

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

ANNUAL FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2014
AND INDEPENDENT AUDITORS' REPORT

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

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Management Discussion and Analysis	4
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	13
Statement of Net Position – Proprietary Fund	14
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	15
Statement of Cash Flows - Proprietary Fund	16
Statement of Fiduciary Net Position	17
Notes To Financial Statements.....	18
<u>Required Supplementary Information:</u>	
Budgetary Comparison Schedules:	
General Fund.....	37
Special Revenue Fund	38
Education Improvement Act.....	39

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

TABLE OF CONTENTS

Combining and Individual Fund Statements and Schedules:

GENERAL FUND:

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	40
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SPECIAL REVENUE FUNDS:

Special Revenue Fund - Schedule of Revenues, Expenditures and Changes in Fund Balances	46
--	----

Special Revenue Fund - Summary Schedule for Designated State Restricted Grants.....	51
---	----

Education Improvement Act - Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs	52
---	----

Education Improvement Act - Summary Schedule By Program	55
---	----

DEBT SERVICE FUND:

Schedule of Revenues, Expenditures and Changes in Fund Balance	56
--	----

SCHOOL BUILDING FUND:

Schedule of Revenues, expenditures and Changes in Fund Balance	57
--	----

ENTERPRISE FUND - FOOD SERVICE:

Schedule of Revenues, Expenditures and Changes in Net Position	58
--	----

PUPIL ACTIVITY FUND:

Schedule of Receipts and Disbursements and Change in Amounts Due to Pupil Activities	59
--	----

SUPPLEMENTARY INFORMATION SCHEDULES:

Detailed Schedule of Due to State Department of Education/Federal Government	60
--	----

School District Location Reconciliation Schedule	61
--	----

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

TABLE OF CONTENTS

Single Audit Section:

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..... 62

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control
over Compliance Required by OMB Circular A-133..... 64

Schedule of Expenditures of Federal Awards..... 67

Notes to Schedule of Expenditures of Federal Awards..... 69

Schedule of Findings and Questioned Costs 70

Summary Schedule of Prior Audit Findings..... 72



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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 (the District) as of and for the year ended June 30, 2014, 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, 2014, 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 and budgetary comparison information on pages 4 through 8 and 37 through 39 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements 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 combining and individual fund financial statements 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 3, 2014, 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, 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 3, 2014

Calhoun County Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

As management of Calhoun County Public Schools (the District), we offer readers of the District's financial statements a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. 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 District's total assets exceeded its liabilities on June 30, 2014 by \$16.3 million.
- Governmental activities have an unrestricted net position of \$3.3 million.
- The District's net assets increased by \$306,862 or 1.9%. Program revenues accounted for \$7,692,449 or 36% of total revenues and general revenues accounted for \$13,729,800 or 64%.
- Total expenses increased \$47,146 from \$21,068,241 in fiscal year 2013 to \$21,115,387 in fiscal year 2014.

On the fund financial statements:

- The District's governmental fund revenues and other financing sources exceeded expenditures and other financing uses by \$115,885.
- The District's general fund revenues and other financing sources exceeded expenditures and other uses by \$428,057. The General Fund total fund balance was reported as \$3,701,117, an increase of 13% from June 30, 2013.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the required supplementary 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 basis 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 government'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 18 through 36 of this report.

Other Supplemental Information - In addition to the basic financial statements and accompanying notes, this 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 year 2014 and 2013:

	Governmental Activities			Business-Type Activities		
	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>2014</u>	<u>2013</u>	<u>Difference</u>
Assets:						
Current and other assets	\$ 10,010,315	\$ 10,227,175	\$ (216,860)	\$ 16,731	\$ 163,973	\$ (147,242)
Capital assets	36,478,789	37,355,079	(876,290)	534,703	522,832	11,871
Total assets	<u>\$ 46,489,104</u>	<u>\$ 47,582,254</u>	<u>\$ (1,093,150)</u>	<u>\$ 551,434</u>	<u>\$ 686,805</u>	<u>\$ (135,371)</u>
Liabilities:						
Long-term liabilities						
outstanding	\$ 26,760,526	\$ 27,271,298	\$ (510,772)	\$ 2,326	\$ 3,080	\$ (754)
Other liabilities	3,938,193	4,344,919	(406,726)	440	2,927	(2,487)
Total liabilities	<u>30,698,719</u>	<u>31,616,217</u>	<u>(917,498)</u>	<u>2,766</u>	<u>6,007</u>	<u>(3,241)</u>
Net position:						
Invested in capital assets,						
net of related debt	8,058,383	7,752,450	305,933	534,703	522,832	11,871
Restricted	4,423,427	4,735,599	(312,172)	-	-	-
Unrestricted	3,308,575	3,477,988	(169,413)	13,965	157,966	(144,001)
Total net position	<u>15,790,385</u>	<u>15,966,037</u>	<u>(175,652)</u>	<u>548,668</u>	<u>680,798</u>	<u>(132,130)</u>
Total liabilities and net position	<u>\$ 46,489,104</u>	<u>\$ 47,582,254</u>	<u>\$ (1,093,150)</u>	<u>\$ 551,434</u>	<u>\$ 686,805</u>	<u>\$ (135,371)</u>

The table below shows the changes in net position for fiscal year 2014. Fiscal year 2013 information is provided to have a comparison to current year revenue and expense.

	Governmental Activities			Business-Type Activities		
	2014	2013	Difference	2014	2013	Difference
Revenue:						
Program revenue:						
Charges for sales and services	\$ 1,411	\$ 386	\$ 1,025	\$ 106,676	\$ 130,739	\$ (24,063)
Operating grants and contributions	6,620,886	6,676,505	(55,619)	963,476	882,940	80,536
General revenue:						
Property taxes	13,582,126	13,307,935	274,191	-	-	-
Investment earnings	112,150	121,113	(8,963)	-	-	-
Other	2,734	52,214	(49,480)	32,790	31,886	904
Total revenue	20,319,307	20,158,153	161,154	1,102,942	1,045,565	57,377
Expenses:						
Instruction	10,608,848	10,333,132	275,716	-	-	-
Support services	7,878,318	8,108,025	(229,707)	-	-	-
Community services	11,878	3,717	8,161	-	-	-
Intergovernmental	34,305	50,363	(16,058)	-	-	-
Interest and other charges	1,346,966	1,434,440	(87,474)	-	-	-
Food service	-	-	-	1,235,072	1,138,564	96,508
Total expenses	19,880,315	19,929,677	(49,362)	1,235,072	1,138,564	96,508
Change in net position	438,992	228,476	210,516	(132,130)	(92,999)	(39,131)
NET POSITION JULY 1, 2013, as restated	15,351,393	15,737,561	(386,168)	680,798	773,797	(92,999)
NET POSITION JUNE 30, 2014	\$ 15,790,385	\$ 15,966,037	\$ (175,652)	\$ 548,668	\$ 680,798	\$ (132,130)

Financial Analysis of the District Funds

As of the close of the current fiscal year, the District's governmental funds combined ending fund balance was \$8,124,544, an increase of \$115,885. Of the fund balance, \$2,575,394 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 \$14,485,009 of revenue. Of the \$14,485,009 revenue budgeted to be received from local and state sources, we had a negative variance in revenue of \$91,025.

- Actual local revenues were \$219,521 lower than expected. This was due to increased property tax collections of \$225,594, Medicaid funding not budgeted of \$28,263, insurance proceeds under budgeted of \$6,761, an increase in interest revenue and tuition from other LEAs for regular school day of \$2,595 and a \$482,734 over projection in other funds collected.
- State revenues were \$128,496 higher than expected due to restricted state funding being higher than anticipated.

- Operating transfers in were \$67,845 lower than anticipated.
- Operating transfers out were \$42,128 lower than expected.
- In total, actual expenditures were less than budget spending plan by \$544,799. Of the \$14,397,558 budgeted, \$13,852,759 was spent.

Capital Asset and Debt Administration

Capital Assets - As of June 30, 2014, the District had invested \$50,233,417 in a broad range of depreciable capital assets, including school buildings, athletic facilities, technology equipment and various types of equipment to operate three schools and one administrative office. This amount represents a net increase of \$695,254 from last year. (More detailed information about fixed assets can be found in Note 6 to the financial statements.) Total depreciation expense for the year was \$1,620,561.

		Capital Assets (Net of accumulated depreciation)				Total Percent Change 2014-2013
		Governmental Activities		Business-type Activities		
		2014	2013	2014	2013	
Land	\$	1,073,687	\$ 1,073,687	\$ -	\$ -	0.00%
Buildings and improvements		33,807,396	34,842,933	-	-	-2.97%
Equipment		1,597,706	1,438,459	534,703	522,832	8.72%
Total	\$	36,478,789	\$ 37,355,079	\$ 534,703	\$ 522,832	5.75%

Long-Term Debt - As of June 30, 2014, the District had \$656,000 in general obligation bonds outstanding and \$27,510,000 in EFC Revenue Bonds. This represents a net decrease of \$935,000 in debt compared to the prior year. Note 10 in the financial statements will give 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 maintains an "Aa1" rating from Moody's and an "AA+" 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 in 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. Student enrollment increased in the District for the school year 2014.

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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 5,772,724	\$ 9,603	\$ 5,782,327
Restricted cash	60,968	-	60,968
Restricted investments	2,514,426	-	2,514,426
Property taxes receivable (net of allowance for uncollectible property taxes of \$43,488)	717,301	-	717,301
Due from governmental units and other receivables	918,226	70	918,296
Internal balances	(577)	577	-
Inventories and prepaid expenses	27,247	6,481	33,728
Capital assets not being depreciated:			
Land	1,073,687	-	1,073,687
Capital assets net of accumulated depreciation:			
Buildings	33,807,396	-	33,807,396
Equipment	1,597,706	534,703	2,132,409
Total capital assets, net of depreciation	36,478,789	534,703	37,013,492
Total assets	46,489,104	551,434	47,040,538
LIABILITIES:			
Accounts payable and other current liabilities	711,113	182	711,295
Deferred revenue	635,194	-	635,194
Unamortized bond premiums	572,189	-	572,189
Long-term liabilities:			
Due within one year:			
Accrued interest	109,762	-	109,762
Bonds and capital leases	1,809,428	-	1,809,428
Compensated absences	100,022	258	100,280
Due in more than one year:			
Bonds and capital leases	26,610,978	-	26,610,978
Compensated absences	150,033	2,326	152,359
Total liabilities	30,698,719	2,766	30,701,485
NET POSITION:			
Invested in capital assets, net of related debt	8,058,383	534,703	8,593,086
Restricted for:			
Capital projects	745,009	-	745,009
Debt service	3,678,418	-	3,678,418
Unrestricted	3,308,575	13,965	3,322,540
Total net position	\$ 15,790,385	\$ 548,668	\$ 16,339,053

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 10,608,848	\$ 1,411	\$ 4,911,031	\$ -	\$ (5,696,406)	\$ -	\$ (5,696,406)
Support services	7,878,318	-	1,669,605	-	(6,208,713)	-	(6,208,713)
Community services	11,878	-	11,878	-	-	-	-
Intergovernmental	34,305	-	25,788	-	(8,517)	-	(8,517)
Interest and other charges	1,346,966	-	2,584	-	(1,344,382)	-	(1,344,382)
Total governmental activities	19,880,315	1,411	6,620,886	-	(13,258,018)	-	(13,258,018)
Business-type activities:							
Food service	1,235,072	106,676	963,476	-	-	(164,920)	(164,920)
Total business-type activities	1,235,072	106,676	963,476	-	-	(164,920)	(164,920)
Total primary government	\$ 21,115,387	\$ 108,087	\$ 7,584,362	\$ -	(13,258,018)	(164,920)	(13,422,938)
General revenues:							
Property taxes levied for:							
General purposes					10,670,727	-	10,670,727
Debt service					2,911,399	-	2,911,399
Medicaid					28,263	-	28,263
Local revenue					7,261	-	7,261
Restricted investment earnings					112,150	-	112,150
Transfer in/(out)					(32,790)	32,790	-
Total general revenues					13,697,010	32,790	13,729,800
Change in net position					438,992	(132,130)	306,862
Net position, beginning of year, as restated					15,351,393	680,798	16,032,191
Net position, end of year					\$ 15,790,385	\$ 548,668	\$ 16,339,053

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Special Revenue	EIA	Debt Service Fund	SCAGO Debt Service Fund	School Building Fund	SCAGO School Building Fund	Total Governmental Funds
ASSETS:								
Cash and cash equivalents	\$ 3,933,830	\$ -	\$ -	\$ 1,153,168	\$ -	\$ 685,726	\$ -	\$ 5,772,724
Restricted cash equivalents	-	-	-	-	-	-	60,968	60,968
Restricted investments	-	-	-	-	2,509,526	-	4,900	2,514,426
Property taxes receivable, net	701,577	-	-	15,724	-	-	-	717,301
Due from other funds	-	98,028	539,095	-	-	759,938	-	1,397,061
Other receivables	398,596	519,630	-	-	-	-	-	918,226
Prepaid expenses	27,247	-	-	-	-	-	-	27,247
Total assets	\$ 5,061,250	\$ 617,658	\$ 539,095	\$ 1,168,892	\$ 2,509,526	\$ 1,445,664	\$ 65,868	\$ 11,407,953
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 676,954	\$ 1,592	\$ 43	\$ -	\$ -	\$ 1,500	\$ -	\$ 680,089
Due to other funds	100,076	518,319	-	-	-	765,023	-	1,383,418
Due to other governmental units	-	2,626	179	-	-	-	-	2,805
Total liabilities	777,030	522,537	222	-	-	766,523	-	2,066,312
Deferred inflows of resources:								
Unavailable property tax revenue	581,903	-	-	-	-	-	-	581,903
Unearned grant revenue	1,200	95,121	538,873	-	-	-	-	635,194
Total deferred inflows of resources	583,103	95,121	538,873	-	-	-	-	1,217,097
Fund balances:								
Nonspendable	27,247	-	-	-	-	-	-	27,247
Restricted	-	-	-	1,168,892	2,509,526	679,141	65,868	4,423,427
Unassigned	3,673,870	-	-	-	-	-	-	3,673,870
Total fund balances	3,701,117	-	-	1,168,892	2,509,526	679,141	65,868	8,124,544
Total liabilities and fund balances	\$ 5,061,250	\$ 617,658	\$ 539,095	\$ 1,168,892	\$ 2,509,526	\$ 1,445,664	\$ 65,868	\$ 11,407,953
Total fund balances								\$ 8,124,544
Amounts reported for governmental activities in the statement of net assets are different because of the following:								
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$50,154,319 and the accumulated depreciation is \$13,675,530.								36,478,789
Property taxes receivable not available to pay for current-period expenditures and therefore are deferred in the funds.								581,903
Unearned bond premiums are not available to pay for current period expenditures and are therefore not reported in the funds. The premiums of \$768,368 have been amortized by \$32,697 annually.								(572,189)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.								
Revenue bonds payable								(27,510,000)
GO bonds payable								(656,000)
Arbitrage payable								(42,439)
Capital lease obligations								(254,406)
Accrued compensated absences								(250,055)
Accrued interest								(109,762)
Net position of governmental activities								\$ 15,790,385

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General <u>Fund</u>	Special Revenue <u>Fund</u>	EIA <u>Fund</u>	Debt <u>Service Fund</u>	SCAGO Debt <u>Service Fund</u>	School <u>Building Fund</u>	SCAGO School <u>Building Fund</u>	Total Governmental <u>Funds</u>
REVENUES:								
Local property taxes	\$ 6,427,005	\$ -	\$ -	\$ 2,771,696	\$ -	\$ -	\$ -	\$ 9,198,701
Other local	35,524	98,479	-	-	109,045	2,047	-	245,095
Total local	6,462,529	98,479	-	2,771,696	109,045	2,047	-	9,443,796
State	7,931,455	594,595	532,682	129,247	-	-	-	9,187,979
Federal	-	1,694,195	-	-	-	-	-	1,694,195
Total revenues	14,393,984	2,387,269	532,682	2,900,943	109,045	2,047	-	20,325,970
EXPENDITURES:								
Current:								
Instruction	7,441,748	1,653,346	253,060	-	-	-	-	9,348,154
Support services	6,377,346	1,021,106	35,151	-	4,000	140,460	6,122	7,584,185
Community services	-	11,878	-	-	-	-	-	11,878
Intergovernmental	8,517	25,788	-	-	-	-	-	34,305
Debt service:								
Principal	-	-	-	2,303,000	935,000	-	-	3,238,000
Interest	11,569	-	-	26,840	1,335,838	-	-	1,374,247
Dues and fees	-	-	-	55	-	-	-	55
Purchased Services	-	-	-	227,223	-	-	-	227,223
Capital outlay	13,579	-	-	-	-	640,184	-	653,763
Total expenditures	13,852,759	2,712,118	288,211	2,557,118	2,274,838	780,644	6,122	22,471,810
Excess (deficiency) of revenues over expenditure	541,225	(324,849)	244,471	343,825	(2,165,793)	(778,597)	(6,122)	(2,145,840)
OTHER FINANCING SOURCES (USES):								
Premiums on bonds issued	-	-	-	-	-	11,515	-	11,515
Proceeds of general obligation bonds	-	-	-	-	-	2,283,000	-	2,283,000
Transfers in	353,727	349,924	102,281	-	2,157,379	-	2,282	2,965,593
Transfers out	(466,895)	(25,075)	(346,752)	-	(2,282)	(2,157,379)	-	(2,998,383)
Total other financing sources (uses)	(113,168)	324,849	(244,471)	-	2,155,097	137,136	2,282	2,261,725
Net change in fund balances	428,057	-	-	343,825	(10,696)	(641,461)	(3,840)	115,885
Fund balances - July 1, 2013	3,273,060	-	-	825,067	2,520,222	1,320,602	69,708	8,008,659
Fund balances - June 30, 2014	\$ 3,701,117	\$ -	\$ -	\$ 1,168,892	\$ 2,509,526	\$ 679,141	\$ 65,868	\$ 8,124,544

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Total net change in fund balance - governmental funds	\$ 115,885
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. This is the amount by which depreciation expense (\$1,530,053) in the period exceeds capital outlays (\$653,763).	(876,290)
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.	
Capital lease payments	227,223
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Bonds issued	(2,283,000)
Bond premiums	32,697
Bond principal retirement	<u>3,238,000</u>
	987,697
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.	14,612
Excess earnings resulting from arbitrage must be rebated to the US 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.	(4,066)
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). This year, vacation pay earned (\$138,808) exceeds the amount used (\$110,034) by \$28,774.	(28,774)
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. The additional interest reported in the statement of activities is the net result of two factors. Accrued interest on bonds, leases, and contracts payable decreased by \$2,705.	<u>2,705</u>
Change in net assets of governmental activities	<u><u>\$ 438,992</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014

	Enterprise Fund - <u>Food Services</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 9,603
Due from other governmental units	70
Due from other funds	577
Inventories - supplies and materials	<u>6,481</u>
Total current assets	<u>16,731</u>
Capital assets:	
Equipment	1,152,785
Less accumulated depreciation	<u>(618,082)</u>
Total capital assets	<u>534,703</u>
Total assets	<u>551,434</u>
LIABILITIES:	
Current liabilities:	
Accounts payable and accrued liabilities	<u>2,766</u>
Total current liabilities	<u>2,766</u>
NET POSITION:	
Invested in capital assets	534,703
Unrestricted	<u>13,965</u>
Total net position	<u>\$ 548,668</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Fund - <u>Food Services</u>
OPERATING REVENUES:	
Proceeds from sale of meals	\$ 106,676
Total operating revenues	<u>106,676</u>
OPERATING EXPENSES:	
Food costs	515,627
Salaries and wages	485,866
Supplies and materials	107,715
Depreciation	90,508
Other operating costs	35,356
Total operating expenses	<u>1,235,072</u>
Operating loss	<u>(1,128,396)</u>
NONOPERATING REVENUES:	
USDA reimbursements	905,744
Commodities received from USDA	57,662
Other federal and state aid	70
Total nonoperating revenues	<u>963,476</u>
Loss before operating transfers	<u>(164,920)</u>
Transfers in:	
Operating transfer in	32,790
Change in net position	<u>(132,130)</u>
Total net position - July 1, 2013	<u>680,798</u>
Total net position - June 30, 2014	<u>\$ 548,668</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Fund - <u>Food Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from patrons	\$ 259,822
Payments to employees for services	(488,163)
Payments to suppliers for goods and services	(564,461)
Payments to others	(35,356)
Net cash used by operating activities	<u>(828,158)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:	
Transfer out	32,790
Federal and state aid	905,814
Net cash received from noncapital financing activities	<u>938,604</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	<u>(102,379)</u>
Net cash used for capital and related financing activities	
Net increase in cash and cash equivalents	8,067
Cash and cash equivalents - July 1, 2013	<u>1,536</u>
Cash and cash equivalents - June 30, 2014	<u><u>\$ 9,603</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (1,128,396)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	90,508
Commodities used	57,662
Changes in assets and liabilities:	
Accounts receivable	153,146
Inventories	2,163
Accounts payable	(944)
Accrued compensated absences	<u>(2,297)</u>
Net cash used by operating activities	<u><u>\$ (828,158)</u></u>
Noncash capital and financing transactions:	
During the year, the District received \$57,662 of food commodities from the U.S. Department of Agriculture.	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 90,791
Prepaid expenses	6,273
Total assets	<u>97,064</u>
 LIABILITIES:	
Accounts payable	175
Due to other funds	14,220
Due to student groups	82,669
Total liabilities	<u>97,064</u>
 NET POSITION	 <u><u>\$ -</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Calhoun County Public Schools (the District) have been prepared in conformity with generally accepted accounting principles 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 (the County) is required by 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 the capital improvement costs that are not paid through other funds are paid through the general fund. This is a budgeted fund, and 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:

1. The Special Projects Fund is 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.
2. The Educational Improvement Act (EIA) Fund is used to account for the 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 of the governmental funds, proprietary funds, and the 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, Education Improvement Act Fund, School Building Funds, Debt Service Funds, SCAGO Debt Service and Building Funds 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.

The budgets as amended are prepared on a basis consistent with generally accepted accounting principles 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 CASH EQUIVALENTS:

The District considers cash equivalents to be short-term highly liquid investments that are readily convertible to known amounts of cash and so near to maturity that they present negligible risk of changes in value because of changes in interest rates.

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

CASH WITH COUNTY TREASURER:

The County Treasurer, fiscal agent for the District, receives monies from local, state, and federal sources on behalf of the District. The monies held by the County are collateralized with government investments held by the pledging institution's agent in the name of the County. Market value approximates cost on the investments. These monies are remitted to the District once a claim has been presented to the County.

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. USDA food commodities are priced at values assigned by the Federal Government which approximate local wholesale prices.

CAPITAL ASSETS:

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

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

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

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

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

FUND BALANCES:

The governmental funds have the following types of fund balances:

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

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

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

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

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

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

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

NET POSITION:

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

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

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.

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

As of June 30, 2014, the liability for compensated absences has been recorded in the amount of \$252,639. Amounts paid during the year from current resources will be charged to the funds from which the employees are paid.

USE OF ESTIMATES:

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

SUBSEQUENT EVENTS:

The District has considered subsequent events through November 3, 2014, the date of issuance, in preparing the financial statements and notes thereto.

RECENT ACCOUNTING PRONOUNCEMENTS:

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. GASB 65 was adopted by the District at the beginning of the period. As a result, bond issue costs of \$614,644 were written off during the year. The effect of the restatement on beginning net position is shown below:

	As originally <u>stated</u>	<u>Change</u>	<u>As restated</u>
Government-Wide			
Cost of Bond Issuance	\$ (614,644)	\$ 614,644	\$ -
Net Position	\$ 15,966,037	\$ (614,644)	\$ 15,351,393

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (Statement), was issued by the GASB in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District's financial obligations to current and former employees for past services rendered.

In particular, the District will be required to report a net pension liability for its participation in the South Carolina Retirement System (SCRS) on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. In general, it should not have a significant impact on the District's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the District's unrestricted net position. This Statement is required to be implemented by the District no later than the fiscal year ending June 30, 2015.

NOTE 2 - CASH AND INVESTMENTS:

The District is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Savings and loan associations to the extent they are secured by federal deposit insurance.
4. Certificates of deposit where the certificates are collaterally secured by securities of the types described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amounts of the certificates of deposit plus interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
5. Repurchase agreements when collateralized by securities noted above.

DEPOSITS:

The District's bank balances at June 30, 2014, totaled \$867,856. Of this balance, \$250,000 was collateralized by Federal Deposit Insurance. The balance is collateralized by obligations of the United States of America 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.

At June 30, 2014, the County held \$5,140,662 of the District's funds in a money market account which was collateralized in the same manner as the District's own cash.

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

INVESTMENTS:

As of June 30, 2014, the SCAGO had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Cost</u>
Money Market Funds	\$ 242,731	\$ 242,731
United States Agency	<u>2,271,695</u>	<u>2,271,695</u>
Total	<u>\$ 2,514,426</u>	<u>\$ 2,514,426</u>

The United States Agency security held by SCAGO at June 30, 2014 matures in less than one year and carries an investment grade of AAA at June 30, 2014. Amortized cost approximates fair value for this discounted bond.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the District limits its risk by restricting its investment maturities to no more than one year.

Credit Risk

The District has no investment policy that would limit its investment choices other than those that are mandated by state law.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 3 - PROPERTY TAXES:

Property taxes are levied by Calhoun 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, 2014.

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, 2014, the composition of interfund balances is as follows:

	DUE FROM OTHER <u>FUNDS</u>	DUE TO OTHER <u>FUNDS</u>
General Fund	-	100,076
Special Revenue Fund	98,028	518,319
Education Improvement Act	539,095	-
Building Fund	759,938	765,023
Enterprise Fund	577	-
Pupil Activity	-	14,220
	<hr/>	<hr/>
Total	\$ 1,397,638	\$ 1,397,638
	<hr/>	<hr/>

INTERFUND TRANSFERS:

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

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

During the year ended June 30, 2014, the following transfers were made:

<u>FUND</u>	TRANSFERS <u>TO</u>	TRANSFERS <u>FROM</u>
General Fund		
Education Improvement Fund	\$ 84,181	\$ 328,949
Special Revenue Fund	349,924	24,778
Proprietary Fund	32,790	-
Special Revenue Fund		
General Fund	24,778	349,924
Education Improvement Fund	297	
Education Improvement Fund		
General Fund	328,949	84,181
Special Revenue Fund	-	297
Special Revenue Fund EIA Fund	17,803	17,803
Debt Service - SCAGO		
School Building - Other	2,282	2,157,379
School Building - Other		
Debt Service - SCAGO	2,157,379	2,282
Proprietary Fund		
General Fund	-	32,790
Total	<u>\$ 2,998,383</u>	<u>\$ 2,998,383</u>

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2014, was as follows:

	BEGINNING <u>BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	ENDING <u>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	44,616,961	97,384	(14,471)	44,699,874
Machinery and equipment	3,870,796	556,379	(46,417)	4,380,758
Total other capital assets being depreciated at cost	48,487,757	653,763	(60,888)	49,080,632
Less accumulated depreciation for:				
Buildings and improvements	(9,774,029)	(1,132,920)	14,471	(10,892,478)
Machinery and equipment	(2,432,336)	(397,133)	46,417	(2,783,052)
Total accumulated depreciation	(12,206,365)	(1,530,053)	60,888	(13,675,530)
Other capital assets, net	36,281,392	(876,290)	-	35,405,102
Governmental activities, capital assets, net	\$ 37,355,079	\$ (876,290)	\$ -	\$ 36,478,789
Business type activities:				
Equipment	\$ 1,050,406	\$ 102,379	\$ -	\$ 1,152,785
Less accumulated depreciation	(527,574)	(90,508)	-	(618,082)
Business type activities, capital assets, net	\$ 522,832	\$ 11,871	\$ -	\$ 534,703

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

Governmental activities:	
Instruction	\$ 1,231,920
Support services	298,133
Business-type activities:	
Food service	90,508

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 Sections 457 and 401(k) are accounted for as agency funds of the State and included in the Comprehensive Annual Financial Report (CAFR) of the State of South Carolina. 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 Administration has amended the Section 457 plan to comply with Internal Revenue 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 - EMPLOYEE BENEFIT PLANS:

SOUTH CAROLINA RETIREMENT SYSTEM:

Substantially all employees of the District are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan. The SCRS was established by the South Carolina state legislature on July 1, 1945, for the benefit of teachers and employees of the State and its political subdivisions. This plan provides annuity benefits as well as disability, cost of living adjustment, death and group-life insurance benefits to eligible employees and retirees. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws and were originally administered by the Retirement Division of the South Carolina Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS to the newly created South Carolina Public Employee Benefit Authority (PEBA). The PEBA has the authority to establish and amend benefits and funding policy. A comprehensive annual financial report containing financial statements and required supplementary information for the retirement benefits is issued and publicly available by writing the South Carolina Public Employee Benefits Authority, P.O. Box 11960, Columbia, SC 29211-1960.

Generally all District employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws.

Under the SCRS, employees are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years credited service regardless of age. The benefit formula for full benefits effective since July 1, 1989, for the System is 1.82% of an employee's average final compensation multiplied by the number of years of credited service. Early retirement options with reduced benefits are available as early as age 55. Employees are vested for a deferred annuity after 5 years' service and qualify for a survivor's benefit upon completion of 15 years

credited service. Disability annuity benefits are payable to employees totally and permanently disabled provided they have a minimum of 5 years credited service. A group-life insurance benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service.

Effective July 1, 2013, employees participating in the SCRS are required to contribute 7.5% of all compensation and the employer contribution rate became 15.37% which included a 4.92% surcharge. The District's actual contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012, were \$1,090,413, \$1,061,812, and \$1,017,402,, respectively, and equaled the required contributions of 10.45%, 10.45%, and 9.385%, respectively (excluding the surcharge) for each year. Also, the District paid employer group life insurance contributions of \$15,652 for the year ended June 30, 2014, at the rate of .15% of compensation. Covered payroll for the current year was \$10,434,575.

Beginning July 1, 2004, the State of South Carolina began offering an Optional Retirement Program (ORP). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the Internal Revenue Code (IRC). Effective July 1, 2013, the employee contribution rate was 7.5% and the employer contribution rate was 10.37% which included a surcharge of 4.92%. The District's actual contribution to the ORP for the years ended 2014, 2013, and 2012 was \$16,496, \$22,047, and \$24,731, on covered payroll of \$156,810, \$220,468, and \$279,916, respectively. The District also paid employer group life contributions of \$235 for the year ended June 30, 2014.

The amounts paid by the District for pension, group-life, and post-retirement benefits are reported as employer contribution expenditures within the applicable funds' functional expenditure to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis.

Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

SCRS does not currently make separate measurements of assets and pension benefit obligations for individual employers. Accordingly, information regarding the excess, if any, applicable to the District of the actuarially computed value of vested benefits over the total of the SCRS pension fund and any balance sheet accruals, less any pension prepayments or deferred charges, is not available. Under Title 9 of the South Carolina Code of Laws, the District's liability under the retirement plan is limited to the amount of contributions (stated as a percentage of covered payroll) established by the State Budget and Control Board. Therefore, the District's current liability under the retirement plan is limited to the amounts appropriated in the South Carolina Appropriation Act for the applicable year and amounts from other applicable revenue sources. Accordingly, the District recognizes no contingent liability for unfunded costs associated with participation in the plan. All required contributions due to the plan were met.

NOTE 9 - POST-EMPLOYMENT AND OTHER EMPLOYEE BENEFITS:

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

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

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

The District paid \$513,381, \$462,320, and \$466,151, during the years ended June 30, 2014, 2013 and 2012, respectively, applicable to 4.55%, 4.55%, and 4.30%, 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:

The outstanding SCAGO Installment Purchase Revenue Bonds Series 2006 have interest rates ranging from 4.5 to 5.0 percent and maturities through the year ending June 30, 2032. Principal outstanding at June 30, 2014 is \$27,510,000. Interest expense on these bonds totaled \$1,335,838 of which none has been capitalized in the government-wide financial statements.

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 federal tax code refers

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

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 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 \$42,439 for arbitrage due in December 2016.

The following schedule summarizes SCAGO's Revenue Bond debt service requirements subsequent to June 30, 2014:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$ 975,000	\$ 1,294,181	\$ 2,269,181
2016	1,020,000	1,250,400	2,270,400
2017	1,075,000	1,198,025	2,273,025
2018	1,130,000	1,142,900	2,272,900
2019	1,185,000	1,085,025	2,270,025
2019-24	6,900,000	4,449,000	11,349,000
2025-29	8,850,000	2,507,013	11,357,013
2030-32	6,375,000	438,862	6,813,862
Total	<u>\$ 27,510,000</u>	<u>\$ 13,365,406</u>	<u>\$ 40,875,406</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 Constitution of the State of South Carolina, each county, incorporated municipality and special purpose district may, in such manner and upon such terms and conditions as the 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
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

The District's debt limitation at June 30, 2014 is computed below:

2013 Assessed value - as provided by Calhoun County	\$ 82,103,899
	X 8%
Constitutional debt limit	<u>6,568,312</u>
Debt subject to limit	<u>(656,000)</u>
Legal debt available without a referendum	<u>\$ 5,912,312</u>

Long-term liability balances and activity for the year ended June 30, 2014, were as follows:

	July 1, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	June 30, <u>2014</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 226,161	\$ 140,890	\$ 114,412	\$ 252,639	\$ 100,280
Revenue bonds	28,445,000	-	935,000	27,510,000	975,000
Capital lease (See below)	481,629	-	227,223	254,406	178,428
	<u>\$ 29,152,790</u>	<u>\$ 140,890</u>	<u>\$ 1,276,635</u>	<u>\$ 28,017,045</u>	<u>\$ 1,253,708</u>

During the year ended June 30, 2014, the District issued a short term General Obligation Bond to provide funding for the annual debt service needs of the District and the annual installment payment on the 2006 Series SCAGO Installment Purchase Revenue Bonds. As of June 30, 2014, the debt has an outstanding balance of \$656,000. The following is a summary of short term obligations at June 30, 2014:

	July 1, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	June 30, <u>2014</u>	Amounts Due Within <u>One Year</u>
General obligation bonds	\$ 676,000	\$ 2,283,000	\$ 2,303,000	\$ 656,000	\$ 656,000

The District had a lease agreement for copy machines which have a cost of \$96,420 and accumulated depreciation of \$70,708 which was paid off during the year. The District has a lease agreement for computers which have a cost of \$583,870 and accumulated depreciation of \$349,142. Payments of \$157,466 are to be made annually with an interest rate of 2.00%. The District has a lease agreement for various vehicles and equipment which have a cost of \$98,288 and accumulated depreciation of \$16,683. Payments of \$26,095 are made annually with an interest rate of 1.51%. The amortization of the capital lease is included in the depreciation expense. The following is a schedule of future minimum lease payments required under capital lease obligations:

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

YEAR ENDING <u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	\$ 178,428	\$ 4,648	\$ 183,076
2016	24,948	1,147	26,095
2017	25,324	771	26,095
2018	25,706	388	26,094
	<hr/>		
Total	\$ 254,406	\$ 6,954	\$ 261,360
	<hr/>		

NOTE 11 - ECONOMIC DEPENDENCY:

The District receives approximately 35.13% of its property tax revenue from two industrial taxpayers.

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.

The District has committed \$110,000 for the installation and purchase of a kitchen hood at Calhoun County High School.

NOTE 14 - SUBSEQUENT EVENTS:

On September 17, 2014, the District issued \$1,962,000 Series C general obligation bonds for the purpose of funding the lease payments to SCAGO. The interest rate on these bonds is 1.25% with a maturity date of March 2, 2015.

On September 30, 2014, the District issued a tax anticipation note for \$2,745,000 due April 15, 2015 with interest at 1.0%.

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

On September 17, 2014, the District issued \$1,962,000 Series B general obligation bond for the purpose of funding the lease payments to SCAGO. The interest rate on the Series B bond is 1.25%, with a maturity date of March 2, 2015.

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>(Negative)</u>
REVENUES:				
Local	\$ 6,682,050	\$ 6,682,050	\$ 6,462,529	\$ (219,521)
State	7,802,959	7,802,959	7,931,455	128,496
Total revenues	14,485,009	14,485,009	14,393,984	(91,025)
EXPENDITURES:				
Current:				
Instruction	7,635,706	7,555,816	7,441,748	114,068
Support services	6,701,702	6,781,592	6,377,346	404,246
Intergovernmental	12,500	12,500	8,517	3,983
Debt service	36,000	36,000	11,569	24,431
Capital outlay	11,650	11,650	13,579	(1,929)
Total expenditures	14,397,558	14,397,558	13,852,759	544,799
Excess (deficiency) of revenues over expenditures	87,451	87,451	541,225	453,774
OTHER FINANCING SOURCES (USES):				
Operating transfers in	421,573	421,573	353,727	(67,846)
Operating transfers out	(509,024)	(509,024)	(466,895)	42,129
Total other financing sources (uses)	(87,451)	(87,451)	(113,168)	(25,717)
Net change in fund balances	-	-	428,057	428,057
Fund balance - July 1, 2013			3,273,060	
Fund balance - June 30, 2014			<u>\$ 3,701,117</u>	

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>(Negative)</u>
REVENUES:				
Local	\$ 100,000	\$ 115,359	\$ 98,479	\$ (16,880)
State	272,584	655,093	594,595	(60,498)
Federal	1,437,389	1,967,336	1,694,195	(273,141)
Total revenues	1,809,973	2,737,788	2,387,269	(350,519)
EXPENDITURES:				
Current:				
Instruction	1,303,587	1,846,869	1,653,346	193,523
Support services	832,130	1,154,922	1,021,106	133,816
Community services	-	16,151	11,878	4,273
Intergovernmental	24,158	24,158	25,788	(1,630)
Capital outlay	1,000	5,540	-	5,540
Total expenditures	2,160,875	3,047,640	2,712,118	335,522
Deficiency of revenue over expenditures	(350,902)	(309,852)	(324,849)	(14,997)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	360,902	319,852	349,924	30,072
Operating transfers out	(10,000)	(10,000)	(25,075)	(15,075)
Total other financing sources (uses)	350,902	309,852	324,849	14,997
Net change in fund balances	-	-	-	-
Fund balance - July 1, 2013			-	
Fund balance - June 30, 2014			\$ -	

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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
EDUCATION IMPROVEMENT ACT
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget -
				Positive
				<u>(Negative)</u>
REVENUES:				
State	\$ 1,008,122	\$ 1,009,053	\$ 532,682	\$ (476,371)
Total revenues	1,008,122	1,009,053	532,682	(476,371)
EXPENDITURES:				
Current:				
Instruction	584,735	639,538	253,060	386,478
Support services	88,648	113,544	35,151	78,393
Total expenditures	673,383	753,082	288,211	464,871
Excess of revenue over expenditures	334,739	255,971	244,471	11,500
OTHER FINANCING SOURCES (USES):				
Operating transfers in	21,835	100,602	102,281	(1,679)
Operating transfers out	(356,574)	(356,573)	(346,752)	(9,821)
Total other financing sources (uses)	(334,739)	(255,971)	(244,471)	(11,500)
Net change in fund balances	-	-	-	-
Fund balance - July 1, 2013			-	
Fund balance - June 30, 2014			\$ -	

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

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
1000 Local Sources:			
1200 Revenue from local government units other than LEAs:			
1210 Ad valorem taxes - including delinquent	\$ 5,208,169	\$ 5,275,043	\$ 66,874
1240 Penalties and interest on taxes	250,000	359,452	109,452
1280 Revenue in lieu of taxes	739,247	788,515	49,268
1300 Tuition:			
1320 From other LEAs for regular day school	400	1,411	1,011
1500 Earnings on investments:			
1510 Interest on investments	1,000	2,584	1,584
1900 Other revenue from local sources:			
1930 Medicaid	-	28,263	28,263
1993 Insurance proceeds	500	7,261	6,761
1999 Revenue from other local sources	482,734	-	(482,734)
Total local sources	<u>6,682,050</u>	<u>6,462,529</u>	<u>(219,521)</u>
3000 Revenue from State Sources:			
3100 Restricted state funding:			
3130 Special programs:			
3131 Handicapped transportation	15,000	32,857	17,857
3160 Transportation salaries	106,905	140,523	33,618
3162 Transportation workmen's comp	12,502	13,212	710
3180 Employee fringe benefits	860,600	932,378	71,778
3181 Retiree insurance	415,439	426,755	11,316
3300 Education Finance Act:			
3310 Full time programs:			
3311 Kindergarten	155,631	157,101	1,470
3312 Primary	453,334	442,648	(10,686)
3313 Elementary	561,462	600,047	38,585
3314 High school	90,705	104,635	13,930
3316 Speech handicapped	96,847	148,782	51,935
3317 Homebound	7,623	9,391	1,768
3320 Part-time programs:			
3321 Emotionally handicapped	12,207	14,411	2,204
3322 Educable mentally handicapped	45,049	48,503	3,454
3323 Learning disabilities	173,409	182,994	9,585
3324 Hearing handicapped	5,126	7,538	2,412
3325 Visually handicapped	2,563	5,309	2,746
3326 Orthopedically handicapped	-	2,174	2,174
3327 Vocational	389,971	404,940	14,969
3330 Other EFA programs:			
3331 Autism	24,375	24,154	(221)

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES (CONTINUED):			
3000 State Sources (Continued):			
3800 State revenue in lieu of taxes:			
3810 Reimbursement for local residential property tax relief	\$ 785,313	\$ 785,314	\$ 1
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	700,000	578,861	(121,139)
3890 Other state property tax revenues	98,000	78,030	(19,970)
Total state sources	<u>7,802,959</u>	<u>7,931,455</u>	<u>128,496</u>
Total revenue all sources	<u>14,485,009</u>	<u>14,393,984</u>	<u>(91,025)</u>
EXPENDITURES:			
100 Instruction:			
110 General instruction:			
111 Kindergarten program:			
100 Salaries	411,736	404,960	6,776
200 Employee benefits	169,459	162,669	6,790
400 Supplies and materials	2,948	2,544	404
112 Primary programs:			
100 Salaries	526,280	742,194	(215,914)
200 Employee benefits	196,773	263,970	(67,197)
400 Supplies and materials	9,225	9,144	81
113 Elementary programs:			
100 Salaries	1,697,418	1,694,417	3,001
200 Employee benefits	613,292	574,309	38,983
300 Purchased services - other than tuition	648	270	378
370 Purchased services - tuition	3,212	1,915	1,297
400 Supplies and materials	14,780	13,094	1,686
114 High school programs:			
100 Salaries	815,817	848,300	(32,483)
200 Employee benefits	279,134	282,667	(3,533)
300 Purchased services - other than tuition	35,866	22,439	13,427
370 Purchased services - tuition	5,788	11,979	(6,191)
400 Supplies and materials	35,003	24,464	10,539
115 Vocational programs:			
100 Salaries	198,224	198,224	-
200 Employee benefits	75,836	74,199	1,637
300 Purchased services - other than tuition	275,000	272,297	2,703
400 Supplies and materials	1,485	1,400	85
118 Montessori Programs:			
100 Salaries	88,236	84,496	3,740
200 Employee benefits	35,185	29,615	5,570

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

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (CONTINUED):			
100 Instruction (Continued):			
120 Exceptional programs:			
121 Educable mentally handicapped:			
100 Salaries	\$ 141,615	\$ 141,611	\$ 4
200 Employee benefits	65,494	43,434	22,060
124 Visually handicapped:			
100 Salaries	8,280	8,280	-
200 Employee benefits	7,925	2,669	5,256
125 Hearing handicapped:			
100 Salaries	5,926	5,926	-
200 Employee benefits	1,889	1,621	268
126 Speech handicapped:			
100 Salaries	102,285	102,285	-
200 Employee benefits	39,517	37,079	2,438
400 Supplies and materials	-	14	(14)
600 Other objects	2,980	750	2,230
127 Learning disabilities:			
100 Salaries	463,855	459,362	4,493
200 Employee benefits	169,430	157,955	11,475
128 Emotionally handicapped:			
100 Salaries	26,259	26,235	24
200 Employee benefits	10,749	9,274	1,475
300 Purchased services	1,500	-	1,500
130 Preschool programs:			
133 Preschool handicapped self-contained:			
100 Salaries	48,232	14,637	33,595
200 Employee benefits	13,443	6,883	6,560
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
100 Salaries	27,038	27,038	-
200 Employee benefits	14,232	14,232	-
139 Four year-old early childhood:			
100 Salaries	187,392	34,794	152,598
200 Employee benefits	75,861	18,238	57,623
300 Purchased services	600	-	600
145 Homebound:			
100 Salaries	18,000	21,110	(3,110)
200 Employee benefits	4,131	4,868	(737)
300 Purchased services	10,180	3,995	6,185
147 Child Development Education Pilot Program:			
100 Salaries	71,294	71,253	41
200 Employee benefits	30,572	30,578	(6)
149 Other special programs:			
100 Salaries	205,000	206,012	(1,012)
200 Employee benefits	47,253	30,196	17,057
300 Purchased services	165,940	147,693	18,247

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (CONTINUED):			
100 Instruction (Continued):			
160 Other exceptional programs:			
161 Autism:			
100 Salaries	\$ 41,934	\$ 41,614	\$ 320
200 Employee benefits	19,065	16,055	3,010
180 Adult/continuing educational programs:			
181 Adult basic education programs:			
300 Purchased services	36,600	36,491	109
Total instruction	<u>7,555,816</u>	<u>7,441,748</u>	<u>114,068</u>
200 Supporting Services:			
210 Pupil services:			
211 Attendance and social work:			
100 Salaries	113,462	119,830	(6,368)
200 Employee benefits	44,813	42,646	2,167
400 Supplies and materials	2,964	2,623	341
212 Guidance:			
100 Salaries	276,861	272,085	4,776
200 Employee benefits	100,941	93,312	7,629
300 Purchased services	62	238	(176)
400 Supplies and materials	2,901	1,660	1,241
213 Health:			
100 Salaries	30,000	-	30,000
200 Employee benefits	16,173	-	16,173
300 Purchased services	15,000	15,206	(206)
220 Instructional staff services:			
221 Improvement of instruction - curriculum development:			
100 Salaries	300,813	357,821	(57,008)
200 Employee benefits	98,344	110,382	(12,038)
300 Purchased services	22,181	18,195	3,986
400 Supplies and materials	8,336	5,305	3,031
222 Library and media:			
100 Salaries	252,156	252,156	-
200 Employee benefits	94,566	93,919	647
300 Purchased services	3,254	5,694	(2,440)
400 Supplies and materials	21,136	18,496	2,640
223 Supervisor of special projects:			
100 Salaries	78,246	78,246	-
200 Employee benefits	22,807	22,564	243
230 General and administrative services:			
231 Board of Education:			
100 Salaries	6,000	6,695	(695)
200 Employee benefits	187,832	175,783	12,049
300 Purchased services	87,200	52,081	35,119
318 Audit services	28,000	26,500	1,500
400 Supplies and materials	6,400	4,910	1,490
600 Other objects	16,100	11,758	4,342

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (CONTINUED):			
200 Supporting Services (Continued):			
230 General administration services (Continued):			
232 Office of Superintendent:			
100 Salaries	\$ 215,810	\$ 215,810	\$ -
200 Employee benefits	56,347	56,347	-
300 Purchased services	8,434	9,505	(1,071)
400 Supplies and materials	10,988	5,925	5,063
600 Other objects	1,592	2,057	(465)
233 School administration:			
100 Salaries	507,813	494,711	13,102
200 Employee benefits	184,012	177,223	6,789
300 Purchased services	14,160	5,413	8,747
400 Supplies and materials	6,969	5,475	1,494
250 Finance and operations services:			
252 Fiscal services:			
100 Salaries	219,259	219,259	-
200 Employee benefits	73,539	60,247	13,292
300 Purchased services	47,031	58,824	(11,793)
400 Supplies and materials	16,649	9,120	7,529
500 Capital outlay	4,500	-	4,500
600 Other objects	12,171	16,714	(4,543)
254 Operation and maintenance of plant services:			
100 Salaries	581,732	569,441	12,291
200 Employee benefits	264,865	247,452	17,413
300 Purchased services	443,500	432,572	10,928
321 Public utilities	13,300	16,478	(3,178)
400 Supplies and materials	121,700	137,139	(15,439)
470 Energy	499,585	422,620	76,965
500 Capital outlay	7,150	-	7,150
600 Other objects	2,640	75	2,565
255 Pupil transportation:			
100 Salaries	431,850	427,307	4,543
200 Employee benefits	118,392	108,667	9,725
300 Purchased services	54,130	38,920	15,210
400 Supplies and materials	14,805	10,805	4,000
600 Other objects	900	-	900
257 Internal services:			
100 Salaries	33,926	33,926	-
200 Employee benefits	12,882	11,297	1,585
300 Purchased services	163,420	51,999	111,421
400 Supplies and materials	12,488	2,350	10,138
258 Security:			
300 Purchased services	107,000	106,000	1,000

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

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (CONTINUED):			
200 Supporting Services (Continued):			
260 Central support services:			
264 Staff services:			
100 Salaries	\$ 134,962	\$ 134,933	\$ 29
200 Employee benefits	44,312	43,974	338
300 Purchased services	3,756	5,416	(1,660)
400 Supplies and materials	3,819	8,340	(4,521)
266 Data processing services:			
100 Salaries	200,269	160,772	39,497
200 Employee benefits	72,565	57,183	15,382
300 Purchased services	72,985	66,360	6,625
400 Supplies and materials	9,700	12,643	(2,943)
500 Capital outlay	-	13,579	(13,579)
270 Support services pupil activity:			
271 Pupil services activity:			
100 Salaries	88,858	86,684	2,174
200 Employee benefits	23,429	20,804	2,625
300 Purchased services	15,000	14,954	46
600 Other objects	23,500	23,500	-
Total supporting services	6,793,242	6,390,925	402,317
400 Other Services:			
255 Pupil Transportation			
720 Transits	\$ 12,500	\$ 8,517	\$ 3,983
500 Debt Service:			
319 Legal services	6,000	-	6,000
620 Interest	30,000	11,569	18,431
Total debt service	36,000	11,569	24,431
Total expenditures	14,397,558	13,852,759	544,799
Excess of revenues over expenditures	87,451	541,225	453,774
OTHER FINANCING SOURCES (USES):			
Transfers from (to) other funds:			
5230 Transfer from special revenue EIA fund	356,573	328,949	(27,624)
5280 Transfer from other funds indirect costs	65,000	24,778	(40,222)
421-710 Transfer to special revenue funds	(509,024)	(349,924)	159,100
422-710 Transfer to special revenue EIA funds	-	(84,181)	(84,181)
425-710 Transfer to food service fund	-	(32,790)	(32,790)
Total other financing uses	(87,451)	(113,168)	(25,717)
Net change in fund balances	-	428,057	428,057
FUND BALANCE, JULY 1, 2013		3,273,060	
FUND BALANCE, JUNE 30, 2014		\$ 3,701,117	

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	DRUG FREE (FP/FQ Projects) (209/210)	ADULT EDUCATION (EA Projects)	OTHER RESTRICTED STATE GRANTS (See Note)	OTHER SPECIAL REVENUE PROGRAMS (See Note)	TOTAL
REVENUES								
1000 Revenue from Local Sources:								
1900 Other revenue from local sources:								
1930 Medicaid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,184	\$ 88,184
1999 Revenue from other local sources	-	-	-	-	-	-	10,295	10,295
Total local sources	-	-	-	-	-	-	98,479	98,479
3000 Revenue from State Sources:								
3100 Restricted grants:								
3118 EEDA career specialist	-	-	-	-	-	81,496	-	81,496
3120 General education:								
3127 Student health and fitness	-	-	-	-	-	13,433	-	13,433
3130 Special programs:								
3134 Child development education pilot program	-	-	-	-	-	326,320	-	326,320
3136 Student health and fitness - nurses	-	-	-	-	-	61,853	-	61,853
3190 Miscellaneous restricted grants:								
3199 Other restricted state grants	-	-	-	-	-	-	497	497
3600 Education Lottery Act Revenue:								
3607 6-8 Enhancement	-	-	-	-	-	4,483	-	4,483
3610 K-5 Enhancement	-	-	-	-	-	106,513	-	106,513
Total state sources	-	-	-	-	-	594,098	497	594,595
4000 Revenue from Federal Sources:								
4200 Occupational education:								
4210 Vocational aid	-	-	-	-	-	-	30,379	30,379
4300 Elementary and Secondary Education Act of 1965:								
4310 Title I, Basic State Grant Programs	568,516	-	-	-	-	-	-	568,516
4312 Rural and low-income school program, Title II	-	-	-	-	-	-	20,257	20,257
4351 Improving Teacher Quality	-	-	-	-	-	-	112,817	112,817
4500 Programs for children with disabilities:								
4510 IDEA	-	737,302	-	-	-	-	-	737,302
4520 Pre-school	-	-	43,297	-	-	-	-	43,297
4900 Other federal sources:								
4990 Other Federal Revenue	-	-	-	-	-	-	117,210	117,210
4999 Revenue from other Federal Sources	-	-	-	-	-	-	64,417	64,417
Total federal sources	568,516	737,302	43,297	-	-	-	345,080	1,694,195
Total revenue all sources	568,516	737,302	43,297	-	-	594,098	444,056	2,387,269

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	DRUG FREE (FP/FQ Projects) (209/210)	ADULT EDUCATION (EA Projects)	OTHER RESTRICTED STATE GRANTS (See Note)	OTHER SPECIAL REVENUE PROGRAMS (See Note)	TOTAL
EXPENDITURES								
100 Instruction:								
112 Primary programs:								
100 Salaries	\$ 52,125	-	-	-	-	\$ 73,354	\$ 47,236	\$ 172,715
200 Employee benefits	17,046	-	-	-	-	21,009	16,477	54,532
400 Supplies and materials	-	-	-	-	-	7,274	-	7,274
113 Elementary programs:								
100 Salaries	222,746	-	-	-	-	2,780	34,022	259,548
200 Employee benefits	75,085	-	-	-	-	644	11,848	87,577
300 Purchased services	-	-	-	-	-	1,059	-	1,059
400 Supplies and materials	-	-	-	-	-	6,160	-	6,160
114 High school programs:								
100 Salaries	100,553	-	-	-	-	-	133,816	234,369
200 Employee benefits	32,293	-	-	-	-	-	34,123	66,416
300 Purchased services	-	-	-	-	-	-	3,965	3,965
400 Supplies and materials	-	-	-	-	-	-	1,242	1,242
115 Vocational programs:								
400 Supplies and materials	-	-	-	-	-	-	3,170	3,170
600 Other objects	-	-	-	-	-	-	3,000	3,000
118 Montessori programs:								
100 Salaries	-	-	-	-	-	17,707	-	17,707
200 Employee benefits	-	-	-	-	-	5,515	-	5,515
120 Exceptional programs:								
121 Educable mentally handicapped:								
100 Salaries	-	6,928	-	-	-	-	-	6,928
200 Employee benefits	-	3,672	-	-	-	-	-	3,672
122 Trainable mentally handicapped:								
100 Salaries	-	14,455	-	-	-	-	-	14,455
200 Employee benefits	-	3,402	-	-	-	-	-	3,402
300 Purchased services	-	190	-	-	-	-	-	190
124 Visually handicapped:								
400 Supplies and materials	-	954	-	-	-	-	-	954
126 Speech handicapped:								
400 Supplies and materials	-	2,927	-	-	-	-	926	3,853
127 Learning disabilities:								
100 Salaries	-	140,915	-	-	-	-	-	140,915
200 Employee benefits	-	68,148	-	-	-	-	-	68,148
400 Supplies and materials	-	18,627	-	-	-	-	-	18,627
128 Emotionally handicapped:								
100 Salaries	-	2,351	-	-	-	-	-	2,351
200 Employee benefits	-	968	-	-	-	-	-	968
130 Preschool handicapped programs:								
133 Preschool handicapped self-contained (5 yr. olds):								
100 Salaries	-	-	21,858	-	-	-	-	21,858
200 Employee benefits	-	-	7,557	-	-	-	-	7,557
400 Supplies and materials	-	-	2,866	-	-	-	-	2,866

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	<u>TITLE I</u> <u>(BA Projects)</u>	<u>IDEA</u> <u>(CA Projects)</u>	<u>PRESCHOOL</u> <u>HANDICAPPED</u> <u>(CG Projects)</u>	<u>DRUG</u> <u>FREE</u> <u>(FP/FQ Projects)</u>	<u>ADULT</u> <u>EDUCATION</u>	<u>OTHER</u> <u>RESTRICTED</u> <u>STATE</u> <u>GRANTS</u>	<u>OTHER</u> <u>SPECIAL</u> <u>REVENUE</u> <u>PROGRAMS</u>	<u>TOTAL</u>
EXPENDITURES								
100 Instruction (Continued):								
140 Special programs:								
147 Child development education pilot program:								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,394	\$ -	\$ 220,394
200 Employee benefits	-	-	-	-	-	68,107	-	68,107
300 Purchased services	-	-	-	-	-	323	-	323
400 Supplies and materials	-	-	-	-	-	33,953	-	33,953
149 Other special programs:								
100 Salaries	-	9,791	-	-	-	-	52,172	61,963
200 Employee benefits	-	2,230	-	-	-	-	15,678	17,908
160 Other exceptional programs:								
161 Autism:								
100 Salaries	-	17,300	-	-	-	-	-	17,300
200 Employee benefits	-	8,336	-	-	-	-	-	8,336
170 Summer school program:								
175 Instructional programs beyond regular school day:								
100 Salaries	-	3,240	-	-	-	-	-	3,240
200 Employee benefits	-	739	-	-	-	-	-	739
300 Purchased services	-	90	-	-	-	-	-	90
Total instruction	499,848	305,263	32,281	-	-	458,279	357,675	1,653,346
200 Supporting services:								
210 Pupil services:								
211 Attendance and social work:								
100 Salaries	-	-	-	-	-	-	36,333	36,333
200 Employee benefits	-	-	-	-	-	-	11,560	11,560
212 Guidance:								
100 Salaries	-	-	-	-	-	-	63,320	63,320
200 Employee benefits	-	-	-	-	-	-	16,996	16,996
300 Purchased services	-	-	-	-	-	-	2,825	2,825
400 Supplies and materials	-	-	-	-	-	-	462	462
213 Health:								
100 Salaries	-	24,475	-	-	-	80,890	86,297	191,662
200 Employee benefits	-	7,283	-	-	-	28,680	31,099	67,062
300 Purchased services	-	147,720	-	-	-	-	-	147,720
400 Supplies and materials	-	375	-	-	-	-	4,675	5,050
214 Psychological:								
100 Salaries	-	63,720	-	-	-	-	-	63,720
200 Employee benefits	-	18,542	-	-	-	-	-	18,542
300 Purchased services	-	2,349	-	-	-	-	-	2,349
400 Supplies and materials	-	3,501	-	-	-	-	-	3,501
217 Career specialist services:								
100 Salaries	-	-	-	-	-	61,405	-	61,405
200 Employee benefits	-	-	-	-	-	20,091	-	20,091

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	DRUG FREE (FP/FQ Projects) (209/210)	ADULT EDUCATION (EA Projects)	OTHER RESTRICTED STATE GRANTS (See Note)	OTHER SPECIAL REVENUE PROGRAMS (See Note)	TOTAL
EXPENDITURES (CONTINUED)								
200 Supporting services (Continued):								
221 Improvement of instruction - curriculum development:								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 550	\$ 550
200 Employee benefits	-	-	-	-	-	-	9,609	9,609
300 Purchased services	29,393	7,577	-	-	-	-	9,050	46,020
400 Supplies and materials	-	-	-	-	-	-	10,628	10,628
222 Library and media:								
400 Supplies and materials	-	-	-	-	-	-	3,134	3,134
223 Supervision of special programs:								
100 Salaries	21,224	69,958	7,713	-	-	-	2,000	100,895
200 Employee benefits	5,887	24,632	3,303	-	-	-	454	34,276
300 Purchased services	-	12,945	-	-	-	-	23,653	36,598
400 Supplies and materials	448	1,916	-	-	-	-	-	2,364
224 Improvement of instruction - inservice and staff training:								
300 Purchased services	-	431	-	-	-	3,383	-	3,814
600 Other objects						160	-	160
233 School administration								
100 Salaries	-	-	-	-	-	-	6,000	6,000
200 Employee benefits	-	-	-	-	-	-	1,378	1,378
300 Purchased services	-	-	-	-	-	-	229	229
250 Finance and operations services:								
251 Student transportation (Federal Mandated):								
100 Salaries	-	36,991	-	-	-	-	-	36,991
200 Employee benefits	-	9,624	-	-	-	-	-	9,624
254 Operation and Maintenance of Plant								
400 Supplies and materials	-	-	-	-	-	-	2,200	2,200
255 Student transportation (State mandated):								
100 Salaries	-	-	-	-	-	-	976	976
200 Employee benefits	-	-	-	-	-	-	221	221
300 Purchased services	-	-	-	-	-	-	1,153	1,153
264 Staff services:								
300 Purchased services	-	-	-	-	-	-	963	963
600 Other objects	-	-	-	-	-	-	725	725
Total supporting services	56,952	432,039	11,016	-	-	194,609	326,490	1,021,106
300 Community Services:								
390 Other community services:								
100 Salaries	4,200	-	-	-	-	-	132	4,332
200 Employee benefits	955	-	-	-	-	-	20	975
300 Purchased services	-	-	-	-	-	-	10	10
400 Supplies and materials	6,561	-	-	-	-	-	-	6,561
Total community services	11,716	-	-	-	-	-	162	11,878

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	(BA Projects) (201/202)	(CA Projects) (203/204)	(CG Projects) (205/206)	(FP/FQ Projects) (209/210)	(EA Projects) (See Note)	GRANTS (See Note)	PROGRAMS (See Note)	TOTAL
EXPENDITURES (CONTINUED)								
400 Intergovernmental Expenditures:								
411 Payments to State Department of Education:								
720 Transits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	25,464	\$ 25,464
412 Payments to Other Governmental Units:								
720 Transits	-	-	-	-	-	-	324	324
Total intergovernmental expenditures	-	-	-	-	-	-	25,788	25,788
Total expenditures	568,516	737,302	43,297	-	-	652,888	710,115	2,712,118
OTHER FINANCING SOURCES (USES):								
Transfers from (to) other funds:								
5210 Transfer from General Fund	-	-	-	-	-	58,790	291,134	349,924
422-710 Transfer to Special Revenue EIA Fund							(297)	(297)
431-791 Special Revenue Fund indirect costs	-	-	-	-	-	-	(24,778)	(24,778)
Total other financing sources (uses)	-	-	-	-	-	58,790	266,059	324,849
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-
FUND BALANCE, JULY 1, 2013	-	-	-	-	-	-	-	-
FUND BALANCE, JUNE 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
FOR THE YEAR ENDED JUNE 30, 2014

<u>SUBFUND</u>	<u>REVENUE</u>	<u>PROGRAMS</u>	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>SPECIAL REVENUE</u> <u>Interfund</u> <u>Transfers</u> <u>In/(Out)</u>	<u>Other Fund</u> <u>Transfers</u> <u>In/(Out)</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u> <u>Deferred</u>
919	3193	Education License Plates	\$ -	\$ -	\$ -	\$ -	\$ 376
924	3134	Child Development Education Pilot Program	326,320	326,320			52,684
926	3116	Education and Economic Development	-	-	-	-	3,026
928	3118	EEDA Career Specialist	81,496	81,496	-	-	-
936	3136	Student health and fitness - Nurses	61,853	109,571	-	47,718	-
937	3127	Student health and fitness - PE Teachers	13,433	13,433	-	-	6,561
960	3610	K-5 Enhancement	106,513	106,513	-	-	-
967	3607	6-8 Enhancement	4,483	4,483	-	-	4,196
Totals			<u>\$ 594,098</u>	<u>\$ 641,816</u>	<u>\$ -</u>	<u>\$ 47,718</u>	<u>\$ 66,843</u>

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

EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2014

		<u>ACTUAL</u>
REVENUES		
3000 State Sources:		
3500 Education Improvement Act:		
3502	ADEPT	\$ 267
3511	Professional development	11,150
3518	Formative assessment	8,480
3525	Career and technology education equipment	6,287
3526	Refurbishment of K-8 Sciences	16,852
3532	National Board Certification (NBC) salary supplement	64,485
3533	Teacher of the year awards	1,077
3538	Students at risk of school failure	3,085
3540	Early childhood program	2,362
3544	High achieving students	31,305
3550	Teacher salary increase	290,345
3555	School employer contributions	38,605
3558	Reading assistance	15,079
3577	Teacher supplies	34,925
3578	High schools that work/making middle grades work	1,057
3585	Aid to districts - special education	6,448
3592	Work-based learning	513
3597	Aid to districts	360
Total state sources		<u>532,682</u>
Total revenue all sources		<u>532,682</u>
EXPENDITURES		
100 Instruction:		
110 General instruction:		
112	Primary programs:	
100	Salaries	7,900
200	Employee benefits	1,806
400	Supplies and materials	1,250

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA

EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS

		<u>ACTUAL</u>
EXPENDITURES		
100 Instruction (Continued):		
110 General instruction (Continued):		
113 Elementary programs:		
100 Salaries	\$	30,800
200 Employee benefits		7,030
400 Supplies and materials		8,537
114 High school programs:		
100 Salaries		13,470
200 Employee benefits		5,482
400 Supplies and materials		1,057
115 Career and technology education programs:		
100 Salaries		8,500
200 Employee benefits		1,787
400 Supplies and materials		6,287
118 Montessori Programs:		
100 Salaries		200
200 Employee benefits		45
120 Exceptional programs:		
126 Speech handicapped:		
100 Salaries		58,267
200 Employee benefits		22,955
127 Learning disabilities:		
100 Salaries		500
200 Employee benefits		115
130 Preschool programs:		
139 Early childhood programs:		
100 Salaries		1,761
200 Employee benefits		408
400 Supplies and materials		193
140 Special programs:		
141 Gifted and talented - academic:		
100 Salaries		14,000
200 Employee benefits		3,199
300 Purchased services		2,058
400 Supplies and materials		4,016
600 Other objects		45
148 Gifted and talented - artistic:		
300 Purchased services		7,987
149 Other special programs:		
300 Purchased services		8,480
400 Supplies and materials		34,925
Total instruction		<u>253,060</u>

CALHOUN COUNTY PUBLIC SCHOOLS
ST. MATTHEWS, SOUTH CAROLINA

EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL PROGRAMS

	<u>ACTUAL</u>
EXPENDITURES (CONTINUED)	
200 Support Services:	
210 Pupil services:	
212 Guidance services:	
300 Purchased services	513
220 Instructional staff services:	
221 Improvement of instruction-curriculum development:	
100 Salaries	2,019
200 Employee benefits	1,066
300 Purchased services	11,753
400 Supplies and materials	912
222 Library and media:	
100 Salaries	7,500
200 Employee benefits	1,714
223 Supervision of special programs:	
100 Salaries	7,875
200 Employee benefits	1,799
Total supporting services	<u>35,151</u>
Total expenditures	<u>288,211</u>
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds:	
5210 Transfer from general fund (excludes indirect costs)	84,181
5220 Transfer from special revenue fund (excludes indirect costs)	297
5230 Transfer from special revenue EIA fund	17,803
420-710 Transfer to general fund (excludes indirect costs)	(328,949)
422-710 Transfer to EIA fund	(17,803)
Total other financing sources (uses)	<u>(244,471)</u>
Excess (deficiency) of revenues over (under) expenditures	-
FUND BALANCE JULY 1, 2013	<u>-</u>
FUND BALANCE JUNE 30, 2014	<u>\$ -</u>

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

EDUCATION IMPROVEMENT ACT

**SUMMARY SCHEDULE BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2014**

PROGRAM	<u>REVENUES</u>	<u>EXPENDITURES</u>	OTHER FUND TRANSFERS <u>IN/(OUT)</u>	EIA FUND UNEARNED <u>REVENUE</u>
3500 Education Improvement Act:				
3502 ADEPT	\$ 267	\$ 9,674	\$ 9,407	\$ -
3505 Technology support	-	-	-	3,842
3511 Professional development	11,150	11,150	-	1,125
3518 Formative assessment	8,480	8,480	-	3,960
3525 Career and technology education equipment	6,287	6,287	-	27,405
3526 Refurbishment of K-8 science kits	16,852	7,287	(9,565)	-
3532 National Board of Certification (NBC) - salary supplement	64,485	64,485	-	-
3533 Teacher of the year awards	1,077	1,077	-	-
3538 Students at risk of school failure	3,085	3,085	-	402,448
3540 Early childhood program	2,362	2,362	-	-
3544 High achieving students	31,305	31,305	-	13,247
3550 Teacher salary increase	290,345	-	(290,345)	-
3555 School employer contributions	38,605	-	(38,605)	-
3558 Reading assistance	15,079	6,841	(8,238)	-
3577 Teacher supplies	34,925	34,925	-	-
3578 High schools that work/making middle grades work	1,057	1,057	-	-
3585 Aid to districts - special education	6,448	81,222	74,774	-
3592 Work-based learning	513	513	-	4,274
3594 EEDA supplemental programs	-	-	-	2,254
3597 Aid to districts	360	18,461	18,101	80,318
Total	\$ 532,682	\$ 288,211	\$ (244,471)	\$ 538,873

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

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>SCAGO</u>	<u>Other</u>	<u>Total</u>
REVENUES			
1000 Revenue from Local Sources:			
1200 Revenue from local governmental units other than LEAs:			
1210 Ad valorem taxes-including delinquent taxes (fiscally dependent LEA)	\$ -	\$ 856,336	\$ 856,336
1240 Penalties and interest on taxes (dependent)	-	65,909	65,909
1280 Revenue in lieu of taxes (dependent and independent)	-	1,848,392	1,848,392
1500 Earnings on investments:			
1510 Interest on investments	109,045	1,059	110,104
Total local sources	<u>109,045</u>	<u>2,771,696</u>	<u>2,880,741</u>
3000 Revenue from State Sources:			
3800 State revenue in lieu of taxes:			
3820 Homestead exemption	-	40,791	40,791
3830 Merchant's inventory tax	-	4,456	4,456
3840 Manufacturers depreciation reimbursement	-	70,701	70,701
3890 Other state property tax revenues	-	13,299	13,299
Total state sources	<u>-</u>	<u>129,247</u>	<u>129,247</u>
Total revenue all sources	<u>109,045</u>	<u>2,900,943</u>	<u>3,009,988</u>
EXPENDITURES			
500 Debt Service:			
300 Purchased services	4,000	227,223	231,223
610 Redemption of principal	935,000	2,303,000	3,238,000
620 Interest	1,335,838	26,840	1,362,678
640 Dues and fees	-	55	55
Total expenditures	<u>2,274,838</u>	<u>2,557,118</u>	<u>4,831,956</u>
OTHER FINANCING SOURCES (USES):			
5250 Transfer from School Building Fund	2,157,379	-	2,157,379
724-710 Transfer to School Building Fund	(2,282)	-	(2,282)
Total other financing sources	<u>2,155,097</u>	<u>-</u>	<u>2,155,097</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,696)	343,825	333,129
FUND BALANCE, JULY 1, 2013	<u>2,520,222</u>	<u>825,067</u>	<u>3,345,289</u>
FUND BALANCE, JUNE 30, 2014	<u>\$ 2,509,526</u>	<u>\$ 1,168,892</u>	<u>\$ 3,678,418</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, 2014

	<u>SCAGO</u>	<u>Other</u>	<u>Total</u>
REVENUES			
1000 Revenue from Local Sources:			
1500 Earnings on investments:			
1510 Interest on investments	\$ -	\$ 2,047	\$ 2,047
Total local sources	-	2,047	2,047
Total revenue all sources	-	2,047	2,047
EXPENDITURES			
250 Finance and Operations:			
253 Facilities acquisition and construction services:			
300 Purchased services	6,122	128,686	134,808
400 Supplies and materials	-	11,589	11,589
500 Capital outlay			
530 Improvements other than building	-	8,650	8,650
540 Equipment	-	631,534	631,534
500 Debt Service:			
620 Interest	-	185	185
Total expenditures	6,122	780,644	786,766
OTHER FINANCING SOURCES (USES):			
5110 Premiums on bonds sold	-	11,515	11,515
5112 Proceeds of general obligation bonds	-	2,283,000	2,283,000
5240 Transfer from Debt Service Fund	2,282	-	2,282
423-710 Transfer to Debt Service Fund	-	(2,157,379)	(2,157,379)
Total other financing sources	2,282	137,136	139,418
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(3,840)	(641,461)	(645,301)
FUND BALANCE, JULY 1, 2013	69,708	1,320,602	1,390,310
FUND BALANCE, JUNE 30, 2014	\$ 65,868	\$ 679,141	\$ 745,009

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

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES

1000 Revenue from Local Sources:		
1600 Food service:		
1610 Lunch sales to pupils	\$	20,057
1620 Breakfast sales to pupils		10,563
1630 Special sales to pupils		30,459
1640 Lunch sales to adults		19,271
1650 Breakfast sales to adults		1,233
1660 Special sales to adults		6,191
1900 Other revenue from local sources:		
1999 Revenue from other local sources		18,902
Total revenue from local sources		<u>106,676</u>
3000 Revenue from State Sources:		
3100 Restricted state funding:		
3140 School lunch:		
3142 Program aid		70
Total state sources		<u>70</u>
4000 Revenue from Federal Sources:		
4800 USDA reimbursement:		
4810 School lunch and after school snacks program		643,873
4830 School breakfast program		231,496
4860 Fresh fruits and vegetables program		30,375
4900 Other federal sources:		
4991 USDA commodities		57,662
Total federal sources		<u>963,406</u>
Total revenue all sources		<u>1,070,152</u>

EXPENDITURES

256 Food Service:		
100 Salaries		340,132
200 Employee benefits		145,734
300 Purchased services		33,469
400 Supplies and materials		623,341
500 Capital outlay		90,509
600 Other objects		1,887
Total expenditures		<u>1,235,072</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers from (to) other funds:		
Transfer from general fund		32,790
Total other financing sources		<u>32,790</u>

CHANGE IN NET POSITION (132,130)

NET POSITION, JULY 1, 2013 680,798

NET POSITION, JUNE 30, 2014 \$ 548,668

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

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS AND CHANGE IN
AMOUNTS DUE TO PUPIL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

RECEIPTS

1000 Receipts from Local Sources:

1700 Pupil activities:

1790 Other

\$ 253,078

Total receipts

253,078

DISBURSEMENTS

190 Instructional Pupil Activity:

660 Pupil activity

24,229

270 Support Services Pupil Activity:

271 Pupil service activities:

660 Pupil activity

158,095

272 Pupil service activities:

660 Pupil activity

251

273 Pupil service activities:

660 Pupil activity

58,401

Total disbursements

240,976

EXCESS OF REVENUES OVER EXPENDITURES

12,102

DUE TO STUDENT GROUPS, JULY 1, 2013

70,567

DUE TO STUDENT GROUPS, JUNE 30, 2014

\$ 82,669

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

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
JUNE 30, 2014

<u>PROGRAM</u>	<u>GRANT OR PROJECT NUMBER</u>	<u>REVENUE AND SUBFUND CODES</u>	<u>DESCRIPTION</u>	<u>AMOUNT DUE TO SDE OR FEDERAL GOV'T</u>
NATIONAL BOARD CERTIFICATION	EIA	3532	Unexpended funds \$	179

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

SCHOOL DISTRICT LOCATION RECONCILIATION SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

<u>LOCATION ID</u>	<u>LOCATION DESCRIPTION</u>	<u>EDUCATION LEVEL</u>	<u>COST TYPE</u>	<u>TOTAL EXPENDITURES</u>
10	Districtwide	Non-school	Central	\$ 9,612,295
20	Calhoun County High	High School	School	4,552,186
45	Sandy Run Elementary	Elementary School	School	4,594,970
50	St. Matthews School	Elementary School	School	<u>5,188,407</u>
Total expenditures/disbursements for all funds				<u><u>\$ 23,947,858</u></u>

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

General Fund (Subfund 100's)	\$ 13,852,759
Special Revenue Fund (Subfund 200's, 800's, and 900's)	2,712,118
Special Revenue EIA Fund (Subfund 300's)	288,211
Debt Service Fund (Subfund 400's)	4,831,956
Capital Projects Fund (Subfund 500's)	786,766
Proprietary Fund (Subfund 600's)	1,235,072
Trust and Agency Fund (Subfund 700's)	<u>240,976</u>
Total expenditures/disbursements for all funds	<u><u>\$ 23,947,858</u></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 (the District), as of and for the year ended June 30, 2014, 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 3, 2014.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 14-01 that we consider to be a significant deficiency.

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*.

The District's Response to Finding

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

Purpose of this Report

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

J. W. Hunt and Company, LLP

November 3, 2014



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 OMB CIRCULAR A-133**

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 (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

J. W. Hunt and Company, LLP

November 3, 2014

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, YEAR ENDED JUNE 30, 2014

LEA SUBFUND CODE	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER		EXPENDITURES
	<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	\$	231,496
60X	School lunch program	10.555	N/A		643,873
60X	Fresh fruits and vegetable program	10.582	14FV016		30,375
	Non-cash assistance:				
60X	UDSA Commodities (Food Distribution Program)	10.565	N/A		57,662
	Total U. S. Department of Agriculture				<u>963,406</u>
	<u>U. S. Department of Education</u>				
	Passed through the South Carolina State Department of Education:				
201	Title I	84.010	14BA016		568,516
203	IDEA - Special Education	84.027A	14CA016-01	485,857	
204	IDEA - Special Education	84.027A	13CA016-01	<u>251,445</u>	737,302
205	IDEA - Special Education Preschool Grants	84.173	14CG016	15,469	
206	IDEA - Special Education Preschool Grants	84.173	13CG016	<u>27,828</u>	43,297
227	Title VI - Rural and Low Income	84.358B	13BS016		20,257
267	Improving Teacher Quality	84.367A	14TQ016-01	105,694	
268	Improving Teacher Quality	84.367A	13TQ016-01	<u>7,122</u>	112,816
273	Career and Technical Education (subprogram 09)	84.048	14VA016	20,000	
274	Career and Technical Education (subprogram 06)	84.048	14VA016	3,967	
276	Career and Technical Education (subprogram 17)	84.048	14VA016	920	
277	Career and Technical Education (subprogram 04)	84.048	14VA016	3,000	
278	Career and Technical Education (subprogram 14)	84.048	14VA016	<u>2,492</u>	30,379
	Total U. S. Department of Education				<u>1,512,567</u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, YEAR ENDED JUNE 30, 2014
(CONTINUED)**

<u>LEA SUBFUND CODE</u>	<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>THROUGH GRANTOR'S NUMBER</u>	<u>EXPENDITURES</u>
	<u>U. S. Department of Defense</u>			
	Direct Program			
290	ROTC	12.357	N/A	65,219
	Total U. S. Department of Defense			<u>65,219</u>
	<u>U.S. Department of Health and Human Services</u>			
240	SC Campaign to Prevent Teen Pregnancy	93.297	5 TP1AH000026-03-00	64,417
	Total U. S. Department of Health and Human Services			<u>64,417</u>
	<u>U.S. Department of Labor</u>			
801	WIA Youth Activities	17.259	14JAG101	51,992
	Total U. S. Department of Labor			<u>51,992</u>
	Total expenditures of federal awards			<u>\$ 2,657,601</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
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Calhoun County Public Schools (the District), under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered
to be material weakness(es)? yes

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:
unqualified

Any audit findings disclosed that are required to be reported in accordance
with section 510(a) of Circular A-133? no

Identification of major programs:

CFDA Numbers Name of Federal Program

10.553 School Breakfast Program

10.555 School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 14-01: Limited Personnel

The limited number of personnel necessarily imposes practical limitations on the effectiveness of those internal controls that depend on segregation of duties. Since this condition is inherent in the size of the District, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the District.

SECTION III - MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS

None

SECTION IV - OTHER COMPLIANCE FINDINGS – FOR COMMERCIAL DRIVER'S LICENSE DRUG AND ALCOHOL TESTING PROGRAM

Finding 14-02:	Failure to meet state requirements and administer random controlled substance testing for the forth consecutive year
Condition:	Calhoun County Public Schools performed random drug tests on 48% of school bus drivers
Criteria:	Districts are required to randomly drug test a minimum of 50% of school bus drivers.
Effect:	Calhoun County Public Schools is not in compliance with the Code of Federal Regulations (49 C.F.R. 382.305) because less than 50% of the average number of bus drivers were randomly tested for controlled substances.
Cause:	Administrative oversight.
Recommendation:	The staff at Calhoun County Public School should implement effective procedures to ensure that the drug testing center selects enough employees for testing.
Views of Responsible Officials and Planned Corrective Actions:	The District agrees with the finding. It appears the vendor did not exercise due diligence in selecting and testing the required number of employees to be tested. However, the District understands that the ultimate responsibility for the random testing is the responsibility of the District. The staff responsible for this, has again, not paid enough attention to detail. From this point forward, the Superintendent's office will be extremely involved with the random testing of the bus drivers.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

**OTHER COMPLIANCE FINDINGS – FOR COMMERCIAL DRIVER’S LICENSE DRUG AND ALCOHOL
TESTING PROGRAM**

Finding 13-02:	Failure to administer random controlled substance testing for the third consecutive year.
Condition:	Calhoun County Public Schools did not add one new bus driver to the random pool list.
Recommendation:	The staff at Calhoun County Public Schools should implement effective procedures to ensure that all new employees are added to the random pool list.
Current Status:	This finding did not reoccur in the current year.