</u>	<u>8,595,289</u>	<u>(247,452)</u>
Total revenue all sources	<u>15,141,888</u>	<u>14,891,680</u>	<u>(250,208)</u>
EXPENDITURES:			
100 Instruction:			
110 General instruction:			
111 Kindergarten program:			
100 Salaries	393,877	379,773	14,104
200 Employee benefits	159,705	162,861	(3,156)
400 Supplies and materials	3,038	3,284	(246)
112 Primary programs:			
100 Salaries	683,944	695,968	(12,024)
200 Employee benefits	273,458	273,805	(347)
400 Supplies and materials	10,080	8,351	1,729
113 Elementary programs:			
100 Salaries	1,748,472	1,719,490	28,982
200 Employee benefits	645,190	634,278	10,912
370 Purchased services - tuition	3,212	-	3,212
400 Supplies and materials	13,373	9,654	3,719
114 High school programs:			
100 Salaries	916,447	913,881	2,566
200 Employee benefits	333,521	313,460	20,061
300 Purchased services (other than tuition)	35,875	52,297	(16,422)
370 Tuition	5,788	22,048	(16,260)
400 Supplies and materials	34,903	54,074	(19,171)
115 Career and technology education programs:			
100 Salaries	154,638	156,677	(2,039)
200 Employee benefits	59,008	57,024	1,984
300 Purchased services - other than tuition	275,450	156,724	118,726
400 Supplies and materials	5,960	1,975	3,985
116 Career and technology education: (vocational) programs - middle school:			
100 Salaries	-	52,281	(52,281)
200 Employee benefits	-	22,929	(22,929)
118 Montessori Programs:			
100 Salaries	180,807	190,750	(9,943)
200 Employee benefits	69,714	71,490	(1,776)

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
100 Instruction (Continued):			
120 Exceptional programs:			
121 Educable mentally handicapped:			
100 Salaries	\$ 154,531	\$ 157,589	\$ (3,058)
200 Employee benefits	58,613	60,132	(1,519)
124 Visually handicapped:			
100 Salaries	6,409	6,409	-
200 Employee benefits	2,304	2,225	79
125 Hearing handicapped:			
100 Salaries	3,725	4,026	(301)
200 Employee benefits	1,306	1,496	(190)
126 Speech handicapped:			
100 Salaries	162,512	154,727	7,785
200 Employee benefits	64,750	62,142	2,608
600 Other objects	2,980	750	2,230
127 Learning disabilities:			
100 Salaries	466,481	472,025	(5,544)
200 Employee benefits	163,099	172,455	(9,356)
400 Supplies and materials	-	159	(159)
128 Emotionally handicapped:			
100 Salaries	8,501	9,014	(513)
200 Employee benefits	3,465	3,786	(321)
300 Purchased services	1,500	-	1,500
130 Preschool programs:			
133 Preschool handicapped self-contained:			
100 Salaries	19,573	19,981	(408)
200 Employee benefits	6,443	6,726	(283)
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
100 Salaries	72,480	56,399	16,081
200 Employee benefits	36,003	30,590	5,413
141 Gifted and talented - academic:			
100 Salaries	2,000	-	2,000
200 Employee benefits	481	-	481
300 Purchased services	97	-	97
400 Supplies and materials	700	80	620
145 Homebound:			
100 Salaries	18,000	18,923	(923)
200 Employee benefits	4,313	4,501	(188)
300 Purchased services	10,180	4,193	5,987
147 Child Development Education Pilot Program:			
100 Salaries	100,268	100,210	58
200 Employee benefits	43,176	42,754	422
148 Tuition to LEA:			
300 Purchased services	16,013	-	16,013
149 Other special programs:			
100 Salaries	205,000	182,409	22,591
200 Employee benefits	49,118	25,845	23,273
300 Purchased services	165,940	151,073	14,867
400 Supplies and materials	-	1,089	(1,089)

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
100 Instruction (Continued):			
160 Other exceptional programs:			
161 Autism:			
100 Salaries	\$ 54,933	\$ 56,749	\$ (1,816)
200 Employee benefits	22,562	24,228	(1,666)
162 Limited english proficiency:			
300 Travel	1,000	713	287
180 Adult/continuing educational programs:			
181 Adult basic education programs:			
300 Purchased services	36,600	36,491	109
Total instruction	<u>7,971,516</u>	<u>7,822,963</u>	<u>148,553</u>
200 Supporting Services:			
210 Pupil services:			
211 Attendance and social work:			
100 Salaries	135,265	132,095	3,170
200 Employee benefits	50,098	43,605	6,493
300 Purchased services	-	-	-
400 Supplies and materials	3,103	1,959	1,144
212 Guidance:			
100 Salaries	295,540	292,058	3,482
200 Employee benefits	97,187	97,755	(568)
300 Purchased services	262	710	(448)
400 Supplies and materials	2,841	2,093	748
213 Health:			
100 Salaries	-	1,000	(1,000)
200 Employee benefits	-	76	(76)
400 Supplies and materials	-	4,217	(4,217)
215 Exceptional program services:			
100 Salaries	-	6,000	(6,000)
200 Employee benefits	-	1,427	(1,427)
220 Instructional staff services:			
221 Improvement of instruction - curriculum development:			
100 Salaries	202,937	210,096	(7,159)
200 Employee benefits	56,318	57,818	(1,500)
300 Purchased services	21,903	18,293	3,610
400 Supplies and materials	5,781	2,628	3,153
500 Capital outlay	-	-	-
600 Other objects	-	-	-
222 Library and media:			
100 Salaries	209,418	211,782	(2,364)
200 Employee benefits	74,013	75,907	(1,894)
300 Purchased services	3,255	3,687	(432)
400 Supplies and materials	20,019	16,442	3,577
500 Capital outlay	-	-	-
600 Other objects	-	-	-
223 Supervisor of special projects:			
100 Salaries	69,198	78,891	(9,693)
200 Employee benefits	22,309	24,454	(2,145)
300 Purchased services	-	701	(701)

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

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	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
200 Supporting Services (Continued):			
220 Instructional staff services (Continued):			
224 Improvement of instruction inservice staff training:			
300 Purchased services	\$ -	\$ 91	\$ (91)
400 Supplies and materials	-	68	(68)
230 General and administrative services:			
231 Board of Education:			
100 Salaries	9,500	10,100	(600)
200 Employee benefits	216,997	215,979	1,018
300 Purchased services	87,200	28,003	59,197
318 Audit services	28,000	35,500	(7,500)
400 Supplies and materials	6,400	4,227	2,173
600 Other objects	16,100	11,112	4,988
232 Office of Superintendent:			
100 Salaries	220,348	236,024	(15,676)
200 Employee benefits	70,218	68,097	2,121
300 Purchased services	8,729	8,617	112
400 Supplies and materials	10,693	9,632	1,061
600 Other objects	1,592	6,114	(4,522)
233 School administration:			
100 Salaries	744,154	749,399	(5,245)
200 Employee benefits	272,221	271,062	1,159
300 Purchased services	14,758	10,794	3,964
400 Supplies and materials	5,223	4,568	655
250 Finance and operations services:			
251 Student transportation (federal/district mandated):			
100 Salaries	-	2,603	(2,603)
252 Fiscal services:			
100 Salaries	213,436	221,872	(8,436)
200 Employee benefits	64,546	66,168	(1,622)
300 Purchased services	47,031	53,737	(6,706)
400 Supplies and materials	16,649	8,329	8,320
500 Capital outlay	4,500	-	4,500
600 Other objects	12,171	19,334	(7,163)
254 Operation and maintenance of plant:			
100 Salaries	559,334	583,292	(23,958)
200 Employee benefits	266,391	258,897	7,494
300 Purchased services	405,045	358,895	46,150
321 Public utilities	13,300	18,056	(4,756)
400 Supplies and materials	141,285	139,432	1,853
470 Energy	485,000	412,378	72,622
500 Capital outlay	7,150	-	7,150
600 Other objects	2,640	328	2,312
255 Pupil transportation:			
100 Salaries	513,167	467,047	46,120
200 Employee benefits	138,360	130,148	8,212
300 Purchased services	54,130	61,471	(7,341)
400 Supplies and materials	19,000	110	18,890
600 Other objects	900	-	900

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
200 Supporting Services (Continued):			
250 Finance and operations services (Continued):			
257 Internal services:			
100 Salaries	\$ 32,053	\$ 32,694	\$ (641)
200 Employee benefits	11,660	12,559	(899)
300 Purchased services	112,588	57,736	54,852
400 Supplies and materials	12,488	3,144	9,344
258 Security:			
300 Purchased services	107,000	108,574	(1,574)
260 Data and technology processing services:			
262 Planning:			
400 Supplies and materials	-	38	(38)
600 Other objects	-	100	(100)
264 Staff services:			
100 Salaries	109,548	119,364	(9,816)
200 Employee benefits	40,287	41,978	(1,691)
300 Purchased services	4,096	9,388	(5,292)
400 Supplies and materials	3,324	3,387	(63)
600 Other objects	155	80	75
266 Data processing services:			
100 Salaries	172,247	170,635	1,612
200 Employee benefits	63,227	61,911	1,316
300 Purchased services	70,485	79,034	(8,549)
400 Supplies and materials	9,700	12,000	(2,300)
270 Support services - pupil activity:			
271 Pupil services activity:			
100 Salaries	112,829	108,599	4,230
200 Employee benefits	30,270	25,525	4,745
300 Purchased services	36,500	35,342	1,158
600 Other objects	24,100	24,785	(685)
Total supporting services	<u>6,898,172</u>	<u>6,662,051</u>	<u>236,121</u>
300 Community services:			
330 Civic services:			
300 Purchased services	319	-	319
Total community services	<u>319</u>	<u>-</u>	<u>319</u>



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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES (CONTINUED):			
500 Debt Service:			
319 Legal services	\$ 6,000	\$ -	\$ 6,000
395 Other professional and technical services	50,832	50,832	-
620 Interest	30,000	17,127	12,873
Total debt service	<u>86,832</u>	<u>67,959</u>	<u>18,873</u>
Total expenditures	<u>14,956,839</u>	<u>14,552,973</u>	<u>403,547</u>
Excess of revenues over expenditures	185,049	338,707	153,658
OTHER FINANCING SOURCES (USES):			
Interfund transfers, from (to) other funds:			
5230 Transfer from special revenue EIA fund	339,704	336,550	(3,154)
5280 Transfer from other funds indirect costs	65,000	17,244	(47,756)
421-710 Transfer to special revenue funds	(577,253)	(294,220)	283,033
422-710 Transfer to special revenue EIA funds	(12,500)	(15,572)	(3,072)
424-710 Transfer to school building fund	-	(140,000)	(140,000)
425-710 Transfer to food service fund	-	(42,445)	(42,445)
Total other financing sources (uses)	<u>(185,049)</u>	<u>(138,443)</u>	<u>46,606</u>
Net change in fund balances	<u>-</u>	<u>200,264</u>	<u>200,264</u>
FUND BALANCE, JULY 1, 2015		<u>4,202,008</u>	
FUND BALANCE, JUNE 30, 2016		<u>\$ 4,402,272</u>	

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2016**

	<u>TITLE I</u> <u>(201/202)</u>	<u>IDEA</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(205/206)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
<b>REVENUES</b>						
1000 Revenue from Local Sources:						
1900 Other revenue from local sources:						
1930 Medicaid	\$ -	\$ -	\$ -	\$ -	\$ 173,730	\$ 173,730
1999 Revenue from other local sources	-	-	-	-	74,160	74,160
Total local sources	-	-	-	-	247,890	247,890
3000 Revenue from State Sources:						
3100 Restricted State funding:						
3110 Occupational education:						
3118 EEDA career specialist	-	-	-	47,147	-	47,147
3120 General education:						
3127 Student health and fitness	-	-	-	13,285	-	13,285
3130 Special programs:						
3134 Child development education pilot program	-	-	-	111,137	-	111,137
3135 Reading Coaches	-	-	-	125,460	-	125,460
3136 Student health and fitness - nurses	-	-	-	59,056	-	59,056
3170 Summer Reading Programs:						
3177 Summer Reading Program	-	-	-	15,774	-	15,774
3190 Miscellaneous restricted grants:						
3193 Education license plates	-	-	-	450	-	450
3198 School technology initiative	-	-	-	15	-	15
3199 Other restricted state grants	-	-	-	-	3,089	3,089
3600 Education Lottery Act Revenue:						
3607 6-8 Enhancement	-	-	-	6,403	-	6,403
3630 Technology Initiative	-	-	-	73,746	-	73,746
Total state sources	-	-	-	452,473	3,089	455,562
4000 Revenue from Federal Sources:						
4200 Occupational education:						
4210 Vocational aid	-	-	-	-	33,463	33,463
4300 Elementary and Secondary Education Act of 1965:						
4310 Title I, Basic State Grant Programs	651,201	-	-	-	-	651,201
4312 Rural and low-income school program, Title II	-	-	-	-	62,209	62,209
4340 Title V - Informed Parental	-	-	-	-	9,889	9,889
4351 Improving Teacher Quality	-	-	-	-	111,572	111,572
4500 Programs for children with disabilities:						
4510 IDEA	-	823,857	-	-	-	823,857
4520 Pre-school	-	-	28,550	-	-	28,550
4900 Other federal sources:						
4990 Other Federal Revenue	-	-	-	-	119,364	119,364
4999 Revenue from other Federal Sources	-	-	-	-	92,891	92,891
Total federal sources	651,201	823,857	28,550	-	429,388	1,932,996
Total revenue all sources	651,201	823,857	28,550	452,473	680,367	2,636,448

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

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES						
100 Instruction:						
111 Kindergarten programs:						
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ 270	\$ 270
400 Supplies and materials	-	-	-	-	3,000	3,000
112 Primary programs:						
100 Salaries	54,948	-	-	-	48,539	103,487
200 Employee benefits	19,749	-	-	-	15,969	35,718
400 Supplies and materials	-	-	-	7,931	2,684	10,615
113 Elementary programs:						
100 Salaries	274,575	-	-	-	31,590	306,165
200 Employee benefits	101,475	-	-	-	12,021	113,496
300 Purchased services	-	-	-	1,710	-	1,710
400 Supplies and materials	1,873	-	-	7,856	9,352	19,081
600 Other objects	-	-	-	-	280	280
114 High school programs:						
100 Salaries	102,998	-	-	-	140,538	243,536
200 Employee benefits	34,671	-	-	-	40,284	74,955
400 Supplies and materials	-	-	-	-	9,153	9,153
115 Vocational programs:						
300 Purchased services	-	-	-	-	329	329
400 Supplies and materials	-	-	-	-	1,497	1,497
600 Other objects	-	-	-	-	3,210	3,210
116 Career and technology education (vocational) programs - middle school:						
400 Supplies and materials	-	-	-	-	11,206	11,206
120 Exceptional programs:						
121 Educable mentally handicapped:						
100 Salaries	-	60,063	-	-	-	60,063
200 Employee benefits	-	28,507	-	-	-	28,507
124 Visually handicapped:						
400 Supplies and materials	-	125	-	-	-	125
125 Hearing Handicapped						
100 Salaries	-	25,848	-	-	-	25,848
200 Employee benefits	-	10,996	-	-	-	10,996
126 Speech handicapped:						
100 Salaries	-	-	-	-	3,000	3,000
200 Employee benefits	-	-	-	-	706	706
400 Supplies and materials	-	292	-	-	-	292
127 Learning disabilities:						
100 Salaries	-	95,100	-	-	-	95,100
200 Employee benefits	-	41,957	-	-	-	41,957
400 Supplies and materials	-	3,681	-	-	8,717	12,398
128 Emotionally handicapped:						
100 Salaries	-	4,756	-	-	-	4,756
200 Employee benefits	-	1,701	-	-	-	1,701
300 Purchased services - tuition	-	-	-	-	-	-
400 Supplies and materials	-	-	-	-	-	-
500 Capital outlay	-	-	-	-	-	-
130 Preschool handicapped programs:						
133 Preschool handicapped self-contained (5 yr. olds):						
100 Salaries	-	14,659	-	-	-	14,659
200 Employee benefits	-	7,565	-	-	-	7,565

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

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES (CONTINUED):						
100 Instruction (Continued):						
137 Preschool handicapped self-contained (3 & 4 yr. olds)						
100 Salaries	\$ -	\$ -	\$ 17,253	\$ -	\$ -	\$ 17,253
200 Employee benefits	-	-	10,708	-	-	10,708
400 Supplies and materials	-	-	589	-	-	589
140 Special programs:						
147 Child development education pilot program:						
400 Supplies and materials	-	-	-	8,612	-	8,612
149 Other special programs:						
100 Salaries	-	12,544	-	-	-	12,544
200 Employee benefits	-	3,011	-	-	-	3,011
400 Supplies and materials	-	266	-	450	127	843
160 Other exceptional programs:						
161 Autism:						
100 Salaries	-	35,001	-	-	-	35,001
200 Employee benefits	-	15,259	-	-	-	15,259
170 Summer school program:						
171 Primary summer school:						
100 Salaries	-	-	-	8,750	-	8,750
200 Employee benefits	-	-	-	2,106	-	2,106
400 Supplies and materials	-	-	-	2,098	-	2,098
172 Elementary summer school:						
300 Purchased Services	-	-	-	-	7,385	7,385
175 Instructional programs beyond regular school day:						
100 Salaries	-	5,520	-	-	16,746	22,266
200 Employee benefits	-	1,311	-	-	3,951	5,262
400 Supplies and materials	-	-	-	-	1,992	1,992
188 Parenting/family literacy:						
400 Supplies and materials	13,137	-	-	-	-	13,137
Total instruction	603,426	368,162	28,550	39,513	372,546	1,412,197
200 Supporting services:						
210 Pupil services:						
211 Attendance and social work:						
100 Salaries	-	-	-	-	38,342	38,342
200 Employee benefits	-	-	-	-	12,652	12,652
300 Purchased services	-	-	-	-	3,902	3,902
212 Guidance:						
100 Salaries	-	-	-	63,132	66,107	129,239
200 Employee benefits	-	-	-	19,476	22,770	42,246
300 Purchased services	-	-	-	-	6,814	6,814
400 Supplies and materials	-	-	-	-	634	634
213 Health:						
100 Salaries	-	-	-	91,070	44,869	135,939
200 Employee benefits	-	-	-	34,738	17,378	52,116
300 Purchased services	-	200,875	-	-	13,858	214,733
400 Supplies and materials	-	1,453	-	-	2,570	4,023

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

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES (CONTINUED):						
200 Supporting services (Continued):						
214 Psychological:						
100 Salaries	\$ -	\$ 32,338	\$ -	\$ -	\$ -	\$ 32,338
200 Employee benefits	-	9,889	-	-	-	9,889
300 Purchased services	-	51,168	-	-	-	51,168
400 Supplies and materials	-	5,015	-	-	-	5,015
221 Improvement of instruction - curriculum development:						
100 Salaries	22,847	-	-	100,911	6,100	129,858
200 Employee benefits	6,546	-	-	37,246	11,141	54,933
300 Purchased services	14,742	1,495	-	-	30,709	46,946
400 Supplies and materials	3,560	-	-	-	11,633	15,193
222 Library and media:						
300 Purchased services	-	-	-	-	949	949
400 Supplies and materials	-	-	-	-	7,948	7,948
223 Supervision of special programs:						
100 Salaries	-	75,699	-	-	42,868	118,567
200 Employee benefits	-	27,418	-	-	14,616	42,034
300 Purchased services	-	8,988	-	-	10,528	19,516
400 Supplies and materials	-	1,579	-	-	-	1,579
600 Other objects	-	-	-	-	327	327
224 Improvement of instruction - inservice and staff training:						
100 Salaries	-	-	-	-	3,000	3,000
200 Employee benefits	-	-	-	-	715	715
300 Purchased services	80	101	-	1,293	6,010	7,484
400 Supplies and materials	-	-	-	-	446	446
232 Office of the Superintendent:						
300 Purchased services	-	-	-	-	927	927
233 School administration:						
300 Purchased services	-	-	-	-	949	949
400 Supplies and materials	-	-	-	-	580	580
250 Finance and operations services:						
251 Student transportation (Federal mandated):						
100 Salaries	-	31,127	-	-	-	31,127
200 Employee benefits	-	7,948	-	-	-	7,948
252 Fiscal services:						
300 Purchased services	-	-	-	-	250	250
254 Operation and Maintenance of Plant:						
400 Supplies and materials	-	-	-	-	3,544	3,544
255 Student transportation (State mandated):						
100 Salaries	-	-	-	2,118	1,252	3,370
200 Employee benefits	-	-	-	520	297	817
300 Purchased services	-	-	-	-	1,691	1,691
256 Food service:						
100 Salaries	-	-	-	-	2,217	2,217
200 Employee benefits	-	-	-	-	505	505
400 Supplies and materials	-	-	-	-	2,973	2,973

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

	TITLE I (201/202)	IDEA (203/204)	Preschool Handicapped (205/206)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES (CONTINUED):						
200 Supporting services (Continued):						
260 Data and technology processing services:						
264 Staff services:						
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ 2,703	\$ 2,703
600 Other objects	-	-	-	-	4,275	4,275
266 Technology and data processing services:						
300 Purchased services	-	-	-	4,390	3,967	8,357
400 Supplies and materials	-	-	-	751	1,600	2,351
500 Capital outlay	-	-	-	68,620	-	68,620
271 Pupil Activity Services:						
100 Salaries	-	287	-	149	622	1,058
200 Employee benefits	-	71	-	35	154	260
660 Pupil activity	-	244	-	-	8,246	8,490
Total supporting services	47,775	455,695	-	424,449	413,638	1,341,557
300 Community Services:						
390 Other community services:						
100 Salaries	-	-	-	-	155	155
200 Employee benefits	-	-	-	-	25	25
300 Purchased services	-	-	-	-	12	12
Total community services	-	-	-	-	192	192
400 Intergovernmental Expenditures:						
411 Payments to State Department of Education:						
720 Transits	-	-	-	-	56,055	56,055
Total intergovernmental expenditures	-	-	-	-	56,055	56,055
Total expenditures	651,201	823,857	28,550	463,962	842,431	2,810,001
OTHER FINANCING SOURCES (USES):						
Transfers from (to) other funds:						
5210 Transfer from General Fund	-	-	-	114,912	179,308	294,220
422-710 Transfer to Special Revenue EIA Fund	-	-	-	(103,423)	-	(103,423)
431-791 Special Revenue Fund indirect costs	-	-	-	-	(17,244)	(17,244)
Total other financing sources (uses)	-	-	-	11,489	162,064	173,553
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-
FUND BALANCE, JULY 1, 2015	-	-	-	-	-	-
FUND BALANCE, JUNE 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS  
YEAR ENDED JUNE 30, 2016

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	Special Revenue Interfund Transfers <u>In/(Out)</u>	Other Fund Transfers <u>In/(Out)</u>	Special Revenue Fund <u>Unearned</u>
918	3198	Technology Professional Development	\$ 15	\$ 15	\$ -	\$ -	\$ -
919	3193	Education License Plates	450	450	-	(107)	107
924	3134	Child Development Education Pilot Program	111,137	9,905	(101,232)	(15,000)	15,000
926	3116	Education and Economic Development	15,774	15,774	-	(4,109)	4,109
928	3118	EEDA Career Specialist	47,147	82,610	35,463	-	-
935	3135	Reading Coach	125,460	138,157	12,697	-	-
936	3136	Student health and fitness - Nurses	59,056	125,808	66,752	-	-
937	3127	Student health and fitness - PE Teachers	13,285	13,285	-	(217)	217
963	3630	Technology Initiative	73,746	73,746	-	(106,906)	106,906
967	3607	6-8 Enhancement	6,403	4,212	(2,191)		-
Totals			<u>\$ 452,473</u>	<u>\$ 463,962</u>	<u>\$ 11,489</u>	<u>\$ (126,339)</u>	<u>\$ 126,339</u>

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

**SPECIAL REVENUE FUND**

**SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES  
YEAR ENDED JUNE 30, 2016**

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**TITLE 1**

201 Title I, Basic State Grant Programs

**IDEA**

203 Individuals with Disabilities Education Act (IDEA)

**Preschool and Handicapped**

205 Individuals with Disabilities Education Act (IDEA) Preschool

**Other Designated Restricted State Grants**

918 Technology Professional Development

919 Education License Plates

924 CDEP Program

926 Summer Reading Program

928 EEDA Career Specialists

935 Reading Coaches

936 Student Health and Fitness - Nurses

937 Student Health and Fitness - PE Teachers

963 Technology Initiative

967 6-8 Enhancement

**Other Special Revenue Programs**

227 Rural and Low Income (Title VI)

240 SC Campaign to Prevent Teen Pregnancy

264 Limited English Proficient and Immigrant Students (Title III)

267 Improving Teacher Quality (Title II)

271 Vocational Education - Student Organization (10)

272 Vocational Education - Work Based Learning (02)

273 Vocational Education - Guidance (9)

274 Vocational Education - Initiate/Improve Prog (6)

277 Vocational Education - Professional Development (4)

278 Vocational Education - Nontraditional (14)

290 Other Federal Revenue

299 SC Gear Up



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

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Other Special Revenue Programs (continued)

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

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

EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
YEAR ENDED JUNE 30, 2016

	<u>Actual</u>
REVENUES:	
3000 State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 1,904
3505 School technology initiative	10,000
3511 Professional development	9,158
3512 Technology professional development	423
3518 Formative assessment	11,509
3525 Career and technology education equipment	52,737
3526 Refurbishment of K-8 Sciences	978
3532 National Board Certification (NBC) salary supplement	55,698
3533 Teacher of the year awards	1,077
3538 Students at risk of school failure	293,059
3541 CDEPP	168,758
3550 Teacher salary increase	292,658
3555 School employer contributions	43,892
3558 Reading assistance	8,601
3577 Teacher supplies	32,750
3578 High schools that work/making middle grades work	15,184
3592 Work-based learning	3,234
3595 EEDA Professional Development Funds	1,471
3597 Aid to districts	106,243
Total state sources	<u>1,109,334</u>
Total revenue all sources	<u>1,109,334</u>

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

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EXPENDITURES:

100 Instruction:

110 General instruction:

112 Primary programs:

100 Salaries \$ 118,411

200 Employee benefits 52,365

113 Elementary programs:

100 Salaries 47,585

200 Employee benefits 13,375

400 Supplies and materials 839

114 High school programs:

100 Salaries 40,399

200 Employee benefits 14,550

300 Purchased services 1,500

115 Career and technology education programs:

100 Salaries 7,500

200 Employee benefits 1,783

300 Purchased services 492

400 Supplies and materials 52,245

600 Other objects 200

116 Career and technology education (vocational)  
programs - middle school:

600 Other objects 400

140 Special programs:

141 Gifted and talented - academic:

100 Salaries 12,489

200 Employee benefits 2,984

400 Supplies and materials 2,141

600 Other objects 100

147 Full Day 4K:

100 Salaries 191,767

200 Employee benefits 71,871

400 Supplies and materials 3,000

149 Other special programs:

100 Salaries 79,483

200 Employee benefits 29,331

300 Purchased services 11,509

400 Supplies and materials 32,750

170 Summer school program:

175 Instructional programs beyond regular school day:

100 Salaries 42,177

200 Employee benefits 9,869

Total instruction 841,115

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

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	<u>Actual</u>
EXPENDITURES (CONTINUED):	
200 Support Services:	
210 Pupil services:	
212 Guidance services:	
300 Purchased services	\$ 221
220 Instructional staff services:	
221 Improvement of instruction-curriculum development:	
300 Purchased services	26,712
400 Supplies and materials	4,783
223 Supervision of special programs:	
100 Salaries	1,535
200 Employee benefits	369
300 Purchased services	123
224 Improvement of instruction inservice and staff training:	
300 Purchased services	4,307
400 Supplies and materials	32
600 Other objects	150
260 Central support services:	
266 Technology and Data Processing Services:	
300 Purchased services	59
400 Supplies and materials	9,941
270 Pupil Activity:	
271 Pupil Activity:	
660 Pupil activity	2,432
Total supporting services	<u>50,664</u>
Total expenditures	<u>891,779</u>
OTHER FINANCING SOURCES (USES):	
Interfund transfers, from (to) other funds:	
5210 Transfer from general fund (excludes indirect costs)	15,572
5220 Transfer from special revenue fund (excludes indirect costs)	103,423
5230 Transfer from special revenue EIA fund	1,389
420-710 Transfer to general fund (excludes indirect costs)	(336,550)
422-710 Transfer to EIA fund	<u>(1,389)</u>
Total other financing sources (uses)	<u>(217,555)</u>
Excess (deficiency) of revenues over (under) expenditures	-
FUND BALANCE JULY 1, 2015	<u>-</u>
FUND BALANCE JUNE 30, 2016	<u>\$ -</u>

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

**EDUCATION IMPROVEMENT ACT**

**SUMMARY SCHEDULE BY PROGRAM  
YEAR ENDED JUNE 30, 2016**

<u>Program</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	<u>EIA Fund Unearned Revenue</u>
3500 Education Improvement Act:					
3502 ADEPT	\$ 1,904	\$ 1,904	\$ -	\$ -	\$ -
3505 School technology initiative	10,000	10,000	-	-	-
3511 Professional development	9,158	9,158	-	-	2,083
3512 Technology professional development	423	423	-	-	8,851
3518 Formative assessment	11,509	11,509	-	-	-
3525 Career and technology education equipment	52,737	52,737	-	-	15,908
3526 Refurbishment of K-8 Sciences	978	839	(139)	-	15,098
3532 National Board Certification (NBC) - salary supplement	55,698	55,698	-	-	-
3533 Teacher of the year awards	1,077	1,077	-	-	-
3535 Reading coaches	-	-	-	-	8,000
3538 Students at risk of school failure	293,059	293,059	-	-	137,683
3541 CDEPP	168,758	269,990	-	101,232	298,479
3550 Teacher salary increase	292,658	-	-	(292,658)	-
3555 School employer contributions	43,892	-	-	(43,891)	-
3558 Reading assistance	8,601	8,601	-	-	4,286
3577 Teacher supplies	32,750	32,750	-	-	-
3578 High schools that work/making middle grades work	15,184	15,184	-	-	2,763
3592 Work-based learning	3,234	3,234	-	-	4,219
3595 EEDA Professional Development Funds	1,471	221	(1,250)	-	2,911
3597 Aid to districts	106,243	125,395	1,389	17,762	-
Total	\$ 1,109,334	\$ 891,779	\$ -	\$ (217,555)	\$ 500,281

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

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2016**

	<u>Other</u>	<u>SCAGO</u>	<u>Total</u>
<b>REVENUES:</b>			
1000 Revenue from Local Sources:			
1200 Revenue from local governmental units other than LEAs:			
1210 Ad valorem taxes-including delinquent taxes (fiscally dependent LEA)	\$ 851,841	\$ -	\$ 851,841
1240 Penalties and interest on taxes (dependent)	67,809	-	67,809
1280 Revenue in lieu of taxes (dependent and independent)	1,790,848	-	1,790,848
1500 Earnings on investments:			
1510 Interest on investments	3,282	112,968	116,250
1530 Gain or loss on investments	-	42,000	42,000
Total local sources	<u>2,713,780</u>	<u>154,968</u>	<u>2,868,748</u>
3000 Revenue from State Sources:			
3800 State revenue in lieu of taxes:			
3820 Homestead exemption	40,636	-	40,636
3830 Merchant's inventory tax	4,456	-	4,456
3840 Manufacturers depreciation reimbursement	65,192	-	65,192
3890 Other state property tax revenues	11,698	-	11,698
Total state sources	<u>121,982</u>	<u>-</u>	<u>121,982</u>
Total revenue all sources	<u>2,835,762</u>	<u>154,968</u>	<u>2,990,730</u>
<b>EXPENDITURES:</b>			
500 Debt Service:			
395 Other professional and technical services	25,167	2,500	27,667
610 Redemption of principal	3,150,700	1,020,000	4,170,700
620 Interest	34,981	1,007,637	1,042,618
690 Other objects (includes fees for servicing bonds)	-	579,311	579,311
441-720 Payment to refunded debt escrow agent	-	1,948,650	1,948,650
Total expenditures	<u>3,210,848</u>	<u>4,558,098</u>	<u>7,768,946</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
5100 Sale of Bonds:			
5110 Premiums on bonds sold	-	1,792,764	1,792,764
5130 Proceeds of refunding debt	-	22,810,000	22,810,000
441-720 Payment to refunded debt escrow agent	-	(24,602,764)	(24,602,764)
5200 Interfund transfers, from (to) other funds			
5250 Transfer from School Building Fund	259,299	1,920,811	2,180,110
424-710 Transfer to School Building Fund	-	(652)	(652)
Total other financing sources	<u>259,299</u>	<u>1,920,159</u>	<u>2,179,458</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(115,787)	(2,482,971)	(2,598,758)
FUND BALANCE, JULY 1, 2015	<u>1,395,021</u>	<u>2,509,334</u>	<u>3,904,355</u>
FUND BALANCE, JUNE 30, 2016	<u>\$ 1,279,234</u>	<u>\$ 26,363</u>	<u>\$ 1,305,597</u>

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

SCHOOL BUILDING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Other</u>	<u>SCAGO</u>	<u>Total</u>
REVENUES:			
1000 Revenue from Local Sources:			
1500 Earnings on investments:			
1510 Interest on investments	\$ 2,891	\$ 3	\$ 2,894
Total local sources	2,891	3	2,894
Total revenue all sources	2,891	3	2,894
EXPENDITURES:			
100 Instructional:			
112 Primary Programs:			
400 Supplies and materials	2,751	-	2,751
113 Elementary Programs:			
400 Supplies and materials	14,490	-	14,490
114 High School Programs:			
400 Supplies and materials	3,710	-	3,710
Total Instruction	20,951	-	20,951
200 Support Services:			
252 Fiscal Services:			
300 Purchased services	-	6,048	6,048
600 Other objects	97	-	97
253 Facilities Acquisitions and Construction:			
300 Purchased services	25,567	-	25,567
400 Supplies and materials	1,800	-	1,800
500 Capital outlay			
540 Equipment	115,184	-	115,184
254 Operation and Maintenance of School District:			
500 Capital outlay	84,016	-	84,016
Total Support Services	226,664	6,048	232,712
500 Debt Service:			
620 Interest	251	-	251
Total expenditures	247,866	6,048	253,914
OTHER FINANCING SOURCES (USES):			
5100 Sale of Bonds:			
5110 Premiums on bonds sold	26,301	-	26,301
5120 Proceeds of general obligation bonds	2,633,000	-	2,633,000
5200 Interfund transfers, from (to) other funds			
5210 Transfer from General Fund	140,000	-	140,000
5240 Transfer from Debt Service Fund	-	652	652
423-710 Transfer to Debt Service Fund	(2,173,902)	(6,208)	(2,180,110)
Total other financing sources (uses)	625,399	(5,556)	619,843
Excess (deficiency) of revenues over expenditures	380,424	(11,601)	368,823
FUND BALANCE, JULY 1, 2015	1,393,953	60,772	1,454,725
FUND BALANCE, JUNE 30, 2016	\$ 1,774,377	\$ 49,171	\$ 1,823,548

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

**FOOD SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016**

**REVENUES**

1000 Revenue from Local Sources:

1600 Food service:

1630 Special sales to pupils \$ 315

1640 Lunch sales to adults 20,207

1650 Breakfast sales to adults 274

1660 Special sales to adults 4,337

1900 Other revenue from local sources:

1990 Miscellaneous local revenue:

1999 Revenue from other local sources 17,858

Total revenue from local sources 42,991

3000 Revenue from State Sources:

3100 Restricted state funding:

3140 School lunch:

3142 Program aid 69

Total state sources 69

4000 Revenue from Federal Sources:

4800 USDA reimbursement:

4810 School lunch and after school snacks program 801,726

4830 School breakfast program 451,780

4860 Fresh fruits and vegetables program 23,519

4870 School food service (equipment) -

4900 Other federal sources:

4991 USDA commodities 80,030

Total federal sources 1,357,055

Total revenue all sources 1,400,115

**EXPENDITURES**

250 Finance and operations:

256 Food Service:

100 Salaries 333,568

200 Employee benefits 164,229

300 Purchased services 32,540

400 Supplies and materials 769,742

500 Capital outlay 95,051

600 Other objects 1,401

Total expenditures 1,396,531

**OTHER FINANCING SOURCES (USES)**

Interfund transfers from (to) other funds:

5210 Transfer from general fund 42,445

432-791 Food Service Fund indirect costs -

Total other financing sources 42,445

CHANGE IN NET POSITION

46,029

NET POSITION, JULY 1, 2015

(202,429)

NET POSITION, JUNE 30, 2016

\$ (156,400)



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

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS AND CHANGE IN  
AMOUNTS DUE TO PUPIL ACTIVITIES  
YEAR ENDED JUNE 30, 2016

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RECEIPTS

1000 Receipts from Local Sources:

1700 Pupil activities:

1790 Other

Total receipts

\$ 459,661

459,661

DISBURSEMENTS

100 Instruction:

190 Instructional Pupil Activity:

660 Pupil activity

25,074

200 Support services:

270 Support Services Pupil Activity:

271 Pupil service activities:

660 Pupil activity

301,690

272 Enterprise activities:

660 Pupil activity

73,923

273 Trust and agency activities:

660 Pupil activity

78,096

Total disbursements

478,783

DEFICIENCY OF REVENUES OVER EXPENDITURES

(19,122)

DUE TO STUDENT GROUPS, JULY 1, 2015

105,692

DUE TO STUDENT GROUPS, JUNE 30, 2016

\$ 86,570

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

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT  
JUNE 30, 2016

Program	Project/Grant Number and FY	Revenue & Subfund Code	Description	Amount Due to SCDE or Federal Government	Status of Amount Due to Grantors
Title I, Basic State Grant Programs	16 Title I	201/043100	Unexpended funds	\$ 5,754	Paid after year-end
Individuals with Disabilities Education Act (IDEA)	16 IDEA	203/045100	Unexpended funds	149	Paid after year-end
Educating the 21st Century Musician	SRF	309/031990	Unexpended funds	304	Paid after year-end
Refurbishment of K-8 Science Kits	EIA	326/035260	Unexpended funds	1,000	Paid after year-end
National Board Certification	EIA	332/035320	Unexpended funds	120	Paid after year-end
Work Based Learning	EIA	392/035920	Unexpended funds	57	Paid after year-end
Total				<u>\$ 7,384</u>	

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

SCHOOL DISTRICT LOCATION RECONCILIATION SCHEDULE  
YEAR ENDED JUNE 30, 2016

<u>Location ID</u>	<u>Location Description</u>	<u>Education Level</u>	<u>Cost Type</u>	<u>Total Expenditures</u>
10	Districtwide	Non-school	Central	\$ 13,107,747
20	Calhoun County High	High School	School	4,706,762
45	Sandy Run Elementary	Elementary School	School	4,894,913
50	St. Matthews School	Elementary School	School	5,437,821
99	Orangeburg 4	Other School	School	5,684
Total expenditures/disbursements for all funds				<u>\$ 28,152,927</u>

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

General Fund (Subfund 100's)	\$ 14,552,973
Special Revenue Fund (Subfund 200's, 800's, and 900's)	2,810,001
Special Revenue EIA Fund (Subfund 300's)	891,779
Debt Service Fund (Subfund 400's)	7,768,946
Capital Projects Fund (Subfund 500's)	253,914
Proprietary Fund (Subfund 600's)	1,396,531
Trust and Agency Fund (Subfund 700's)	478,783
Total expenditures/disbursements for all funds	<u>\$ 28,152,927</u>



J. W. Hunt and Company, LLP

Certified Public Accountants

John C. Creech, Jr., CPA  
Anne H. Ross, CPA  
William T. Pouncey, CPA  
M. Riley Creech, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Calhoun County Public Schools, St. Matthews, South Carolina (District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2016.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

J. W. Hunt and Company, LLP

November 28, 2016



J. W. Hunt and Company, LLP

Certified Public Accountants

John C. Creech, Jr., CPA  
Anne H. Ross, CPA  
William T. Pouncey, CPA  
M. Riley Creech, CPA

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

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

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

We have audited Calhoun County Public Schools, St. Matthews, South Carolina's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2016. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

## **Report on Internal Control over Compliance**

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

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

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

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

  

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November 28, 2016

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

<u>LEA Subfund Code</u>	<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>		<u>Expenditures</u>
<u>U. S. Department of Agriculture</u>					
	Passed through the South Carolina State Department of Education:				
	Cash assistance:				
60X	School breakfast program	10.553	N/A	\$ 451,778	
60X	School lunch program	10.555	N/A	<u>801,728</u>	\$ 1,253,506
60X	Fresh fruits and vegetable program	10.582	16FFVP		23,519
	Non-cash assistance:				
60X	UDSA Commodities (Food Distribution Program)	10.565	N/A		<u>80,030</u>
	Total U. S. Department of Agriculture				<u>1,357,055</u>
<u>U. S. Department of Education</u>					
	Passed through the South Carolina State Department of Education:				
201	Title I	84.010	Title I, Part A (Regular)		651,201
203	IDEA - Special Education	84.027A	16 IDEA	823,857	
205	IDEA - Special Education Preschool Grants	84.173	16 IDEA Preschool	<u>28,550</u>	852,407
227	Title VI - Rural and Low Income	84.358B	16 REAP		62,209
264	Title III - Limited English Proficiency and Immigrant Students	84.365	16 Title III		9,889
267	Title II - Improving Teacher Quality	84.367A	16 Title II		111,572
271	Career and Technical Education (subprogram 10)	84.048	16VA016	4,000	
272	Career and Technical Education (subprogram 02)	84.048	16VA016	1,098	
273	Career and Technical Education (subprogram 09)	84.048	16VA016	20,000	
274	Career and Technical Education (subprogram 06)	84.048	16VA016	4,230	
277	Career and Technical Education (subprogram 04)	84.048	16VA016	3,806	
278	Career and Technical Education (subprogram 14)	84.048	16VA016	<u>329</u>	33,463
299	Gear Up	84.334A	P334A140210		84,417
	Total U. S. Department of Education				<u>1,805,158</u>
<u>U. S. Department of Defense</u>					
	Direct Program				
290	ROTC	12.357	N/A		<u>67,558</u>
	Total U. S. Department of Defense				<u>67,558</u>
<u>Federal Emergency Management Agency</u>					
297	FEMA Disaster Assistance	83.516	N/A		8,474
	Total Federal Emergency Management Agency				
<u>U.S. Department of Labor</u>					
801	Jobs for Americas Graduates - South Carolina	17.259	16JAG101		<u>51,806</u>
	Total U. S. Department of Labor				<u>51,806</u>
	Total expenditures of federal awards				<u>\$ 3,290,051</u>

*SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*



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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

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**NOTE 1 - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Calhoun County Public Schools (District), under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS:**

***Financial Statements***

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weaknesses identified? no

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

Noncompliance material to financial statements noted? no

***Federal Awards***

Internal control over major programs:

Material weaknesses identified? no

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

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

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

Identification of major programs:

**CFDA Numbers      Name of Cluster**

84.027A      IDEA – Special Education  
84.173

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

Auditee qualified as low-risk auditee? yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no finding related to the financial statements.

**SECTION III - MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS**

There were no findings related to federal awards.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2016**

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No matters were reported for the year ended June 30, 2015.