

**LEXINGTON COUNTY SCHOOL
DISTRICT TWO**

WEST COLUMBIA, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

FISCAL YEAR ENDED JUNE 30, 2013

PREPARED BY:

**The Business Operations Department
Lexington School District Two**

LEXINGTON COUNTY SCHOOL DISTRICT TWO

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

INTRODUCTORY SECTION

	<u>Reference</u>	<u>Page</u>
Letter of Transmittal from Administration		1
Certificate of Achievement for Excellence in Financial Reporting		9
Certificate of Excellence in Financial Reporting		10
Principal Officials		11
Organizational Chart		12

FINANCIAL SECTION

Independent Auditors' Report		13
Management's Discussion and Analysis		16

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position	Exhibit 1	28
Statement of Activities	Exhibit 2	29

Fund Financial Statements

Balance Sheet - Governmental Funds	Exhibit 3	30
Reconciliation to the Governmental Funds Balance Sheet to the Statement of Net Position	Exhibit 4	31
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	Exhibit 5	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	Exhibit 6	33
Statement of Revenues, Expenditures, and Changes in Fund Balances General Fund - Budget and Actual	Exhibit 7	34
Statement of Net Position - Proprietary Fund	Exhibit 8	35

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

FINANCIAL SECTION (CONTINUED)

	Reference	Page
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	Exhibit 9	36
Statement of Cash Flows - Proprietary Fund	Exhibit 10	37
Statement of Fiduciary Assets and Liabilities - Fiduciary Fund	Exhibit 11	38
Notes to the Basic Financial Statements		39
Combining and Individual Fund Statements and Schedules		
General Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Revised Budget and Actual	Schedule A-1	68
Special Revenue Funds		
Combining Balance Sheet	Schedule B-1	76
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	Schedule B-2	77
<i>Special Projects Fund</i>		
Schedule of Revenues, Expenditures, and Changes in Fund Balances	Schedule B-3	78
Summary Schedule for Designated State Restricted Grants	Schedule B-4	85
Summary Schedule for Other Special Revenue Programs	Schedule B-5	86
<i>Education Improvement Act</i>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule B-6	87
Summary Schedule by Program	Schedule B-7	92
		(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

FINANCIAL SECTION (CONTINUED)

	Reference	Page
Debt Service Fund		
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule C-1	93
Capital Projects Fund		
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule D-1	94
Proprietary Funds		
Combining Schedule of Revenues, Expenditures, and Changes in Net Position - All Proprietary Fund Types	Schedule E-1	95
Fiduciary Fund - Agency Fund - Student Activity		
Statement of Changes in Assets and Liabilities	Schedule F-1	97
Schedule of Receipts, Disbursements, and Changes in Due to Pupil Activities	Schedule F-2	98
Detailed Schedule of Due to State Department of Education/Federal Government	Schedule G-1	100
Location Reconciliation Schedule	Schedule G-2	101
Schedule of Bonds Outstanding - School District Debt	Schedule H-1	102
Schedule of Bonds Outstanding - Education Facilities Corporation for Lexington School District No. 2	Schedule H-2	103

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

STATISTICAL SECTION

	Reference	Page
Net Assets by Component	Schedule I-1	104
Changes in Net Assets	Schedule I-2	105
Fund Balance, Governmental Funds	Schedule I-3	107
Changes in Fund Balance of Governmental Funds	Schedule I-4	108
Assessed Value and Estimated Value of Taxable Property	Schedule I-5	109
Property Tax Millage Rates - Direct and Overlapping Governments	Schedule I-6	110
Principal Taxpayers	Schedule I-7	111
Property Tax Levies and Collections	Schedule I-8	112
Ratios of Outstanding Debt by Type	Schedule I-9	113
Percentage of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	Schedule I-10	114
Computation of Direct and Overlapping Debt	Schedule I-11	115
Computation of Legal Debt Margin	Schedule I-12	116
Legal Debt Margin Information	Schedule I-13	117
Demographic and Economic Statistics	Schedule I-14	118
Principal Employers	Schedule I-15	119
District Employees	Schedule I-16	120
Operating Statistics	Schedule I-17	121
School Building Information	Schedule I-18	122

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	124
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	126
Schedule of Expenditures of Federal Awards	128
Notes to the Schedule of Expenditures of Federal Awards	130
Schedule of Findings and Questioned Costs	131

LEXINGTON COUNTY SCHOOL DISTRICT TWO



December 2, 2013

To the citizens of Lexington County School District Two:

This document is Lexington County School District Two's *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2013. The accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with the management of Lexington School District Two. This report has been prepared in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources, and has been audited in accordance with generally accepted auditing standards by the firm of Burkett Burkett and Burkett Certified Public Accountants, P.A. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is presented in a manner that fairly represents the financial position and results of operations of Lexington School District Two. We also believe that all disclosures necessary to enable the reader to gain an understanding of Lexington School District Two's financial activities have been included. Additional discussion of financial statements can be found in the Management's Discussion and Analysis section of this report.

GENERAL INFORMATION, LOCAL ECONOMIC CONDITION AND OUTLOOK

Lexington County School District Two is located in Lexington County, South Carolina, which is situated in the center of the state. The School District encompasses a land area of 92 square miles and is separated by the Congaree River from the city of Columbia, capital of South Carolina, and is a part of the Greater Columbia suburban area. Lexington County's largest municipalities, the cities of West Columbia and Cayce, are located within the School District. Also, included in its boundaries are the towns of Springdale, South Congaree and Pine Ridge.

Lexington County School District Two is one of five districts in Lexington County and is governed by a seven member Board of Trustees elected by the voters of the District. The District's mission statement, "*As Champions for Children, in partnership with our community, Lexington School District Two will provide superior educational opportunities that enable all students to achieve success*" provides a unified focus for the District's educational success.

Lexington County, as part of the Columbia Metropolitan Statistical Area (MSA), has experienced substantial population growth over the past two decades. Lexington County is one of the fastest growing counties in the state, with the Lexington County population increasing 27.3 percent from 2000 to 2010, compared to a total state population increase of 15.3 percent. The County's estimated 2013 population was approximately 275,000, an increase of approximately 27.3 percent from 2000. Lexington County had a per capita income of \$34,456 in 2010, up 14.9 percent from 2000. The County's labor force was approximately 134,500 in 2013. The average unemployment rate was 7.7 percent in 2013, compared to 8.8 percent for the state of South Carolina.

Located within the County are a number of major enterprises that help to provide a stable economic tax base for the school district. Some of the larger companies within the District's boundaries are SCANA Corporation (SCANA), South Carolina Electric and Gas, Owen Electrical Steel Company of SC, Bellsouth Telecommunications, Amazon.com, and many others.

The Columbia Metropolitan Airport is situated on 2,600 acres within the School District, and has more than 50 agencies and businesses located on the property. The Airport serves more than 1.2 million passengers and handles more than 168,000 tons of air cargo a year. The Airport complex provides a focal point for commercial development in the area, as well as, providing employment for an estimated 1,200 individuals between the Airport, airlines, and other related businesses. United Parcel Service operates a 352,000 square foot Southeastern regional hub and the U.S. Postal Service operates a 60,000 square foot full service airmail facility from the Columbia Metropolitan Airport.

The School District also provides a home for Riverbanks Park Zoo and Botanical Garden, a nationally famous and award winning facility, located in both Lexington and Richland Counties. The botanical gardens encompass the site from which General Sherman is said to have bombarded Columbia during the Civil War and feature nature trails, footbridges over the Saluda River, and beautiful walled gardens. Visitors to this attraction can also view the historic ruins of the Saluda Textile Factory and see the Old Civil War bridge abutments. Riverbanks Zoo and Botanical Garden was the winner of the 2002 Governor's Cup for Most Outstanding Tourist Attraction in South Carolina and offers a unique educational experience for the entire family. Visitors can view more than two thousand animals housed in natural exhibits as well as a seventy-acre Botanical Garden of both native and exotic plant exhibits.

SCANA Corporation has recently opened its corporate headquarters within Lexington County. SCANA has consolidated a number of locations in the Midlands in this facility that is comprised of three, 3-story buildings totaling 450,000 square feet. Construction of the facility was completed in 2010. Additionally, in September 2012 Amazon.com completed and opened a 1 million square foot distribution complex in the Saxe-Gotha Industrial Park that will employ approximately 2,000 workers when fully operational. Nephron Pharmaceuticals Corporation is finishing construction of a 473,000 square foot facility in the park at a cost of \$313 million.

These local economic conditions indicate a strong foundation for employment and a broad tax base within Lexington County. The county projects these trends to continue as its economic development efforts are aimed at encouraging controlled growth by attracting new industry and employment opportunities.

The largest source of School District operating revenues is the State of South Carolina. These revenues come in the form of general fund revenues from Education Finance Act (EFA) funds, which are available for general operating expenditures of the School District, and special revenues, the largest amount being Education Improvement Act (EIA) funds, which are available for use only in connection with specific programs. In addition, based on 1995 State legislative action, the School District receives Property Tax Relief Exemption revenues directly from the State. The Property Tax Relief Exemption applies only to ad valorem taxes levied for school operating budgets (exclusive of amounts in those budgets for the payment of lease-purchase agreements for capital construction). The Property Tax Relief Exemption applies solely to property classified as the legal residence and up to 5 contiguous acres of land. The value of the property exempted pursuant to this legislation is determined each year by a formula which takes into account the amount made available by the General Assembly for such purpose.

South Carolina public school funding underwent a major change in 2006 with the passage of Act 388, the latest property tax relief law. This law eliminated property taxes on owner-occupied homes that had previously been used to help pay for school operations and replaced it with a statewide, one-cent sales tax – shifting a significant amount of the local share of school revenue to the State. It also established a cap on the amount of property taxes local districts may levy on other property classifications (non owner-occupied, including businesses, cars, and rental property).

The tax rate of the School District for fiscal year 2012-2013 was set at 146.46 mills for operations and 29.75 mills for debt service, unchanged from the prior year. The June 30, 2013 tax base (total assessed property value) was \$263,703,570 with the most recent countywide reassessment in 2010.

In the 2012-2013 fiscal year, the District served students at the pre-kindergarten through grade 12 levels. The 135 average daily membership total is 8,522, an increase of 1 student from the prior year. The District currently offers programs in nine elementary schools, four middle schools, two high schools, an alternative-learning center, and for hospitalized students at a Residential Treatment Facility located at Three Rivers Hospital. The programs offered include but are not limited to: academically gifted and talented classes for students in grades three through twelve; a variety of accelerated, honors level and Advanced Placement courses for qualifying students; 3-4 year old pre-school classes for children with developmental delays; child development classes, based on need, that provide interventions for pre-school children to better prepare them for school; a full day five-year old kindergarten program; academic assistance for students who need more instruction or re-teaching of the basic skills area of language, mathematics, science and social studies; special education programs for all students who meet the criteria for the thirteen recognized areas of disabilities; an alternative learning center for elementary, middle and high school students who have displayed severe discipline problems; career and technology courses for high school students at their home school; foreign language instruction of Spanish at the middle and high school level, as well as, German, French and Latin at the high school level. Four of the District's schools have been designated as magnet programs; two art programs, a technology program and a gifted program. The District also serves a large number of ESOL (Non-native English speaking) students in kindergarten through grade 12, providing additional instruction in English to enhance academic achievement in regular content courses. The District also offers morning, afternoon and evening academic programming for adults 17 years of age and older. Over 900 adults participated in Lexington School District Two's Adult Education programs during the 2012-2013 school year.

The overall operating and capital financial position of the District has improved since 2009 as the national economy has recovered from the latest recession. The student population has been stable over the past ten years with a decrease of approximately 171 students or about 2.0%. Projections for future years do not indicate significant increases or decreases and new school construction is not anticipated in the next five years. Of the District's school buildings, the two high schools were originally constructed in 1927 and 1957 with continuing additions and renovations through 2008 and are still very functional. Two middle schools were built in 1957 and 1971 and two more were added in 1998 and 2005. Five elementary schools were built from 1963-1974, and another was added in 2000. The oldest three elementary schools were built in the 1950's and have been updated.

A seven-member Board of Trustees governs Lexington County School District Two. Members are elected for staggered four-year terms with all seats being at-large. The Board meets the third Thursday of each month except in July and December. The day-to-day administration of the District is the responsibility of the Superintendent who is appointed by the Board of Trustees.

In addition, the District has one component unit, the Educational Facilities Corporation for Lexington County School District No. Two (EFC). The EFC is treated as a blended component unit for financial statement purposes. Detailed information about the EFC may be found in Note 9 of the Notes to the Financial Statements and the District's Management's Discussion and Analysis.

Major Initiatives

As part of the District's strategic plan and as a result of on-going work sessions with Lexington County School District Two's Board of Trustees and administration, several areas of focus have been identified as areas of concentration. The following are initiatives continued and/or implemented within the 2012-2013 fiscal year in these areas:

The Lexington Instructional Focus includes Professional Learning Communities (PLCs) that work together to maintain a focus on results, a focus on learning, and a collaborative culture. In order to attain this instructional focus, the District centers on a guaranteed and viable curriculum, effective schools, professional development, relevant data and effective teaching (best practice).

Most teachers use instructional strategies that require student collaboration, self-reflection, and development of critical thinking skills. Technology has been implemented at multiple schools through the use of iPads and iTouches. Providing teacher planning time is a huge commitment in Lexington Two. The high schools and alternative schools have late start every Wednesday morning to allow the large staffs to collaborate and plan together. Each morning is a focused PLC working toward a goal. Early release days involve all teachers and staff in our District.

Professional development cohorts meet six times a year during early release days and several cohorts are centered on the use of technology to inspire student creativity, inquiry, innovation and critical thinking skills. During this time each staff member travels to their cohort location to join a team of educators working on professional areas that they and their principals have chosen as a need. Teachers are also required to pass and make continuous improvement in the area of technology proficiency through the State's model and on-going professional development that includes the opportunity every other Wednesday for after school literacy strategies. Teachers at every level have common planning time during the school day in order to work with other professionals.

A collaborative culture is further achieved by allowing teachers to have a common planning time to focus on student learning. All teachers are required to participate during their common planning time. These meetings have an agenda, norms, and a meeting summary that is provided to school administration for feedback. Administration also participates in the common planning meetings. Late start at the high school offers additional opportunities for teachers to collaborate. SMARTS goals are developed and monitored based on priority areas that have been identified by the schools' analysis of data on state assessments, MAP, instructional software reports and common assessments.

Lexington County School District Two created, committed to and lives the Steering Wheel of Continuous Improvement every day. A model based on an unending journey to improve our instruction and practices, the actual wheel cycles collaborative culture, focus on results, and focus on learning. Each spoke of the wheel represents the 5 areas we feel grows and maintains an effective school – relevant data, professional development, effective schools, a guaranteed and viable curriculum, and effective teaching (best practices). The center of the wheel that supports the spokes is PLC – a Professional Learning Community. The philosophy behind this instructional visual is to embed these ideas and practices in everything we do thus keeping a laser focus and on what makes a difference while also talking the same language. We follow this as District staff, administrators and teachers.

Also as part of our District culture are the Instructional Non-negotiables. Developed with input by all staff members at every school, as well as the District instructional department, the Non-negotiables is a written document for all to follow that outlines our District's philosophy and boundaries in which to practice by in the areas of teacher planning, standards-based curriculum and content models, SMARTS goals that support instruction and learning, common assessments, academic interventions, classroom management, grading, and opportunities for mastery. Principals and district staff hold this document as our framework in which to do business by on a daily basis and the foundation on which all instructional decisions are made.

The following goals, as outlined in our strategic plan, will guide Lexington Two.

- All students will perform at grade level or above.
- Achievement gaps among black and white student groups will be narrowed.
- All students will graduate college and career ready.
- Our District will provide a safe and healthy learning environment.
- Our District will recruit and retain highly qualified teachers and staff.

Plans for the 2013-2014 fiscal year:

Facilities

The District has completed the major projects under the bond referendum approved by the citizens of Lexington County School District Two, including the most recent work completed at both high schools. The District will re-evaluate the District's facility needs and update the long-range plan for capital improvements during the 2013-2014 fiscal year.

Curriculum

Lexington Two continues to place a strong emphasis on curriculum and instruction. Lexington Two is committed to ensuring that our staff works interdependently and collaboratively to achieve common goals for the purpose of producing learning for all students and staff. To that end, Lexington Two is striving to ensure a rigorous, guaranteed and viable curriculum that sets expectations for essential skills and knowledge for each grade level and course. Additionally, Lexington Two is striving to ensure that a system of relevant data is available and effectively used to derive instructional decision making. Lexington Two is committed to ensuring effective teaching in all classrooms by insisting that all practices and procedures implemented in our schools positively impact student learning. Lexington Two desires that all professional staff possess the knowledge, skills, and dispositions aligned with best practice research to ensure students reach their highest potential. Thus, all instructional staff actively participates in professional development that is sustained, embedded, long-term, collaborative, data driven, and aligned both horizontally and vertically.

Lexington Two will be nationally recognized as “Champions for Children” in preparing students for college and career readiness. To this end, the following beliefs will be demonstrated with fidelity at all levels:

All staff must be highly qualified, caring and dedicated members of a professional learning community.

The successful development of students is a collaborative effort of parents, schools, businesses, and the community.

All members of the school community must be invested in the school-wide culture and each and every student's success.

Goals must be explicit and expressed publicly to all stakeholders.

Literacy is the foundation of success in all content areas.

Research-based instructional strategies must be implemented, monitored, and refined.

Differentiated instruction is fundamental to meet the needs of ALL students.

Formative and summative assessments are vehicles to advance student academic achievement, verify attained learning, reinforce effort, and provide recognition.

The learning environment must inspire creativity, inquiry, innovation, and critical thinking.

Students should be empowered to take ownership of their choices.

The culture and diversity of every individual must be honored.

The learning environment must be based on a structured data analysis process where individualized student learning opportunities are maximized.

A guaranteed and viable curriculum is the core of the educational process.

FINANCIAL INFORMATION

Internal Control

Lexington County School District Two's management is responsible for maintaining an internal control structure. The structure should ensure that the District's assets are protected from loss, theft or misuse. It should also ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the valuation of costs and benefits require estimates and judgments by management, and (2) the cost of the control should not be greater than the benefits to be derived.

As a recipient of federal, state and county assistance, Lexington County School District Two is responsible for insuring that an adequate internal control structure exists in order to comply with applicable laws and regulations related to those programs. The internal control structure is subject to periodic review by management and by the Finance Department of the District.

As part of Lexington County School District Two's single audit, tests are made to determine the adequacy of the internal control structure, including the portion related to federal financial assistance programs, as well as to determine that the School District has complied with applicable laws and regulations. The results of the Single Audit provided no instances of material weakness in the internal control structure or significant violations of laws, regulations, contracts, or grants.

Budgetary Control

Lexington County School District Two exercises stringent budgetary controls with the objective of these controls to ensure compliance with the provisions set forth in the annual appropriations adopted by the Board of Trustees. The Board of Trustees annually adopts and approves the General Fund budget by June 30th. The School District maintains the modified accrual system for all governmental funds, and uses encumbrance accounting to accomplish budgetary controls at the function level. District policies allow funds to be transferred between function and object amounts as long as the total spending does not exceed the approved budget. Board approval is needed for additions to the budget. Encumbrances are utilized to assist in budgetary control and encumbrances lapse at fiscal year-end. The Board of Trustees is given a budget status report on a monthly basis, and is reviewed by the members of the Board.

Special revenue fund budgets are controlled in conformance with the specific requirements of that fund, and budgets are not legally adopted. Budgets are not adopted for the Capital Projects Fund or the Debt Service Fund. Debt Service expenditures are set in accordance to the bond issue requirements, with revenues needed to pay the debt service requirements levied by the County Auditor. Additional information can be found in Note 1 of the Notes to the Financial Statements.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Burkett Burkett & Burkett Certified Public Accountant's, P.A., was selected by the Lexington County School District Two Board of Trustees to perform the District's annual audit for the fiscal year ended 2013. In addition, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133. The auditors' report on the general purpose financial statements is included in the Financial Section of this report, and the auditors' reports related specifically to the single audit are included in the Single Audit Section of this report.

Awards

We are honored to have received the prestigious awards of excellence, from both the Government Finance Officers Association (GFOA) with their Certificate of Achievement for Excellence in Financial Reporting, and from the Association of School Business Officials (ASBO) with their Certificate of Excellence in Financial Reporting on our comprehensive annual financial report for the fiscal year ended June 30, 2012. These two awards are made only to governmental units that publish a comprehensive annual financial report that is easily readable, efficiently organized, and conform to program standards, as well as satisfy generally accepted accounting principles and applicable legal requirements.

These awards are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet each program's requirements and we are submitting it to the GFOA and to ASBO to determine its eligibility for another certificate.

Acknowledgements

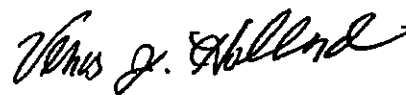
The completion of this comprehensive annual financial report would not have been possible without the efficient and dedicated work of the entire staff of the finance department. We also would like to express our thanks to all departments and schools within the District for their commitment to a standard of excellence that is evident at Lexington County School District Two.

The administration would also like to thank the Board of Trustees for their continued commitment to excellence. Their support and dedication is vital to the financial success of this District.

Respectfully Submitted,


Bill Mabry
Chief Financial Officer

Respectfully Submitted,


Dr. Venus J. Holland
Superintendent



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Lexington County
School District Two
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Lexington County School District Two

For Its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2012

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
PRINCIPAL OFFICERS
YEAR ENDED JUNE 30, 2013**

The Board of Trustees

William H. Bingham, Jr.	Chairperson
Phillip A. Carter	Vice-Chairperson
Linda Alford-Wooten	Secretary
Russell F. Shull	Trustee
Elizabeth Dickerson Branham	Trustee
Cynthia M. Kessler	Trustee
Glen M. Conwell	Trustee

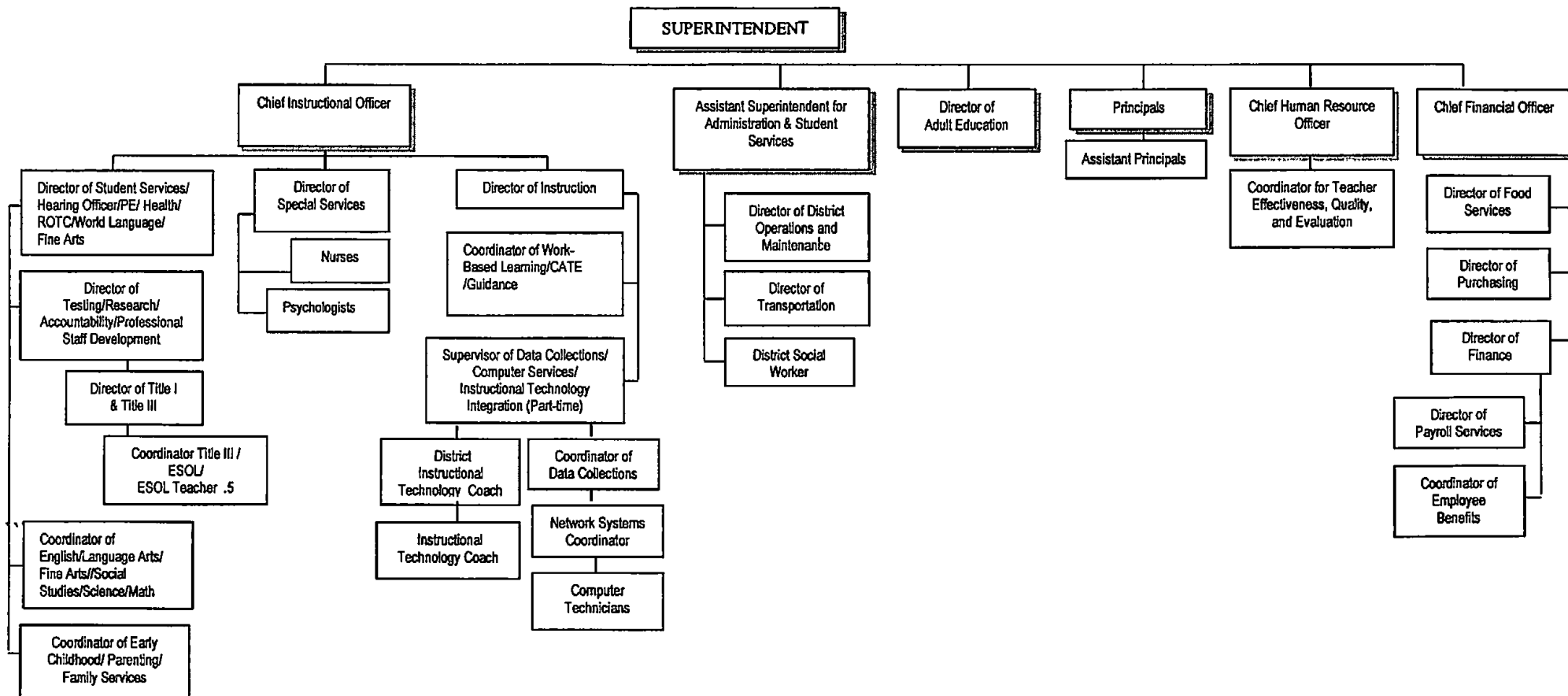
Administrative Officials

Venus Holland	Superintendent
James Hinton	Assistant Superintendent for Administration and Student Services
Angela Cooper	Chief Human Resources Officer
Bill Mabry	Chief Financial Officer
Marcella Heyward-Evans	Chief Instructional Officer

LEXINGTON COUNTY SCHOOL DISTRICT TWO

ORGANIZATIONAL CHART

YEAR ENDED JUNE 30, 2013





Certified Public Accountants, P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Lexington County School District Two
West Columbia, 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 Lexington County School District Two ("the School District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain 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.

ROCK HILL

128 EAST MAIN STREET SUITE 201 · ROCK HILL, SC 29730
MAIN LINE: 803.325.1660 · FAX LINE: 803.325.1665

WEST COLUMBIA

3101 SUNSET BLVD. · WEST COLUMBIA, SC 29169
POST OFFICE BOX 2044 · WEST COLUMBIA, SC 29171
MAIN LINE: 803.794.3712 · MAIN FAX: 803.739.4394
WWW.BURKETTCPAS.COM

SUMTER

115 BROAD STREET SUITE 200 · SUMTER, SC 29150
MAIN LINE: 803.773.6772

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 Lexington County School District Two, as of June 30, 2013, 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 15 through 25 and 66 through 73, 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 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 School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Burkett Burkett & Burkett

Certified Public Accountants, P.A.

West Columbia, South Carolina

December 2, 2013

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

This discussion and analysis of Lexington County School District Two's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to summarize the School District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2013, based on information provided in the Governmental Fund financial statements, are as follows:

- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$26.4 million, an increase of over \$2.9 million from the prior year ending fund balance, which is primarily attributable favorable expenditure variances as well as favorable local tax collections. Approximately 32.6 percent of the total amount, or approximately \$8.6 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$8.6 million, which was approximately 13.7 percent of total general fund expenditures of \$62.9 million.
- During the 2013 fiscal year, the School District's governmental fund type revenues were approximately \$86.8 million compared to approximately \$84.0 million in the prior year.

Key financial highlights for 2013, based on information provided on the Government-wide financial statements, are as follows:

- The total assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$51.6 million. Of this amount, approximately \$10.4 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total net position increased by approximately \$4.2 million. The primary reason for the increase in total net position is the favorable expenditure variances realized through conservative budgeting and additional local tax revenue. Cash and Investments increased by over \$3.0 million, while net capital assets decreased by approximately \$2.4 million. Non-current liabilities also decreased by approximately \$3.7 million.
- The School District's total net capital assets decreased by approximately \$1.6 million (1.7 percent) during the current fiscal year. The key factor in this decrease was the annual depreciation of capital assets of \$3.6 million offset by net additions and deletions of \$.8 million. A major capital project also increased construction in progress assets by \$1.0 million. Other additions and disposals accounted for net increases of \$.2 million.
- The School District's total non-current liabilities decreased by approximately \$2.6 million (4.0 percent) during the current fiscal year. The key factor in this decrease was the payment of debt on outstanding bonds. Additional detail is provided in Note 9 of the notes to financial statements.
- The School District had approximately \$82.4 million in expenses related to governmental activities; approximately \$40.8 million of these expenses were offset by program specific charges for services and grants or contributions. General revenues (primarily taxes) of approximately \$46.0 million provided remaining funding for these programs as well as the current year \$4.2 million increase in net position.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section*, *Financial Section* (which includes the basic financial statements, management's discussion and analysis, and the combining and individual fund statements and schedules for major and non-major governmental funds), *Statistical Section* and the *Compliance Section*.

Government-wide financial statements. The basic financial statements include two kinds of statements that present different views of the School District. The first two statements are *government-wide financial statements* that provide a broad overview of the School District's overall financial status, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* presents information on all of the School 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 School 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 School 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 School District include instruction, supporting services, and community services. The government-wide financial statements can be found in the Financial Section of this report.

Fund financial statements. The remaining basic financial statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the government-wide 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 School 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 School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The School District, including blended component units, maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Projects Fund, EIA Fund, Debt Service Fund – District, Debt Service Fund – Education Facilities Corp, Capital Projects Fund – District and Capital Projects Fund – Education Facilities Corp Fund, of which, all are considered to be major funds. The basic governmental fund financial statements can be found in the Financial Section of this report.

Proprietary Funds. The School District maintains four proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses individual enterprise funds to account for its food service operation, print shop operation, warehouse and after school daycare program. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the District's four enterprise funds, which are considered major funds of the School District. The basic proprietary fund financial statements can be found in the Financial Section of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School District's own programs. The School District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund. The basic fiduciary fund financial statement can be found in the Financial Section of this report.

Notes to the basic 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 basic financial statements can be found in the Financial Section of this report.

Other information. The combining statements referred to earlier in connection with major and nonmajor governmental funds and individual fund statements and schedules can be found in the Supplemental Section of this report.

The School District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided in the Financial Section for this fund to demonstrate compliance with their budgets.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

Figure A-1				
Major Features of the Lexington County School District Two's Government-Wide and Fund Financial Statements				
	Fund Financial Statements			
	Government- Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District government (except fiduciary funds) and the School District's component units	The activities of the School District that are not proprietary or fiduciary	Activities the School District operates similar to private businesses, in the School District's case, the food service operations, print shop operations, the warehouse and the after school daycare program.	Instances in which the School District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of net position ▪ Statement of activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of net position ▪ Statement of revenues, expenses, and changes in net position ▪ Statement of cash flows 	<ul style="list-style-type: none"> ▪ Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School District's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

FUND ANALYSIS

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by approximately \$51.6 million at the close of the most recent fiscal year.

Table 1 provides a summary of the School District's net position for 2013:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Assets						
Current and Other Assets	\$ 34,505,381	\$ 36,480,091	\$ (933,593)	\$ (908,555)	\$ 33,571,788	\$ 35,571,536
Capital Assets	91,227,051	89,723,960	1,314,616	1,213,042	92,541,667	90,937,002
Total Assets	125,732,432	126,204,051	381,023	304,487	126,113,455	126,508,538
Liabilities						
Long-Term Liabilities	65,524,716	62,989,482			65,524,716	62,989,482
Other Liabilities	13,094,829	11,840,763	116,207	106,833	13,211,036	11,947,596
Total Liabilities	78,619,545	74,830,245	116,207	106,833	78,735,752	74,937,078
Net Position						
Net Investment in						
Capital Assets	28,486,926	32,463,377	1,314,616	1,213,043	29,801,542	33,676,420
Restricted	13,236,835	7,541,451			13,236,835	7,541,451
Unrestricted	5,389,126	11,368,978	(1,049,800)	(1,015,389)	4,339,326	10,353,589
Total Net Position	\$ 47,112,887	\$ 51,373,806	\$ 264,816	\$ 197,654	\$ 47,377,703	\$ 51,571,460

The School District's government-wide Governmental Activities net position increased by approximately \$4.3 million in 2013 or 9.0%. The primary reason for the net increase was a reduction of total liabilities of \$3.8 million. Long-term bonds payable decreased \$2.3 million, estimated compensated absences decreased \$.1 million, current bonds payable decreased \$.7 million, and unearned revenue decreased \$.7 million. Total assets decreased \$.3 million because net capital assets decreased \$1.6 million offset by an increase in cash and other current assets of \$1.3 million.

The District's total governmental activities unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was approximately \$11.4 million at June 30, 2013.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

FUND ANALYSIS (CONTINUED)

Government-Wide Financial Analysis (Continued)

Table 2 shows the changes in net position for fiscal year 2013.

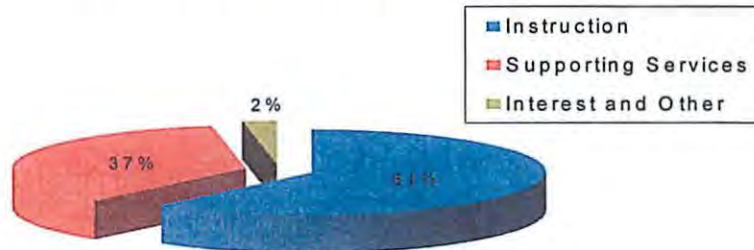
	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues						
Program Revenues:						
Charges for Services	\$ 770,749	\$ 426,254	\$ 1,390,237	\$ 1,487,595	\$ 2,160,986	\$ 1,913,849
Operating Grants	38,563,401	40,314,448	3,712,475	3,781,037	42,275,876	44,095,485
General Revenues:						
Property Taxes	27,634,700	33,529,087			27,634,700	33,529,087
Other	16,404,749	12,390,945	34,348	35,624	16,439,097	12,426,569
Total Revenues	83,373,599	86,660,734	5,137,060	5,304,256	88,510,659	91,964,990
Program Expenses						
Instruction	49,659,718	50,430,190			49,659,718	50,430,190
Support Services	27,708,205	29,975,791			27,708,205	29,975,791
Intergovernmental	30,626	28,992			30,626	28,992
Pupil Activities	43,838	56,227			43,838	56,227
Interest and Fiscal Charges	3,421,684	1,863,615			3,421,684	1,863,615
Food Services			4,464,457	4,622,804	4,464,457	4,622,804
After School Daycare			685,158	659,959	685,158	659,959
Print Shop			50,224	48,426	50,224	48,426
Warehouse			79,021	85,229	79,021	85,229
Total Expenses	80,864,071	82,354,815	5,278,860	5,416,418	86,142,931	87,771,233
Increase/(Decrease) in Net Position before Transfers	2,509,528	4,305,919	(141,800)	(112,162)	2,367,728	4,193,757
Transfers	(45,465)	(45,000)	45,465	45,000	-	-
Increase/(Decrease) in Net Position	2,464,063	4,260,919	(96,335)	(67,162)	2,367,728	4,193,757
Net Position - Beg. of Year	44,648,824	47,112,887	361,151	264,816	45,009,975	47,377,703
Net Position - End of Year	\$ 47,112,887	\$ 51,373,806	\$ 264,816	\$ 197,654	\$ 47,377,703	\$ 51,571,460

Governmental Activities. Governmental activities increased the School District's net position from 2012 to 2013 by 9.0 percent. This increase is primarily due to an increase in the General Fund balance of approximately \$1.0 million and a decrease in long-term and current bonds payable of approximately \$3.0 million.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

FUND ANALYSIS (CONTINUED)

**Program Expenses by Function
Governmental Activities**



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds

The analysis of governmental funds serves the purpose of examining available resources of the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2013, the School District's governmental funds reported a *combined* fund balance of approximately \$26.4 million, as compared to \$23.5 million for the prior year. The significant difference is primarily attributable to the increase of \$1.0 million in General Fund total fund balance accumulated through conservative expenditure budgeting and favorable revenue variances. In addition, the Capital Projects Funds realized an increase in fund balance of \$1.1 million in anticipation of upcoming capital project expenditures. The Debt Service fund balance increased approximately \$.4 million. Special Revenue Project funds also realized fund balance increases of \$.3 million.

Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2013, the School District's unassigned fund balance for all governmental funds was approximately \$8.6 million. This balance is maintained as an operating balance for the district to meet cash flow obligations throughout the year. The remaining fund balance is classified as nonspendable, committed, assigned or restricted for the following spending constraints:

Nonspendable for Prepaid Items	\$196,770
Nonspendable for Inventory	96,710
Assigned for Subsequent Year's Expenses	2,420,772
Restricted for Other Educational Purposes	1,411,447
Restricted for Debt Service – District	3,486,845
Restricted for Debt Service – EFC	2,317,686
Restricted for Capital Projects – District	7,789,617
Restricted for Capital Projects – EFC	22,443

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the General Fund was approximately \$8.6 million, while total General Fund balance was approximately \$11.3 million.

The School District's General Fund balance increased by approximately 10.1 percent during the current fiscal year. The primary reason for this increase was conservative budgeting which resulted in favorable revenue variances and favorable expenditure variances. The fund balance in the General Fund at June 30, 2013 represents approximately 17.0 percent of the 2013-2014 General Fund expenditure budget.

The School District's Major Funds include General Fund, as described above, Special Revenue-Special Projects, Special Revenue-EIA, Debt Service-District, Debt Service-Education Facilities Corp, Capital Projects-District and Capital Projects-Education Facilities Corp.

The School District's Special Revenue Funds, Special Projects and EIA, generally are used to account for revenues derived from the State of South Carolina and the Federal Government. Special Revenue Funds do not typically have fund balances as revenues should be expended, deferred, or returned to the grantor, with the exception of some locally funded programs.

The combined fund balances of special revenue funds increased over the previous year by \$310,218 primarily because of Medicaid Fund revenues in excess of expenditures by \$288,886 and E-Rate Fund revenues in excess of expenditures by \$89,426. The District Vending Fund fund balance partially offset these increases by \$63,319 because of planned expenditures and transfers to pupil funds.

The Debt Service Fund - District is used to account for the accumulation of funds for debt retirement. The balance in the District's Debt Service Fund increased by approximately \$400,000 from the prior year. The fiscal year ended 2013 Debt Service fund balance is approximately \$3.5 million, which is reserved for the payment of debt service. The School District's debt millage rate remained 29.75 mills.

The Debt Service Fund – Educational Facilities Corp (EFC) is used to account for the accumulation of funds and debt retirement of installment purchase revenue bonds issued by the District's blended component unit, which was created during the 2006-2007 fiscal year. The fund balance in the Debt Service Fund – EFC at June 30, 2013 was approximately \$2.3 million, which is reserved for the payment of debt service.

The Capital Projects Fund – District is utilized to account for the financial resources used for the acquisition, construction and/or renovations of capital facilities. The District's Capital Projects Fund increased by approximately \$1.1 million in 2013. The increase brought the total Capital Projects Fund fund balance of \$6.7 million from the prior year up to \$7.8 million. This increase is due to bond proceeds of \$1.3 million, a transfer from the general fund of \$1.8 million, and capital expenditures of \$2.0 million.

The Capital Projects Fund – Educational Facilities Corp (EFC) is used to account for the financial resources used for the acquisition, construction and/or renovations of capital facilities funded by installment purchase revenue bonds issued by the District's blended component unit. At June 30, 2013 the fund balance of the Capital Project Fund – EFC was unchanged from the prior year at \$22,443.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

Proprietary Funds

The School District's has four Proprietary Funds, including Food Service operations, Print Shop operations, the Warehouse and the After School Daycare programs. The Food Service program had a net position decrease of \$91,000 for 2013. The After School Daycare program had an increase in net position of \$40,000. The Print Shop had a net increase of \$3,356 and the Warehouse had a net decrease of approximately \$19,000.

General Fund Budgetary Highlights

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During fiscal year 2013, there was one amendment to the School District's original General Fund budget that increased expenditures by \$247,890 to purchase maintenance equipment. This amount was Designated for Subsequent Year in the prior year fund balance. Key budget highlights are as follows:

- Total Local Revenue exceeded budget by \$1.3 million, primarily because local tax revenue increased more than anticipated.
- Total State Revenue exceeded budget by \$1.1 million because there were no revenue shortfalls and several line item allocations such as employer fringe benefit contributions (\$360,929) and retiree insurance (\$227,134) experienced favorable revenue variances. In addition, the District received an unexpected year-end allocation of \$445,525 from the state. This amount has been designated for the subsequent year for special education purposes.
- Total actual expenditures of \$62.9 million were approximately \$1.0 million less than the revised budget. Favorable instructional salary and fringe benefit variances accounted for \$549,503 of this difference and support services salaries and fringe benefit differences were \$488,367 under budget.
- A transfer to the capital fund of \$1,800,785 was made during the year in accordance with Board policy DIB that requires a transfer when fund balance exceeds 10% of the General Fund budget. This amount was "Designated for Subsequent Year" in the prior year fund balance.
- The district provided two annual experience step increases for teachers in order to recover one experience step that was not provided during the latest national recession. In addition, all employees received a 2% cost of living increase. Non instructional employees also received one experience step increase.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the School District had approximately a \$90.9 million net investment in capital assets.

The total decrease in the School District's net investment in capital assets was approximately \$1.6 million, or approximately 1.7 percent. Depreciation was the primary reason for this decrease. Major capital asset events during the current fiscal year included the completion of summer renovations and improvements at several schools.

As of June 30, 2013 the School District has one outstanding major construction commitment for building a new athletic stadium at Brookland-Cayce High School with a total construction budget of \$9,272,614. This project is scheduled for completion before August 1, 2014.

Table 3 shows fiscal year 2013 capital asset balances:

	(Net of Depreciation)		
	Governmental Activities	Business-Type Activities	Total
Land and Land Improvements	\$ 3,182,395		\$ 3,182,395
Construction in Progress	553,895		553,895
Building, Improvements and Equipment	200,286,560	\$ 2,984,319	203,270,879
Less: Accumulated Depreciation	<u>(114,298,890)</u>	<u>(1,771,277)</u>	<u>(116,070,167)</u>
Totals	<u>\$ 89,723,960</u>	<u>\$ 1,213,042</u>	<u>\$ 90,937,002</u>

Additional information related to capital assets can be found in Note 6 in the financial statements.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At fiscal year-end, the School District had \$30,547,000 in general obligation bonds outstanding. The Education Facilities Corp had \$30,625,000 of outstanding debt related to installment purchase revenue bonds. The total general obligation bond debt payments for the 2012-2013 fiscal year were \$5,624,000 for the School District and \$675,000 for the Education Facilities Corp. A State Energy Loan payment of \$15,864 was also made during the year. Of the amount outstanding at June 30, 2013, approximately \$3.7 million in principal and \$3.1 million in interest is due within one year.

The following table presents a summary of the District's outstanding bonds for the fiscal year ended June 30, 2013:

<u>General Obligation Bonds</u>	<u>June 30, 2013</u>
2006 Series A EFC Installment Revenue Bonds	\$ 2,895,000
2006 Series B EFC Installment Revenue Bonds	19,920,000
2006 Series C EFC Installment Revenue Bonds	7,810,000
2011 Series General Obligation Bonds	14,595,000
2012A Series General Obligation Bonds	15,325,000
2013A Series General Obligation Bonds	627,000
	<u>\$ 61,172,000</u>

The State limits the amount of general obligation debt that school districts can issue to 8 percent of the assessed value of all taxable property within the School District's corporate limits. The School District is authorized by state statute to exceed the legal debt margin of 8 percent, if citizens of the School District approve such additional debt through a district-wide referendum. The School District's outstanding general obligation bonded debt is below this state-imposed limit by approximately \$20.5 million.

As noted earlier, other obligations include compensated absences. More detailed information about the School District's debt and other long-term liabilities is presented in Note 9 to the basic financial statements

LEXINGTON COUNTY SCHOOL DISTRICT TWO MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

ECONOMIC FACTORS

Lexington County School District Two is located in Lexington County, South Carolina, which is situated in the center of the state. The School District is one of five districts in Lexington County, and like the others is governed by an elected Board of Trustees. The School District encompasses a land area of 92 square miles and is separated by the Congaree River from the city of Columbia, capital of South Carolina, and is a part of the Greater Columbia suburban area. Lexington County's largest municipalities, the cities of West Columbia and Cayce, are located within the School District. Also, included in its boundaries are the towns of Springdale, South Congaree and Pine Ridge.

Lexington County, as a part of the Columbia Metropolitan Statistical Area (CMSA), has experienced substantial population growth over the past two decades. Lexington County is one of the fastest growing counties in the state. The average unemployment rate for Lexington County was 7.7 percent for the fiscal year ended June 30, 2013. Lexington County consistently has one of the lowest unemployment rates in the state. There is also some additional economic information and other informative statistics outlined in the transmittal letter and statistical sections of this report.

FY 2013-2014 BUDGETS

The most significant budgeted fund for Lexington County School District Two is the General Fund. The District developed the 2013-2014 General Fund budget using revenue allocation estimates from the state legislature and best available local tax revenue estimates. State revenue reductions are not anticipated during the course of the year. The General Fund budgeted revenue and transfers for the fiscal year ending June 30, 2014 totaled \$66,361,265, an increase of over \$2.8 million over the prior year revised revenue and transfer budget of \$63,513,271. Key highlights of the 2013-2014 budget are as follows:

- **Salary and Fringe.** All employee salaries were increased 3% for the 2013-2014 budget which includes one experience step increase for teachers, instructional staff, and all other employees.
- **Staffing.** The district increased the prior year staffing levels by adding approximately 32 new positions 17.5 teachers, 7 teacher assistants, 7 computer technicians, and 1 human resources position for induction/mentoring.
- **Non-Salary Expenditures.** Budgeted expenditures were increased approximately \$68,000 or 1.0% in the 2013-2014 for inflationary cost increases. The total non personnel budget is \$7,326,468 and includes utilities, materials and supplies, and contracted services.
- **Revenue Estimates:** The State Education Finance Act budget estimate is based on the full state base student cost of \$2,102 and does not provide an allowance for state revenue shortfalls during the fiscal year.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at Lexington County School District Two, 715 Ninth Street, West Columbia, South Carolina, 29169.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF NET POSITION
JUNE 30, 2013

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 23,477,430	3,408	\$ 23,480,838
Property Taxes Receivable (Net)	1,858,303		1,858,303
Accounts Receivable	-	200,215	200,215
Prepaid Items	196,770		196,770
Due From:			
County Treasurer	5,246,421		5,246,421
Federal Agencies	1,988,404	7,031	1,995,435
State Department of Education	1,239,619		1,239,619
Internal Balances	1,179,205	(1,179,205)	-
Other State Agencies	20,989		20,989
Other Receivables	596,450		596,450
Inventories	96,710	59,996	156,706
Unamortized Bond Issuance Costs	579,790		579,790
Capital Assets Not Being Depreciated:			
Land	3,182,395		3,182,395
Construction in Progress	553,895		553,895
Capital Assets:			
Buildings	194,063,736		194,063,736
Furniture and Equipment	5,067,662	2,984,319	8,051,981
Vehicles	1,155,162		1,155,162
Less: Accumulated Depreciation	(114,298,890)	(1,771,277)	(116,070,167)
TOTAL ASSETS	126,204,051	304,487	126,508,538
LIABILITIES			
Accounts Payable and Accrued Expenses	6,627,464	3,222	6,630,686
Due to Other State Agencies	1,654		1,654
Accrued Interest Payable	576,917		576,917
Unearned Revenues	1,280,891	103,611	1,384,502
Current Portion of Noncurrent Liabilities:			
Bonds Payable	2,987,000		2,987,000
Compensated Absences	350,973		350,973
Note Payable	15,864		15,864
Noncurrent Liabilities:			
Bonds Payable	58,185,000		58,185,000
Deferred Amounts:			
For Issuance Premiums/Discounts	5,670,425		5,670,425
On Refunding	(1,798,636)		(1,798,636)
Arbitrage Payable	-		-
Compensated Absences	916,830		916,830
Note Payable	15,863		15,863
TOTAL LIABILITIES	74,830,245	106,833	74,937,078
Net Position			
Net Investment in Capital Assets	32,463,377	1,213,043	33,676,420
Restricted For:			
Debt Service	6,122,456		6,122,456
Other Educational Purposes	1,418,995		1,418,995
Unrestricted (Deficit)	11,368,978	(1,015,389)	10,353,589
TOTAL NET POSITION	\$ 51,373,806	197,654	\$ 51,571,460

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:						
Governmental Activities:						
Instruction	\$ 50,430,190	\$ 426,254	\$ 32,195,524	\$ (17,808,412)	\$ -	\$ (17,808,412)
Supporting Services	29,975,791	-	8,118,924	(21,856,867)		(21,856,867)
Intergovernmental	28,992		-			
Community Services	56,227	-		(56,227)		(56,227)
Interest and Other Charges	1,863,615			(1,863,615)		(1,863,615)
Total Governmental Activities	82,354,815	426,254	40,314,448	(41,614,113)		(41,585,121)
Business-Type Activities:						
Food Services	4,622,804	695,900	3,781,037		(145,867)	(145,867)
After School Daycare	659,959	674,044			14,085	14,085
Print Shop	48,426	51,781			3,355	3,355
Warehouse	85,229	65,870			(19,359)	(19,359)
Total Business-Type Activities	5,416,418	1,487,595	3,781,037		(147,786)	(147,786)
TOTAL - PRIMARY GOVERNMENT	\$ 87,771,233	\$ 1,913,849	\$ 44,095,485	\$ (41,614,113)	\$ (147,786)	\$ (41,732,907)
General Revenues:						
Property Taxes Levied for General Purposes				\$ 26,523,057	\$ -	\$ 26,523,057
Property Taxes Levied for Debt Service				7,006,030		7,006,030
Miscellaneous				65,427	33,483	98,910
Unrestricted Investment Earnings				218,376	2,141	220,517
State aid not restricted for specific purpose				12,107,142		12,107,142
Transfers				(45,000)	45,000	-
Total General Revenues and Transfers				45,875,032	80,624	45,955,656
CHANGE IN NET POSITION				4,260,919	(67,162)	4,193,757
NET POSITION - BEGINNING OF YEAR				47,112,887	264,816	47,377,703
NET POSITION - END OF YEAR				\$ 51,373,806	\$ 197,654	\$ 51,571,460

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	GENERAL	SPECIAL REVENUE - SPECIAL PROJECTS	SPECIAL REVENUE - EIA	DEBT SERVICE DISTRICT	DEBT SERVICE EDUCATION FACILITIES CORP	CAPITAL PROJECTS DISTRICT	CAPITAL PROJECTS EDUCATION FACILITIES CORP	TOTAL GOVERNMENTAL FUNDS
ASSETS								
Cash and Cash Equivalents	\$ 19,879,253	\$ 8,381			\$ 3,589,796			\$ 23,477,430
Taxes Receivable	1,491,857			\$ 366,446				1,858,303
Due From County	447,887			1,852,423		\$ 2,946,111		5,246,421
Due From Federal Agencies		1,988,404						1,988,404
Due From State Department of Education	665,509		\$ 574,110					1,239,619
Due From Other State Agencies		20,989						20,989
Due From:								
Special Revenue - Special Projects	401,663							401,663
Enterprise Funds	1,179,207							1,179,207
General Fund			442,846	1,585,900		4,843,506	\$ 22,443	6,894,695
Prepaid Items	189,222	7,548						196,770
Other Receivables	535,524	60,926						596,450
Inventories	96,710							96,710
TOTAL ASSETS	\$ 24,886,832	\$ 2,086,248	\$ 1,016,956	\$ 3,804,769	\$ 3,589,796	\$ 7,789,617	\$ 22,443	\$ 43,196,661
LIABILITIES								
Accounts Payable	\$ 993,872							993,872
Due to Other State Agencies		\$ 1,654						1,654
Due to Other Funds:								
Special Revenue - EIA	442,846							442,846
Capital Projects	4,865,949							4,865,949
Debt Service	313,790							313,790
General Fund		401,663			\$ 1,272,110			1,673,773
Pupil Activities	731,761							731,761
Accrued Salaries and Related Liabilities	4,901,833							4,901,833
Deferred Revenue	1,318,706	263,936	\$ 1,016,956	\$ 317,924				2,917,522
TOTAL LIABILITIES	13,568,757	667,253	1,016,956	317,924	1,272,110	-	-	16,843,000
FUND BALANCES								
Fund Balances								
Nonspendable:								
Prepaid Expenses	189,222	7,548						196,770
Inventory	96,710							96,710
Restricted For:								
Other Educational Purposes	445,525	1,411,447						1,856,972
Debt Service				3,486,845	2,317,686			5,804,531
Capital Projects						7,789,617	22,443	7,812,060
Assigned to:								
Designated for Subsequent Year	1,975,247							1,975,247
Unassigned:	8,611,371							8,611,371
TOTAL FUND BALANCES	11,318,075	1,418,995	-	3,486,845	2,317,686	7,789,617	22,443	26,353,661
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,886,832	\$ 2,086,248	\$ 1,016,956	\$ 3,804,769	\$ 3,589,796	\$ 7,789,617	\$ 22,443	\$ 43,196,661

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 26,353,661**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$204,022,850 and the accumulated depreciation was \$114,298,890. 89,723,960

Property Taxes Receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds.

Deferred Property Tax at year end consists of:

General Fund	\$ 1,318,706	
Debt Service Fund	<u>317,925</u>	1,636,631

Accrued interest on bonds payable in governmental funds is not due and payable in the current period and is therefore, not reported as a liability in the funds. (576,917)

Deferred charges are not reported in the funds because they are not current financial resources, but they are reported in the statement of net position. Deferred charges of \$889,227 have been amortized by \$309,437. 579,790

Unearned bond premiums are deferred in the statement of net position. The net premiums of \$6,900,518 have been amortized by \$1,230,093 with a remaining unamortized net bond discount. (5,670,425)

Unearned amounts on refunding are deferred in the statement of position. The net gain of \$2,061,581 have been amortized by \$262,945. 1,798,636

Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

General Obligation Bonds Payable	\$ 30,547,000	
Installment Revenue Bonds Payable	30,625,000	
Accrued Compensated Absences	1,267,803	
Due to South Carolina State Energy Office	<u>31,727</u>	(62,471,530)

TOTAL NET POSITION - GOVERNMENTAL FUNDS **\$ 51,373,806**

LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL	SPECIAL REVENUE - SPECIAL PROJECTS	SPECIAL REVENUE - EIA	DEBT SERVICE DISTRICT	DEBT SERVICE EDUCATION FACILITIES CORP	CAPITAL PROJECTS DISTRICT	CAPITAL PROJECTS EDUCATION FACILITIES CORP	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Local Sources	\$ 27,126,697	\$ 1,180,672	\$ -	\$ 7,073,464	\$ 168,271	\$ 11,745	\$ -	\$ 35,560,849
State Sources	36,732,378	1,095,151	7,294,201	472,783		19,852		45,614,365
Federal Sources		5,626,553						5,626,553
TOTAL REVENUES ALL SOURCES	63,859,075	7,902,376	7,294,201	7,546,247	168,271	31,597	-	86,801,767
EXPENDITURES								
Current:								
Instruction	38,560,850	5,035,929	4,575,145					48,171,924
Support Services	24,262,463	2,512,408	869,819			1,147,281		28,791,971
Community Services		10,000						10,000
Intergovernmental	27,667	1,325						28,992
Pupil Activities	6,227	40,000						46,227
Capital Outlay						844,077		844,077
Debt Service:								
Principal Retirement				5,639,864	675,000			6,314,864
Interest and Fiscal Charges	-			1,557,814	1,458,772			3,016,586
TOTAL EXPENDITURES	62,857,207	7,599,662	5,444,964	7,197,678	2,133,772	1,991,358	-	87,224,641
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,001,868	302,714	1,849,237	348,569	(1,965,501)	(1,959,761)	-	(422,874)
OTHER FINANCING SOURCES (USES)								
Issuance of General Obligation Bonds				1,966,120		1,300,880		3,267,000
Premium on Bonds Sold				21,282				21,282
Sale of Capital Assets	21,064					-		21,064
Transfers In	1,890,741	9,303		15,864	1,967,573	1,800,785		5,684,266
Transfers Out	(1,870,952)	(1,799)	(1,849,237)	(1,967,573)		(39,705)		(5,729,266)
TOTAL OTHER FINANCING SOURCES (USES)	40,853	7,504	(1,849,237)	35,693	1,967,573	3,061,960	-	3,264,346
NET CHANGE IN FUND BALANCE	1,042,721	310,218	-	384,262	2,072	1,102,199	-	2,841,472
FUND BALANCES, Beginning of Year	10,275,354	1,108,777	-	3,102,583	2,315,614	6,687,418	22,443	23,512,189
FUND BALANCES, End of Year	\$ 11,318,075	\$ 1,418,995	\$ -	\$ 3,486,845	\$ 2,317,686	\$ 7,789,617	\$ 22,443	\$ 26,353,661

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 2,841,472
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Property tax revenues not considered current financial resources are deferred in the governmental funds but are not in the statement of activities. Deferred taxes receivable decreased by \$141,033 over the year ended June 30, 2013.	(141,033)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense of \$3,428,537 exceeded capital outlay of \$1,925,446.	(1,503,091)
The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. The amount received from bond issuance for the year ended June 30, 2013 is \$3,267,000.	(3,267,000)
Repayment of long-term liabilities, such as General Obligation and Installment Purchase Revenue Bonds and Notes Payable is an expenditure in the governmental funds, but merely reduces liabilities in the statement of net position.	6,314,864
Amortization of bond premiums as income over the terms of the associated bonds. The amount recognized as income for the year ended June 30, 2013 is \$117,535.	(117,535)
Amortization of bond issuance cost as expense over the terms of the associated bonds. The amount recognized as expense for the year ended June 30, 2013 is \$115,873.	(115,873)
Unearned amounts on refunding are not reported in the funds because they are not current financial resources, but they are reported in the statement of net position. The unearned amounts are then amortized over the term of the bond. The amortization of the unearned amounts on refunding for the year is \$83,015	83,015
Rebatable arbitrage on bonds payable in governmental funds is not due and payable in the current period and is, therefore, not reported as a liability in the funds.	16,106
Interest on long-term debt in the statement of activities differs from the governmental funds because governmental funds recognize interest expense only when it is paid. In the statement of net position, interest expense is recognized as it accrues. Accrued interest payable decreased for the year ended June 30, 2013 by \$63,776.	63,776
The cost of compensated employee absences is recognized in the governmental funds only when actually paid in cash. However, in the statement of net position, the expense is recorded when the employees earn the benefits. The total liability for compensated absences decreased by \$86,218 during this fiscal year.	<u>86,218</u>
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>4,260,919</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Local	\$ 25,855,256	\$ 25,855,256	\$ 27,126,697	\$ 1,271,441
State	35,620,140	35,620,140	36,732,378	1,112,238
Total Revenues	<u>61,475,396</u>	<u>61,475,396</u>	<u>63,859,075</u>	<u>2,383,679</u>
EXPENDITURES:				
Current:				
Instruction	39,081,664	39,027,689	38,464,887	562,802
Support Services	24,223,827	24,290,823	23,995,594	295,229
Intergovernmental			27,667	(27,667)
Pupil Activities			6,227	(6,227)
Capital Outlay	157,780	392,649	362,832	29,817
Total Expenditures	<u>63,463,271</u>	<u>63,711,161</u>	<u>62,857,207</u>	<u>853,954</u>
Excess (Deficiency) Revenues Over (Under) Expenditures	<u>(1,987,875)</u>	<u>(2,235,765)</u>	<u>1,001,868</u>	<u>3,237,633</u>
OTHER FINANCING SOURCES (USES):				
Sale of Capital Assets			21,064	21,064
Transfers In	2,037,875	2,037,875	1,890,741	(147,134)
Transfers Out	(50,000)	(50,000)	(1,870,952)	(1,820,952)
Total Other Financing Sources (Uses)	<u>1,987,875</u>	<u>1,987,875</u>	<u>40,853</u>	<u>(1,947,022)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>\$ -</u>	<u>\$ (247,890)</u>	<u>1,042,721</u>	<u>\$ 1,290,611</u>
Fund Balance, Beginning of Year			<u>10,275,354</u>	
Fund Balance, End of Year			<u>\$ 11,318,075</u>	

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

ASSETS	ENTERPRISE FUNDS				
	Food Service	After School Daycare	Print Shop	Warehouse	Total
Current Assets					
Cash and Investments	\$ 3,408	\$	\$	\$	\$ 3,408
Accounts Receivable	195,731			4,484	200,215
Due from General Fund		179,376		25,671	205,047
Due from Federal Government	7,031				7,031
Inventory	52,228		7,768		59,996
Total Current Assets	<u>258,398</u>	<u>179,376</u>	<u>7,768</u>	<u>30,155</u>	<u>475,697</u>
Noncurrent Assets					
Machinery and Equipment	2,609,727	328,491	46,101		2,984,319
Less: Accumulated Depreciation	(1,524,577)	(200,598)	(46,101)		(1,771,276)
Total Noncurrent Assets	<u>1,085,150</u>	<u>127,893</u>	<u>-</u>	<u>-</u>	<u>1,213,043</u>
TOTAL ASSETS	<u>\$ 1,343,548</u>	<u>\$ 307,269</u>	<u>\$ 7,768</u>	<u>\$ 30,155</u>	<u>\$ 1,688,740</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 1,333	\$	\$	\$ 1,890	\$ 3,223
Deferred Revenue	103,611				103,611
Due to General Fund	1,123,715		260,537		1,384,252
Total Current Liabilities	<u>1,228,659</u>	<u>-</u>	<u>260,537</u>	<u>1,890</u>	<u>1,491,086</u>
TOTAL LIABILITIES	<u>\$ 1,228,659</u>	<u>\$ -</u>	<u>\$ 260,537</u>	<u>\$ 1,890</u>	<u>\$ 1,491,086</u>
NET POSITION					
Net Investment in Capital Assets	\$ 1,085,150	\$ 127,893	\$ -	\$ -	\$ 1,213,043
Unrestricted	(970,261)	179,376	(252,769)	28,265	(1,015,389)
TOTAL NET POSITION	<u>\$ 114,889</u>	<u>\$ 307,269</u>	<u>\$ (252,769)</u>	<u>\$ 28,265</u>	<u>\$ 197,654</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	ENTERPRISE FUNDS				
	Food Service	After School Daycare	Print Shop	Warehouse	Total
OPERATING REVENUES					
Proceeds from Sale of Meals	\$ 695,900	\$	\$	\$	\$ 695,900
Printing Revenue			51,781		51,781
Warehouse Revenue				65,870	65,870
Tuition		674,044			674,044
Total Operating Revenues	<u>695,900</u>	<u>674,044</u>	<u>51,781</u>	<u>65,870</u>	<u>1,487,595</u>
OPERATING EXPENSES					
Food Costs	215,237				215,237
Salaries and Benefits	144,389	500,417	30,457	5,535	680,798
Depreciation	155,392	19,329	-		174,721
Purchased Services	3,999,732	37,018	6,341	1,144	4,044,235
Supplies	102,478	95,866	11,628	64,966	274,938
Other	5,576	7,329		13,584	26,489
Total Operating Expenses	<u>4,622,804</u>	<u>659,959</u>	<u>48,426</u>	<u>85,229</u>	<u>5,416,418</u>
Operating Income (Loss)	<u>(3,926,904)</u>	<u>14,085</u>	<u>3,355</u>	<u>(19,359)</u>	<u>(3,928,823)</u>
NON-OPERATING REVENUE (EXPENSES)					
USDA Reimbursements	3,565,800				3,565,800
Interest	109	2,032			2,141
Commodities Received from USDA	215,237				215,237
Other Revenue	9,424	24,059			33,483
Total Non-Operating Revenues (Expenses)	<u>3,790,570</u>	<u>26,091</u>	<u>-</u>	<u>-</u>	<u>3,816,661</u>
Income (Loss) Before Operating Transfers	<u>(136,334)</u>	<u>40,176</u>	<u>3,355</u>	<u>(19,359)</u>	<u>(112,162)</u>
TRANSFERS IN (OUT)					
Transfer from General Fund	45,000				45,000
Total Transfers	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
CHANGE IN NET POSITION	<u>(91,334)</u>	<u>40,176</u>	<u>3,355</u>	<u>(19,359)</u>	<u>(67,162)</u>
TOTAL NET POSITION - Beginning of Year	<u>206,223</u>	<u>267,093</u>	<u>(256,124)</u>	<u>47,624</u>	<u>264,816</u>
TOTAL NET POSITION - End of Year	<u>\$ 114,889</u>	<u>\$ 307,269</u>	<u>\$ (252,769)</u>	<u>\$ 28,265</u>	<u>\$ 197,654</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	ENTERPRISE FUNDS				
	Food Service	After School Daycare	Print Shop	Warehouse	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Participants	\$ 277,978	\$ 614,539	\$ 51,781	\$ 85,636	\$ 1,029,934
Cash Paid to Employees for Services	(144,389)	(500,417)	(30,457)	(5,535)	(680,798)
Cash Paid to Suppliers of Goods and Services	(4,109,343)	(140,213)	(21,324)	(80,101)	(4,350,981)
Net Cash Received from (Used by) by Operating Activities	(3,975,754)	(26,091)	-	-	(4,001,845)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from(to) Other Funds	45,000				45,000
US Government Subsidy	3,987,750				3,987,750
Other Federal/State Reimbursements	9,773	24,059			33,832
Net Cash Received from Noncapital Financing Activities	4,042,523	24,059	-	-	4,066,582
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Equipment	(73,148)				(73,148)
Net Cash Used by in Capital and Related Financing Activities	(73,148)	-	-	-	(73,148)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	109	2,032			2,141
Net Cash Received from Investing Activities	109	2,032	-	-	2,141
Net Increase (Decrease) in Cash and Cash Equivalents	(6,270)	-	-	-	(6,270)
Cash and Cash Equivalents - July 1, 2012	9,676				9,676
Cash and Cash Equivalents - June 30, 2013	\$ 3,406	\$ -	\$ -	\$ -	\$ 3,406
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH RECEIVED FROM (USED BY) OPERATING ACTIVITIES					
Net Operating Income (Loss)	\$ (3,926,904)	\$ 14,085	\$ 3,355	\$ (19,359)	\$ (3,928,823)
Adjustments to Reconcile Operating Income (Loss)					
to Net Cash Received from (Used by) Operating Activities					
Depreciation	155,392	19,329			174,721
Commodities Used	215,237				215,237
Changes in Assets and Liabilities:					
Decrease (Increase) in Receivables and Due from Others	1,325	(59,505)		19,766	(38,414)
Decrease (Increase) in Inventories	4,710				4,710
Increase (Decrease) in Accounts Payable and Due to Others	(6,267)		(3,355)	(407)	(10,029)
Increase (Decrease) in Deferred Revenue	(419,247)				(419,247)
Net Cash Received from (Used by) Operating Activities	(3,975,754)	(26,091)	-	-	(4,001,845)
NON-CASH TRANSACTIONS					
Non-cash donation - USDA Commodities Received and Used	\$ 215,237	\$ -	\$ -	\$ -	\$ 215,237

The notes to the financial statements are an integral part of this statement.
See accompanying independents auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2013

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 10,285
Accounts Receivable	731,761
TOTAL ASSETS	<u><u>742,046</u></u>
 LIABILITIES	
Due to Student Organizations	\$ 742,046
TOTAL LIABILITIES	<u><u>\$ 742,046</u></u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditors' report.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies

Lexington County School District Two operates sixteen K-12 public schools and one alternative program school in a portion of Lexington County, South Carolina and encompasses the cities of West Columbia and Cayce, as well as the towns of Springdale, South Congaree and Pine Ridge. The District provides a broad range of general and specialized elementary and secondary educational services and derives its local revenue from the tax base in these areas. In addition, the District receives funding from the State of South Carolina and the United States Federal Government and must comply with the related requirements of these funding source entities. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting Entity

Lexington County School District Two is the lowest level of government which has financial accountability and control over all activities related to public school education in the District. The District is not included in any other governmental "reporting entity" as defined in GASB Statement No. 14, since members of the School Board of Trustees are elected by the public and since members have decision making authority, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters.

All activities for which the School Board of Trustees exercises financial accountability have been incorporated into the financial statements to form the reporting entity. GASB Statement No. 14 defines the reporting entity as "a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete." Activities meeting the above criteria, include, but are not limited to, the general operations and support services of the District, Student Activity Funds, Capital Projects Funds and Student Nutrition Services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the District, and when applicable, its component units, entities for which the District is considered to be financially accountable or for which exclusion of a component unit would render the financial statements incomplete or misleading. The primary criterion for determining inclusion or exclusion of a legally separate entity as a component unit is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity's governing body and either 1) the District is able to impose its will on the entity or 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the District.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District. In order to be considered fiscally independent, an entity must have the authority to do all three of the following:

- i) Determine its budget without the District having the authority to approve or modify that budget;
- ii) Levy taxes or set rates or charges without approval by the District; and
- iii) Issue bonded debt without approval by the District

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the District's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize they are legally separate from the District. Based on the above criteria, the District has one blended component unit.

Blended Component Unit

The Educational Facilities Corporation for Lexington School District No 2 (the corporation) is a not-for-profit 501(c)(3) organization incorporated for the specific charitable purpose of serving as a "support organization" for capital projects of the District. The corporation's board members are appointed by Lexington County School District Two's Superintendent and Chief Financial Officer. The corporation's board is made up of five school business officials from South Carolina. Because the corporation exclusively benefits the District, the entity's financial information will be blended with that of the District's financial statements. Separate financial statements for the Educational Facilities Corporation are not issued.

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of District and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. However, the inter-fund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Basis of Presentation

Government-Wide Financial Statements

Program revenues include; 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Because the government-wide financial statements and the governmental fund financial statements are prepared using a different measurement focus, the financial section of the statements includes a reconciliation with brief explanations to better identify the relationship between the government-wide and governmental fund statements.

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

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental Fund Financial Statements (Continued)

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

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major fund are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The District has the following major funds and fund types:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary and agency funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The District has the following major and non-major governmental fund types:

General Fund, a major fund and a budgeted fund is the primary operating fund of the District. It accounts for all revenues and expenditures of the District 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 accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted and committed to expenditures for specified purposes that are received on the basis of projects approved by various authorizing agencies which are not budgeted in General Fund operations.

The majority of the monies for approved projects are received pursuant to federal legislation and the Education Improvement Act. The allowable expenditures of the projects are specified in the enabling legislation and related regulation, and may not be used to supplant District expenditures which would otherwise have been made. The District has two Special Revenue Funds:

1. **The Special Projects Fund, a major fund and an unbudgeted 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 Education Improvement Act (EIA) Fund, a major fund and an unbudgeted fund** is used to account for the revenues 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 part of the formal budget process approved by the Board of Trustees.

Debt Service Fund - District, a major fund and an unbudgeted fund, is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs for the District.

Debt Service Fund – Education Facilities Corp, a major fund and an unbudgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for the Education Facilities Corp installment revenue bonds.

Capital Projects Fund – District, a major fund and an unbudgeted fund, is used to account for all financial resources that are restricted, committed, or assigned to be used for site acquisitions, construction of major capital facilities, equipment and renovation of all major capital facilities except for those financed in the enterprise fund that were funded by the issuance of general obligation bonds.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental Fund Types (Continued)

Capital Projects Fund – Education Facilities Corp, a major fund and an unbudgeted fund, is used to account for financial resources that are restricted, committed, or assigned to be used for site acquisitions, construction of major capital facilities, equipment and renovation of all major capital facilities except for those financed in the enterprise fund that were financed by the issuance of installment purchase revenue bonds.

Proprietary Fund Types

Proprietary funds are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable GASB pronouncements, including GASB Statement No. 62, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The Enterprise Funds, major funds and unbudgeted funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that periodic determination of revenues earned, expenses incurred, and net income is necessary for management accountability. The District's Food Service Fund, After School Daycare Fund, Print Shop Fund, and Warehouse Fund, all meet the stipulations of an enterprise fund. The District has elected to present all enterprise funds as major funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds – Food Service, Print Shop, Warehouse and After School Daycare, include charges to students and teachers for breakfast, lunch and special sales, charges for printing costs, charges for warehouse sales and after school daycare tuition payments, respectively. Operating expenses for the funds include cost of sales, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the government in a trustee capacity or as an agent on behalf of others, and include trust funds and agency funds. Fiduciary funds are accounted for using the accrual basis of accounting. Fiduciary fund types include:

Agency Fund, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity and do not include revenues and expenditures for general operation of the District. The accounting reflects the agency relationship of the District to the student activity organizations.

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

Assets, Liabilities and Equity

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Enterprise Fund considers all highly liquid investments with original maturities of three months or less and investments of the cash management pool to be cash equivalents.

Cash and Investments held by County Treasurer represent property taxes collected by the District's fiscal agent that have not been remitted to the District. The County Treasurer invests these funds in investments authorized by state statute as outlined in this section.

Investments

The District's investment policy is designed to operate within existing statutes that authorize the District to invest in the following:

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 that the same are insured by an agency of the federal government;

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Investments (Continued)

4. Certificates of deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in 1 and 2 above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates of funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
5. Collateralized repurchase agreements when collateralized by securities as set forth in 1 and 2 above and held by the District or a third party as escrow agent or custodian; and
6. South Carolina Pooled Investment Fund established and maintained by the State Treasurer.

Investments are stated at fair value, which is the same as the value of the pool shares for investments in the South Carolina Pooled Investment Fund.

Receivables and Payables

Transactions between funds that represent reimbursement arrangements outstanding at the end of the year are referred to "due from other funds" or "due to other funds" on the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Inventories

Under the system of accounting for inventory, materials and 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. Inventories consist of purchased food, supplies, commodities received from the United States Department of Agriculture as of June 30, but not consumed. The value of unused commodities on hand at year-end is recorded at market value as provided by the United States Department of Agriculture. In accordance with the State of South Carolina food service accounting guidelines, this amount is included as deferred revenue until the commodities are used.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year consumed.

Unamortized Bond Issuance Costs

This represents the unamortized portion of bond issuance costs incurred by the District during General Obligation bond issues, which are amortized on a straight line basis over the term of the bonds.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported in both the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The district maintains a capitalization threshold of \$5,000 for furniture and equipment, vehicles and textbooks, and \$50,000 land, buildings and improvements thereto. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the assets are not capitalized. For purposes of reporting state and federal funds, small equipment items that may not be capitalized are still categorized outlays in the supporting schedules.

In the enterprise fund, assets acquired or constructed by grants and share revenues externally restricted for capital acquisitions and construction are reported as revenue in the period received in accordance with Governmental Accounting Standards Board Statement No. 33. In earlier years, these assets were accounted for as contributed capital. In connection with the adoption of GASB No. 34, the balance of contributed capital has been combined with retained earnings to comprise the net position of the enterprise fund.

All reported capital assets, except land and construction in progress, are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate fixed asset category.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Capital Assets (Continued)

Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Land Improvements	20 years	N/A
Buildings and Improvements	50 years	N/A
Furniture and Equipment	3-10 years	3-12 years
Vehicles	3-10 years	N/A

Compensated Absences

It is the District's policy to permit certain qualified employees to accumulate earned but unused leave. A maximum accrual of 135 days is allowed. Employees are paid for accumulated leave days that are over 90 days but do not exceed the maximum amount of 135 days at the District's substitute rate of pay.

An employee who retires under the guidelines for retirement as prescribed by the South Carolina Retirement System is eligible to receive up to a maximum of 45 days of their accumulated leave at their daily rate of pay.

The District computes compensated absences liability based on the employees who are eligible for state retirement. For these employees, the District takes their accumulated leave days in excess of 90 days, and multiplies by the employee's daily compensation. In addition, an amount is calculated for the employees under the state TERI program.

The related compensated leave was calculated at their individual respective retirement date, but since they are still employees of the District this liability will be paid when they leave the employment of the District. The entire compensated absences liability is reported on the government-wide financial statements. No liability has been recorded in the governmental fund financial statements. The District intends to fund the liability from future operations with assets that do not represent expendable available financial resources.

Unamortized Bond Premiums

This represents the unamortized portion of bond premiums received by the District during General Obligation bond issues, which are amortized on a straight line basis over the terms of the bonds.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Deferred Gain on Refunding

This represents the unamortized portion of the gain on refunding bonds not yet recognized by the District due to advanced refunding bond issues, which are amortized on a straight-line basis over the terms of the bonds.

Accrued Liabilities and Long-term Obligation

All payables, accrued liabilities and long-term obligations are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, contractually required pension contributions and special termination benefits, and compensated absences that will be paid from governmental funds are reported as liabilities in the fund financial statements when amounts are due and payable. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from actual net proceeds received, are reported as debt service expenditures.

Classification of Fund Balances

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

Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grants, bondholders and higher levels of government) through constitutional provisions or enabling legislation;

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, which is the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint; committed amounts consist of items approved by formal action taken by the Board of Trustees during open session of Board of Trustee meetings;

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Assigned fund balance – amounts the District intends to use for specific purpose; intent can be expressed by the governing body, which is the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Board Policy DIB authorizes a transfer from the General Fund to the district's capital fund for one-half of the surplus in excess of ten percent of the next year's approved General Fund Budget. This amount is presented as "assigned for subsequent year."

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When both restricted and unrestricted amounts are considered to have been spent, it is the District's policy to use restricted fund balances first, then unrestricted fund balances as needed. When committed, assigned or unassigned resources are available for use, it is the District's policy to use committed, assigned, and unassigned resources, respectively.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, that has not been spent, is included in the same net position 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.

The District applies restricted resources when expense is incurred for purposes for which both restricted and unrestricted net position is available.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United State of America requires the District's management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Equity (Continued)

Comparative Data/Reclassifications (Continued)

However, comparative data has not been presented in each of the statements since their inclusion would make the statement unduly complex and difficult to read.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

Budgetary Information

The Board of Trustees adopts a legal annual appropriated budget for the general fund revenues and expenditures on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America each fiscal year. The budget is prepared, controlled, and amended at the revenue and expenditure functional and object levels. The District's superintendent may authorize functional level transfers in the general budget that do not exceed \$5,000. Budget transfers between functional levels greater than \$5,000 require board approval. Management may, however, transfer budgeted amounts at the object level within the same function and may also transfer salary and employee benefit budgeted amounts across functional and object levels. Unexpended appropriations lapse at fiscal year end. Special Revenue Fund budgets are developed and controlled in conformance with the specific requirements of each grant or funding agency. These budgets are not legally adopted by the School Board. Both General and Special Revenue Fund budgets are used as a management control device during the year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. In the fall of the preceding year, the District begins its budget process for the next succeeding fiscal year beginning on July 1.
2. After the District's budget committee reviews all requests and allocation requirements and related revenue, it presents a tentative proposed budget to the Superintendent for review and adjustment.
3. The Superintendent then presents a proposed budget to the board of trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
4. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

There was one budget change during the year ended June 30, 2013 allowing for maintenance equipment acquisitions that was restricted in the prior fiscal year.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Encumbrances

The appropriations of the general fund of the District lapse at June 30 each year and the outstanding purchase orders, contracts, and other commitments must be renewed. Therefore, there are no restrictions or commitments of the fund balances at year-end for encumbrances.

2. Cash and Investments

Cash and Investments

At June 30, 2013 the carrying amount of the District's deposits and investments was \$23,480,838 and the bank balance was \$24,530,161.

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statues of the State of South Carolina. As of June 30, 2013, none of the District's deposits were exposed to custodial credit risk because no funds were unsecured and collateralized with securities held by the pledging financial institution's trust department or its agent, but not in the District's name.

As of June 30, 2013, the District had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
SC Local Government Investment Pool	**	Unrated	\$ 16,068,083
Wells Fargo: Freddie Mac Discount Notes	Various	A-1+	3,329,035
Wells Fargo: Money Market Accounts	Various	AA/A-1+	<u>193,345</u>
Total Investments			<u>\$ 19,590,463</u>

** Investments in 2a-7 like funds are not required to disclose interest rate risk. The County Treasurer invests the monies it holds in trust for governmental entities in separate accounts with the State Local Government Investment Pool. Thus, we have characterized this investment as a 2a-7 like fund.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a failure, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statues of the State of South Carolina.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

2. Cash and Investments (Continued)

As of June 30, 2013, \$3,022,379 of the District's investments were exposed to custodial credit risk because it was unsecured and collateralized with securities held by the pledging financial institution's trust department or its agent, but not in the District's name.

Credit Risk for Investments: South Carolina statutes authorize investments in certificates of deposits, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The District has no investment policy that would further restrict the choices.

The SC Local Government Investment Pools is not rated. Further information may be obtained from the Investment Pool by writing to the Office of the State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina, 29211.

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.

Concentration of Credit Risk for Investments: The District places no limit on the amount it may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds and external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

The following table reconciles the carrying amount of deposits and investments to the amounts listed in the financial statements for all fund types:

Basic Financial Statements		Notes to Financials	
Cash and Cash Equivalents		Carrying Amount of	
Governmental Funds:	\$ 23,477,430	Deposits:	\$ 3,890,375
		Fair Value of	
Proprietary Funds:	<u>3,408</u>	Investments:	<u>19,590,463</u>
	<u>\$ 23,480,838</u>		<u>\$ 23,480,838</u>

3. Property Taxes and Other Receivables

The County of Lexington, South Carolina is responsible for collecting and distributing property taxes in accordance with enabling state legislation. Property taxes attach as an enforceable lien on property as of March 15. Property taxes are levied and billed on November 1 based on an assessed value net of abatements of over \$259.1 million at tax rates of 146.46 mills for the general fund and 29.75 mills for the debt service fund.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

3. Property Taxes and Other Receivables (Continued)

These taxes are due and payable without penalty through January 15 of the next year. Penalties are added to taxes when paid after January 15 depending on the period of time the tax is delinquent.

Taxes receivable of \$1,858,303 include an allowance for uncollectible of \$615,826 at June 30, 2013. Allowances for uncollectibles were not necessary for the other receivable accounts.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At June 30, 2013, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Deferred Property Taxes	\$ 1,318,706	\$	\$ 317,924	\$ 1,636,630
Unearned Revenue	<u>-</u>	<u>1,280,892</u>	<u>-</u>	<u>1,280,892</u>
Total	<u>\$ 1,318,706</u>	<u>\$ 1,280,892</u>	<u>\$ 317,924</u>	<u>\$ 2,917,522</u>

4. Due from County Treasurer

The Due from County Treasurer represents the amount due from the Lexington County Treasurer for amounts property taxes and property tax relief distributions that had been collected at June 30, 2013, but had not been remitted to the District.

5. Due from State Dept. of Education and Federal Agencies

The Due from State Department of Education and Federal Agencies represents amounts due for state and federal revenues that had been earned as of June 30, 2013, but had not been received as of June 30, 2013.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. Capital Assets

A summary of changes in capital assets for the District is as follows:

Governmental Activities:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance June 30, 2013</u>
Non-depreciable Assets:					
Land	\$ 3,182,395	\$	\$	\$	\$ 3,182,395
Construction in Process	<u>27,927</u>	<u>991,626</u>	<u>(380,165)</u>	<u>(85,493)</u>	<u>553,895</u>
Total Non-depreciable	<u>3,210,322</u>	<u>991,626</u>	<u>(380,165)</u>	<u>(85,493)</u>	<u>\$ 3,736,290</u>
Depreciable Assets:					
Buildings	193,997,199		66,537		\$ 194,063,736
Furniture & Fixtures	4,096,822	671,040	313,628	(13,828)	5,067,662
Vehicles	<u>897,447</u>	<u>348,273</u>	<u>-</u>	<u>(90,558)</u>	<u>1,155,162</u>
Total Depreciable Assets	<u>198,991,468</u>	<u>1,019,313</u>	<u>380,165</u>	<u>(104,386)</u>	<u>\$ 200,286,560</u>
Less Accumulated Depreciation for:					
Buildings	(107,051,660)	(2,638,133)			(109,689,793)
Furniture & Fixtures	(3,159,430)	(669,294)		13,828	(3,814,896)
Vehicles	<u>(763,649)</u>	<u>(121,110)</u>	<u>-</u>	<u>90,558</u>	<u>(794,201)</u>
Total Accumulated Depreciation	<u>(110,974,739)</u>	<u>(3,428,537)</u>	<u>-</u>	<u>104,386</u>	<u>(114,298,890)</u>
Governmental Activities Capital Assets, Net	<u>\$ 91,227,051</u>	<u>\$ (1,417,598)</u>	<u>\$ -</u>	<u>\$ (85,493)</u>	<u>\$ 89,723,960</u>

Business Type Activities:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Balance June 30, 2013</u>
Equipment	\$ 2,911,172	\$ 73,147	-	-	\$ 2,984,319
Less: Accumulated Depreciation	<u>(1,596,556)</u>	<u>(174,721)</u>	<u>-</u>	<u>-</u>	<u>(1,771,277)</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,314,616</u>	<u>\$ (101,574)</u>	<u>-</u>	<u>-</u>	<u>\$ 1,213,042</u>

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

Governmental Activities:

Instruction	\$ 2,249,050
Supporting Services	<u>1,179,487</u>
Total Depreciation Expense – Governmental activities	<u>\$ 3,428,537</u>

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

6. Capital Assets (Continued)

Business Type Activities (Continued)

Business-type Activities:	
Food Service	\$ 155,392
After School Day Care	<u>19,329</u>
Total Depreciation Expense – Business type activities	<u>\$ 174,721</u>

7. Interfund Receivables and Payables

Interfund balances at June 30, 2013 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund:		
Due from Special Revenue – Special Projects	\$ 401,663	\$
Due to Special Revenue - EIA		442,846
Due from Enterprise Fund – Food Service	1,123,715	
Due to Enterprise Fund – After School Daycare		179,374
Due from Enterprise Fund – Print Shop	260,537	
Due to Enterprise Fund - Warehouse		25,671
Due to Debt Service		313,790
Due to Capital Projects Fund		<u>4,865,949</u>
Total	1,785,915	5,827,630
Special Revenue – Special Projects		
Due to General Fund		401,663
Special Revenue – EIA		
Due from General Fund	442,846	
Debt Service – District		
Due from General Fund	1,585,900	
Debt Service – EFC		
Due to General Fund		1,272,110
Capital Projects – District		
Due from General Fund	4,843,506	

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

7. Interfund Receivables and Payables (Continued)

Capital Projects – EFC		
Due from General Fund	22,443	
Enterprise Fund – Food Service		
Due to General Fund		1,123,715
Enterprise Fund – After School Care		
Due from General Fund	179,374	
Enterprise Fund – Print Shop		
Due to General Fund		260,537
Enterprise Fund – Warehouse		
Due from General Fund	25,671	
Totals	<u>\$ 8,885,655</u>	<u>\$ 8,885,655</u>

All cash activities, excluding Food Service, are recorded in the General Fund, and as a result, receivables and payables exist at year end that are either due to or due from the General Fund to/from other funds. Other inter-fund balances include Special Revenue payments not received from the State Department of Education until after the fiscal year end, fringe amounts paid by the General Fund for Food Service, indirect cost transfer adjustments made at year end and adjustments made at year end for Taxes receivable for Debt Service, and building project costs.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

8. Transfers In and Out

Transfers between the various funds of the District are as follows:

Fund	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Special Revenue – Special Projects	\$ 1,799	\$ 9,303
Special Revenue – EIA	1,849,237	
Enterprise Fund – Food Service		45,000
Debt Service Fund – District		15,864
Capital Projects Fund – District		1,840,490
Total	<u>1,851,036</u>	<u>1,910,657</u>
Special Revenue – EIA		
General Fund		1,849,237
Special Revenue – Special Projects		
General Fund	9,303	1,799
Enterprise Fund – Food Service		
General Fund	45,000	
Debt Service Fund – District		
General Fund	15,864	
Debt Service Fund – EFC		1,967,573
Debt Service Fund – EFC		
Debt Service Fund – District	1,967,573	
Capital Projects Fund – District		
General Fund	<u>1,840,490</u>	
Total All Funds	<u>\$ 5,729,266</u>	<u>\$ 5,729,266</u>

During the 2012-2013 fiscal year transfers were made from Special Revenue - Special Project Funds to the General Fund for indirect cost. Annual transfers are made from the Special Revenue – EIA Fund into the General Fund for State EIA revenue provided for teacher salary increases and employer fringe contributions. A transfer was made from the General Fund to Food Service Fund for food service benefit costs. A transfer was made from the General Fund to Capital Projects Fund in accordance with policy DIB for capital project use. Transfers between the District Debt Service Fund and the EFC Debt Service Fund are required for annual lease payments on the 2006 Installment Purchase Revenue Bonds of the EFC.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

9. Long-Term Obligations

The following summarizes the changes in long-term debt obligations for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
General Obligation Bonds	\$ 32,280,000	\$	\$ 2,360,000	\$ 29,920,000
Installment Purchase Revenue Bonds	31,300,000		675,000	30,625,000
Deferred Amounts:				
For Issuance Premiums/Discounts	5,552,890	718,762	601,227	5,670,425
On Refunding	(1,715,621)	(267,300)	(184,285)	(1,798,636)
Compensated Absences	1,354,021	317,013	403,231	1,267,803
SC Energy Office Note Payable	47,591		15,864	31,727
Arbitrage Payable	16,106		16,106	
Total	\$ 68,834,987	\$ 768,475	\$ 3,887,143	\$ 65,716,319

Portions of the long-term obligations that are due within one year are as follows:

General Obligation Bonds	\$ 2,987,000
Installment Purchase Revenue Bonds	720,000
Deferred Amounts:	
For Issuance Premiums/Discounts	640,251
On Refunding	(184,285)
Compensated Absences	350,973
Due to State Department of Energy	15,863
Total	\$ 4,529,802

General Obligation Bonds

The District's Long-Term General Obligations consisted of two General Obligation Advance Refunding Bond Issues (Series 2011 and 2012) issued to defease General Obligation Bond Issues (Series 2002 and 2003). These advance refundings resulted in both reduced total debt service and an economic gain to the District. The District Installment Purchase Revenue Bonds were issued in 2006. The bonds evidence proportionate interest of the registered owners thereof in certain rental payments (the "base rent") to be made by Lexington County School District Two under the terms of the various leases pertaining to each series of bonds. The base rent is equal to the principal and interest payments on the obligation. The bonds are payable solely from the rent to be paid by the District to a trustee. The District is not a party to the bonds. Continuance of the lease agreements and the obligation of the District to make lease rent payments for each fiscal year is subject to and dependent upon lawful appropriations being made by the District for that purpose.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

9. Long-Term Obligations (Continued)

Installment Purchase Revenue Bonds

The Education Facilities Corp. issued various installment purchase revenue bonds to advance refund the outstanding balance of 2001 Series A, B and C bond issues and finance various capital projects. The District is not party to these bonds. The obligation to make installment payments does not represent or constitute a debt of, or a pledge of the faith and credit of the taxpaying power of the District; however, chances of non-appropriation are remote.

The following table outlines the long-term bonds outstanding (including the Education Facilities Corporation) at June 30, 2013:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Issued</u>	<u>Outstanding as of June 30, 2013</u>
General Obligation Bonds					
Series 2011	8/17/2011	3/1/2020	2.0% to 5.0%	\$ 14,595,000	\$ 14,595,000
Series 2012	2/14/2012	3/1/2023	3.0% to 5.0%	15,345,000	15,325,000
Installment Purchase Revenue Bonds					
Series 2006A	8/10/2006	12/1/2015	5.74% to 5.98%	4,885,000	2,895,000
Series 2006B	8/10/2006	12/1/2031	4.50% to 4.75%	19,920,000	19,920,000
Series 2006C	8/10/2006	12/1/2020	4.166% to 4.375%	7,810,000	7,810,000
Total					\$ 60,545,000

The annual requirements to amortize the General Obligation Bonds outstanding at June 30, 2013, including interest payments of \$9,966,075 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,640,000	\$ 1,684,825	\$ 3,324,825
2015	1,715,000	1,338,100	3,053,100
2016	1,965,000	1,271,600	3,236,600
2017	2,150,000	1,198,500	3,348,500
2018	2,340,000	1,113,000	3,453,000
2019-2023	20,110,000	3,360,050	23,470,050
Total	\$ 29,920,000	\$ 9,966,075	\$ 39,886,075

The District has satisfied all sinking fund requirements. There is an annual tax millage, currently 29.75 mills, to repay this General Obligation debt. Details on the Bonds Payable are presented as schedules. The liability due each year for each bond is detailed in Schedule H-1.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

9. Long-Term Obligations (Continued)

General Obligations (Continued)

At June 30, 2012, the District had defeased outstanding general obligation bonds that would otherwise be included in General Long-Term Obligations totaling \$34,060,000.

The annual requirements to amortize the Installment Purchase Revenue Bonds at June 30, 2013, including interest payments of \$15,903,983 are as follows:

Fiscal Year Ending				
June 30	Principal	Interest	Total	
2014	\$ 720,000	\$ 1,410,396	\$ 2,130,396	
2015	915,000	1,362,107	2,277,107	
2016	1,675,000	1,288,705	2,963,705	
2017	1,350,000	1,214,372	2,564,372	
2018	1,415,000	1,157,172	2,572,172	
2019-2023	4,630,000	4,949,703	9,579,703	
2024-2028	10,025,000	3,553,359	13,578,359	
2029-2033	9,895,000	968,169	10,863,169	
Total	\$ 30,625,000	\$ 15,903,983	\$ 46,528,983	

The liability due each year for each bond is detailed in Schedule H-2.

Deferred Amounts

Bond Premiums and Refunding Discounts are being amortized over the life of the respective bonds and include both the District's General Advance Refunding Bonds and the Educational Facilities Corporation's Installment Purchase Revenue Bonds.

Compensated Absences

General Fund resources typically have been used in prior years to liquidate compensated absences payable and the debt service funds have been used to liquidate all other long-term obligations.

State Energy Program

In January, 2010, the District received a South Carolina Energy Office State Energy Program ARRA Award by which the District received \$190,363 in grant proceeds and \$63,455 in a no-interest loan to provide for energy efficient and renewable energy improvements to the District's facilities. The loan is to be repaid by the District in four annual repayments of \$15,864 beginning January 1, 2012. The balance of the loan at June 30, 2013 was \$31,727.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

9. Long-Term Obligations (Continued)

General Obligations (Continued)

Arbitrage Rebate

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue.

As of June 30, 2013 no arbitrage liability existed.

10. Short-Term Obligations

Summary of Changes in Short-Term Debt Obligations:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
General Obligations:				
Bonds, Series 2012A	\$ 624,000	\$	\$ 624,000	\$
Bonds, Series 2012B		830,000	830,000	
Bonds, Series 2012C		1,810,000	1,810,000	
Bonds, Series 2013A		627,000		627,000
Total	\$ 624,000	\$ 3,267,000	\$ 3,264,000	\$ 627,000

Bonds Issued

The District issued \$1,968,650 of Short-Term General Obligation Bonds for the purpose of providing funds to pay the acquisition price payments in fiscal year 2013 (Installment Purchase Bonds) and to provide \$1,298,350 of funding for capital improvements as approved by the Board.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

11. Operating Leases

The District leases equipment under various long-term operating lease agreements expiring at various dates through fiscal year 2013. Scheduled minimum rental payments for succeeding fiscal years ending June 30 are as follows:

Fiscal Year Ending June 30	
2014	\$ 285,106
2015	<u>283,828</u>
Total	<u>\$568,934</u>

The rental expenditures during fiscal year 2013 for operating leases were \$285,106.

12. Employee Retirement System

Plan Description

The District is a member of the South Carolina Retirement System ("SCRS"), a division of the South Carolina Public Employee Benefit Authority ("PEBA"). The District offers two retirement plans: the SCRS traditional retirement plan and the South Carolina State Optional Retirement Plan ("State ORP").

The SCRS is one of five defined benefit retirement systems maintained by PEBA. Each system published its own component unit financial report. The systems provide retirement, disability, cost of living adjustments on an ad-hoc basis, life insurance and survivor benefits to state employees, public school employees, and employees of counties, municipalities, and certain other state political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

The State ORP is a defined contribution plan in which contributions are made by an employee and his or her employer, resulting in a dollar accumulation that is used to provide a monthly income during retirement. Employees select from the investment options offered through the State ORP. In addition to retirement, the State ORP provides disability, life insurance before retirement and survivor benefits to eligible employees. Section 9-20-10 of the SC Code of Laws lists the following as eligible employees: full-time employees of South Carolina state-supported colleges, universities, and technical colleges hired after June 30, 2002, and a person who was a participant in the South Carolina Higher Education Optional Retirement Program as of June 30, 2002.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

12. Employee Retirement System (Continued)

Plan Description (Continued)

The SCRS is responsible for determining which employees are eligible to participate in the State ORP. Eligible employees have an opportunity to select the retirement plan that best meets their specific retirement needs. Employees have 30 days from their date of hire to decide. If an employee does not make a selection, he or she will automatically become a member of SCRS.

A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS is issued and publicly available at the website www.retirement.sc.gov or a copy may be obtained by writing South Carolina Retirement System, P.O. Box 11960, Columbia, South Carolina 29211-1960. Employees electing the State ORP will be sent the periodic financial statements from his or her investment provider.

Funding and Benefit Policy

Title 9 of South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each system. The following paragraphs summarize the requirements for the SCRS.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions. As explained in Title 9, Chapter 1 of the S. C. Code of Laws, all employees who fill permanent positions (whether full-time or part-time) must join as a condition of employment, unless specifically excluded. Both employers and employees must contribute.

Employees contribute at a rate of 7.0% and employers contribute at a rate of 10.45% of an employee's earnings for the SCRS defined benefit plan. For the SCRS, the employer's contribution funds the normal cost and covers the unfunded accrued liability. The employees contribute at a rate of 7.0% of an employee's earnings for the State ORP defined contribution plan. For the State ORP 5.45% of the employer's contribution is directed to the investment provider for allocation to the employee's account and 4.55% is directed to SCRS to cover the retiree insurance surcharge.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

12. Employee Retirement System (Continued)

Funding and Benefit Policy (Continued)

As allowed by Provision 1.30 of the 1999-00 S. C. Appropriations Act, the District employs some retired employees and only the employer's 10.45% contribution is required and remitted for these retired employees. In addition to the above rates participating employers of the South Carolina Retirement System contribute .15% of payroll to provide a group life insurance benefit for their participants. An additional employer contribution surcharge of 4.55% of covered payroll was added to the contribution rate to state and public school entities providing retiree health insurance coverage and is not a part of the actuarially established contribution rates. The total contribution rate for the District was 15.15% for the SCRS defined benefit plan and the State ORP defined contribution plan for the year ended June 30, 2013. The District's contribution equals the required contribution.

The information concerning details and contributions for the SCRS is as follows:

	2013	2012	2011
Total Payroll Subject			
To Retirement	\$ 44,959,303	\$ 43,481,201	\$ 44,539,319
Covered Payroll Subject			
To Employee Contributions	44,959,303	43,481,201	44,527,785
Employee Contributions	3,147,151	2,826,278	2,894,306
Employer Contributions	6,811,651	6,014,575	5,919,428

The information concerning details and contributions for the State Optional Retirement Program is as follows:

	2013	2012	2011
Total Payroll Subject to Retirement	\$ 3,967,707	\$ 3,782,871	\$ 4,015,114
Covered Payroll Subject To			
Employee Contributions	3,967,707	3,782,871	3,965,796
Employee Contributions	280,428	245,829	257,776
Employer State ORP Contributions	402,722	334,217	332,853
Employer Match Contributions	198,385	189,144	198,290

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

13. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates with other school districts in the South Carolina School Boards Insurance Trust/Workers' Compensation Trust Fund (SCSBIT/WCTF). The SCBIT/WCTF is a public entity risk pool currently operating as a common risk management and insurance program for 60 member school districts and 12 other entities. The District pays an annual premium for worker's compensation insurance coverage based upon the total payroll of the District each plan year. The SCBIT/WCTF is self-sustaining through member premium and deficiencies can be charged back to the member districts should a fund deficit arise.

The District participates in the South Carolina Boards Insurance Trust Fund for all other risks of loss. The District's insurance coverage for all types of risk has not been significantly reduced from coverage in the prior year. The amounts of any District settlement have not exceeded the insurance coverage for the previous three fiscal years.

14. Contingent Liabilities

Litigation

In the ordinary course of business the District may become party to lawsuits. In order to protect the District against potential losses that may arise in connection with a lawsuit, management has procured various insurance policies and coverage. The District has not incurred any significant claims or uninsured losses for the year ending June 30, 2013.

Grants

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

15. Commitments

The Board of Trustees approved to enter a not to exceed dollar amount of \$9,272,614 for the construction of a new athletic facility for Brookland-Cayce High School as of June 30, 2013. The District then entered into a contract for the construction of the new athletic facility in July 2013 for the same amount.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

16. Funding Flexibility

The State of South Carolina passed a Joint Resolution to provide funding flexibility for the fiscal year ended June 30, 2013. Under the resolution, school districts may transfer revenue between programs to any instructional program with the same funding source and may make expenditures for instructional programs and essential operating costs from any state source without regard to fund type except school building bond funds. The District utilized this flexibility for the current fiscal year in compliance with IDEA maintenance of effort.

17. Subsequent Events

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

Debt Issuance

On August 29, 2013, the District issued Series 2013B General Obligation bonds for \$852,000 and Series 2013C General Obligation bonds for \$2,661,000 for the purpose of funding amounts due under the Installment Purchase agreement with the issuance cost of \$20,496 and an issuance premium of \$10,165 of the bonds and \$2,165,293 directed to the annual Capital Projects Improvement Fund.

GENERAL FUND

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

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

LEXINGTON COUNTY SCHOOL DISTRICT TWO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

SCHEDULE A-1

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenues from Local Sources			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 22,090,256	\$ 22,621,335	\$ 531,079
1140 Penalties & Interest on Taxes (Independent)		224,877	224,877
1190 Other Taxes (Independent)		60	60
1200 Revenue from Local Governmental Units Other Than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	3,310,000	3,753,262	443,262
1300 Tuition:			
1310 Tuition from Patrons for Regular Day School	50,000	5,545	(44,455)
1320 Tuition from Other LEAs for Regular Day School		318,764	318,764
1350 Tuition from Patrons for Summer School	20,000	16,110	(3,890)
1500 Earnings on Investments:			
1510 Interest on Investments	40,000	35,026	(4,974)
1700 Pupil Activities			
1740 Student Fees		85,835	85,835
1900 Other Revenue from Local Sources:			
1950 Refund of Prior Years Expenditures		3,962	3,962
1990 Miscellaneous Local Revenue	120,000	12,056	(107,944)
1999 Revenue from Other Local Sources	225,000	49,865	(175,135)
Total Local Sources	25,855,256	27,126,697	1,271,441
3000 Revenue from State Sources			
3130 Special Programs:			
3131 Handicapped Transportation		9,589	9,589
3132 Home Schooling (No Carryover Provision)		503	503
3133 IDEA Contingency		445,525	445,525
3160 School Bus Driver Salary	418,000	446,939	28,939
3161 EAA Bus Driver Salary and Fringe		2,567	2,567
3162 Transportation Workers' Compensation		42,048	42,048
3180 Fringe Benefits Employer Contributions	6,550,645	6,911,574	360,929
3181 Retiree Insurance	1,438,210	1,665,344	227,134
3199 Other Restricted State Revenue		15,942	15,942
3300 Education Finance Act			
3310 Full-Time Programs:			
3311 Kindergarten	1,202,000	1,386,610	184,610
3312 Primary	3,182,000	3,177,770	(4,230)
3313 Elementary	3,933,000	3,942,188	9,188
3314 High School	1,232,000	1,044,762	(187,238)
3315 Trainable Mentally Handicapped	42,525	37,519	(5,006)
3316 Speech Handicapped (Part-time Program)	1,127,600	1,027,812	(99,788)
3317 Homebound	241,100	212,245	(28,855)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	132,000	135,408	3,408
3322 Educable Mentally Handicapped	112,800	106,647	(6,153)
3323 Learning Disabilities	1,404,075	1,557,740	153,665
3324 Hearing Handicapped	14,100	12,332	(1,768)
3325 Visually Handicapped	43,500	41,414	(2,086)
3326 Orthopedically Handicapped	37,300	26,094	(11,206)
3327 Vocational	2,490,000	2,558,777	68,777
3330 Other EFA Programs:			
3331 Autism	206,000	255,477	49,477
3350 RTF Payments	140,000	35,193	(104,807)

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	\$ 4,999,144	\$ 4,999,144	\$ -
3820 Homestead Exemption	1,262,310	1,262,310	-
3825 Reimbursement for Property Tax Relief - Tier 3	4,598,204	4,593,717	(4,487)
3830 Merchant's Inventory Tax	543,627	543,627	-
3840 Manufacturers Depreciation Reimbursement	200,000	186,850	(13,150)
3890 Other State Property Tax (Includes Motor Carrier Vehicle Tax)	70,000	48,711	(21,289)
Total State Sources	35,620,140	36,732,378	1,112,238
TOTAL REVENUES ALL SOURCES	61,475,396	63,859,075	2,383,679
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,824,120	1,785,910	38,210
140 Terminal Leave	13,000	420	12,580
200 Employee Benefits	701,281	662,855	38,426
300 Purchased Services	12,260	15,066	(2,806)
400 Supplies and Materials	5,362	7,066	(1,704)
112 Primary Programs:			
100 Salaries	4,635,320	4,465,148	170,172
140 Terminal Leave	41,500	46,905	(5,405)
200 Employee Benefits	1,600,548	1,560,867	39,681
300 Purchased Services	90,066	141,391	(51,325)
400 Supplies and Materials	67,761	65,221	2,540
113 Elementary Programs:			
100 Salaries	9,667,967	9,359,052	308,915
140 Terminal Leave	91,500	21,600	69,900
200 Employee Benefits	3,344,303	3,244,236	100,067
300 Purchased Services	63,119	88,600	(25,481)
400 Supplies and Materials	177,540	166,665	10,875
500 Capital Outlay	27,867	27,866	1
114 High School Programs:			
100 Salaries	6,073,807	5,938,221	135,586
140 Terminal Leave	54,000	89,960	(35,960)
200 Employee Benefits	2,144,497	2,023,523	120,974
300 Purchased Services	66,715	103,762	(37,047)
400 Supplies and Materials	126,965	119,347	7,618
500 Capital Outlay	35,287	30,787	4,500
600 Other Objects	1,200	170	1,030
115 Vocational Programs:			
100 Salaries	1,049,980	1,046,336	3,644
140 Terminal Leave		2,065	(2,065)
200 Employee Benefits	351,324	338,894	12,430
300 Purchased Services	2,294	1,953	341
400 Supplies and Materials	34,002	34,289	(287)
500 Capital Outlay	3,704	3,704	-
117 Driver Education Program:			
100 Salaries	72,629	72,961	(332)
200 Employee Benefits	22,022	22,164	(142)
300 Purchased Services	1,500		1,500

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

SCHEDULE A-1

	REVISED BUDGET	ACTUAL	VARIANCE
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	\$ 551,083	\$ 397,271	\$ 153,812
140 Terminal Leave		4,714	(4,714)
200 Employee Benefits	191,935	149,874	42,061
300 Purchased Services		1,350	(1,350)
400 Supplies and Materials	4,810	15,499	(10,689)
500 Capital Outlay		3,985	(3,985)
122 Trainable Mentally Handicapped:			
100 Salaries	363,616	360,854	2,762
140 Terminal Leave		12,179	(12,179)
200 Employee Benefits	128,074	128,220	(146)
400 Supplies and Materials	151	7,306	(7,155)
123 Orthopedically Handicapped:			
100 Salaries	259,540	218,033	41,507
200 Employee Benefits	97,225	77,753	19,472
300 Purchased Services		5,844	(5,844)
400 Supplies and Materials	5,889	3,835	2,054
500 Capital Outlay	3,600	5,391	(1,791)
124 Visually Handicapped:			
300 Purchased Services	37,500	31,359	6,141
400 Supplies and Materials		432	(432)
125 Hearing Handicapped:			
300 Purchased Services	30,000	61,457	(31,457)
500 Capital Outlay	2,400	1,583	817
126 Speech Handicapped:			
100 Salaries	407,566	292,039	115,527
140 Terminal Leave		360	(360)
200 Employee Benefits	84,191	96,399	(12,208)
300 Purchased Services	577	22,455	(21,878)
400 Supplies and Materials	5,399	5,248	151
600 Other Objects		2,860	(2,860)
127 Learning Disabilities:			
100 Salaries	1,773,130	1,876,026	(102,896)
140 Terminal Leave		16,614	(16,614)
200 Employee Benefits	701,735	636,601	65,134
300 Purchased Services	35	8,298	(8,263)
400 Supplies and Materials	7,138	40,506	(33,368)
500 Capital Outlay	8,506	9,270	(764)
128 Emotionally Handicapped:			
100 Salaries	348,322	311,649	36,673
140 Terminal Leave		150	(150)
200 Employee Benefits	129,573	101,635	27,938
300 Purchased Services		199	(199)
400 Supplies and Materials	1,125	13,188	(12,063)
130 Pre-School Programs:			
133 Preschool Handicapped Self-Contained (5-Yr.-Olds):			
100 Salaries	97,982	78,668	19,314
200 Employee Benefits	35,900	25,918	9,982
400 Supplies and Materials	643	7,354	(6,711)
500 Capital Outlay		8,857	(8,857)
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
100 Salaries	135,877	104,647	31,230
140 Terminal Leave		33	(33)
200 Employee Benefits	42,233	37,429	4,804
300 Purchased Services		3,627	(3,627)
400 Supplies and Materials	927	7,927	(7,000)
500 Capital Outlay		3,311	(3,311)

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
139 Early Childhood Programs:			
100 Salaries	\$ 292,627	\$ 321,336	\$ (28,709)
140 Terminal Leave		12,136	(12,136)
200 Employee Benefits	105,871	124,586	(18,715)
300 Purchased Services	536	521	15
400 Supplies and Materials	17,141	14,428	2,713
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	25,876	217,280	(191,404)
200 Employee Benefits	7,947	59,082	(51,135)
400 Supplies and Materials	482	477	5
145 Homebound:			
100 Salaries	472,997	454,472	18,525
200 Employee Benefits	155,934	148,657	7,277
300 Purchased Services	1,728	3,293	(1,565)
400 Supplies and Materials	2,900	2,407	493
149 Other Special Programs:			
100 Salaries		4,821	(4,821)
200 Employee Benefits		1,112	(1,112)
400 Supplies and Materials	250	183	67
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries		268,322	(268,322)
200 Employee Benefits		51,414	(51,414)
170 Summer School Programs:			
173 High School Summer School:			
100 Salaries	31,500	17,780	13,720
200 Employee Benefits	7,500	4,251	3,249
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
400 Supplies and Materials	810	278	532
182 Adult Secondary Education Programs:			
300 Purchased Services	1,800		1,800
400 Supplies and Materials	716	182	534
500 Capital Outlay	1,300	1,213	87
188 Parenting/Family Literacy:			
100 Salaries	15,063	13,538	1,525
140 Terminal Leave		11,810	(11,810)
200 Employee Benefits	5,714	9,130	(3,416)
600 Other Objects		175	(175)
190 Instructional Pupil Activity:			
100 Salaries	80,000	105,908	(25,908)
200 Employee Benefits	18,708	24,111	(5,403)
300 Purchased Services	436	343	93
400 Supplies and Materials	2,393	2,393	-
Total Instruction	39,110,351	38,560,850	549,501

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
200 Supporting Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	\$ 76,146	\$ 76,988	\$ (842)
200 Employee Benefits	17,991	18,410	(419)
300 Purchased Services	1,190	1,193	(3)
212 Guidance Services:			
100 Salaries	1,335,721	1,339,069	(3,348)
140 Terminal Leave		15,664	(15,664)
200 Employee Benefits	436,958	444,355	(7,397)
300 Purchased Services	1,889	1,864	25
400 Supplies and Materials	6,797	6,619	178
213 Health Services:			
100 Salaries	494,660	446,353	48,307
140 Terminal Leave		10,133	(10,133)
200 Employee Benefits	181,817	163,417	18,400
300 Purchased Services	185	185	-
400 Supplies and Materials	2,584	2,534	50
600 Other Objects	222	222	-
214 Psychological Services:			
100 Salaries	462,794	463,524	(730)
140 Terminal Leave		150	(150)
200 Employee Benefits	153,478	152,705	773
300 Purchased Services	2,728	21,406	(18,678)
400 Supplies and Materials	8,889	8,832	57
215 Exceptional Program Services:			
100 Salaries		1,830	(1,830)
200 Employee Benefits		185	(185)
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	694,935	665,296	29,639
140 Terminal Leave		14,384	(14,384)
200 Employee Benefits	212,511	218,833	(6,322)
300 Purchased Services	21,170	17,392	3,778
400 Supplies and Materials	40,985	40,685	300
600 Other Objects	2,077	2,074	3
222 Library and Media Services:			
100 Salaries	918,631	915,461	3,170
140 Terminal Leave		14,963	(14,963)
200 Employee Benefits	294,200	290,665	3,535
300 Purchased Services	5,580	4,823	757
400 Supplies and Materials	97,307	91,259	6,048
600 Other Objects	175	175	-
223 Supervision of Special Programs:			
100 Salaries	23,251	22,770	481
140 Terminal Leave		4,025	(4,025)
200 Employee Benefits	9,980	5,759	4,221
300 Purchased Services	75	1,325	(1,250)
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	7,701	2,051	5,650
200 Employee Benefits	2,060	387	1,673
300 Purchased Services	4,402	14,116	(9,714)
600 Other Objects	10,380	10,380	-

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
230 General Administration Services:			
231 Board of Education:			
300 Purchased Services	\$ 70,075	\$ 60,260	\$ 9,815
318 Audit services	42,114	38,945	3,169
400 Supplies and Materials	25,858	20,545	5,313
500 Capital Outlay	8,468	8,668	(200)
600 Other Objects	147,248	28,807	118,441
232 Office of the Superintendent:			
100 Salaries	210,872	216,849	(5,977)
140 Terminal Leave		900	(900)
200 Employee Benefits	56,895	56,286	609
300 Purchased Services	8,200	6,566	1,634
400 Supplies and Materials	5,950	4,011	1,939
500 Capital Outlay	400		400
600 Other Objects	15,400	14,676	724
233 School Administration:			
100 Salaries	4,120,188	3,965,451	154,737
140 Terminal Leave		55,301	(55,301)
200 Employee Benefits	1,457,949	1,376,122	81,827
300 Purchased Services	18,653	14,870	3,783
400 Supplies and Materials	82,461	70,745	11,716
500 Capital Outlay	10,454	9,796	658
600 Other Objects	4,287	3,715	572
250 Finance and Operations Services:			
251 Pupil Transportation-Federally Mandated:			
300 Purchased Services	25,000	25,828	(828)
252 Fiscal Services:			
100 Salaries	447,938	449,382	(1,444)
140 Terminal Leave		16,229	(16,229)
200 Employee Benefits	222,285	155,199	67,086
300 Purchased Services	51,062	48,537	2,525
400 Supplies and Materials	18,925	17,164	1,761
500 Capital Outlay	11,813	10,793	1,020
600 Other Objects	45,200	13,044	32,156
254 Operation and Maintenance of Plant:			
100 Salaries	1,798,801	1,612,649	186,152
140 Terminal Leave		25,346	(25,346)
200 Employee Benefits	699,301	602,906	96,395
300 Purchased Services	2,072,067	1,920,781	151,286
321 Public utilities (exclude gas, oil, elec. & heating fuels)	205,000	158,438	46,562
400 Supplies and Materials	194,080	317,729	(123,649)
470 Energy (include gas, oil, elec. & heating fuels)	1,910,000	1,906,597	3,403
500 Capital Outlay	272,897	231,679	41,218
600 Other Objects	171,410	185,581	(14,171)
255 Student Transportation:			
100 Salaries	1,680,049	1,784,601	(104,552)
140 Terminal Leave		14,009	(14,009)
200 Employee Benefits	576,307	688,546	(112,239)
300 Purchased Services	21,295	86,182	(64,887)
400 Supplies and Materials	9,005	9,403	(398)
600 Other Objects	275		275

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
250 Finance and Operations Services (continued):			
257 Internal Services:			
100 Salaries	\$ 154,735	\$ 155,143	\$ (408)
140 Terminal Leave		15	(15)
200 Employee Benefits	58,496	55,109	3,387
300 Purchased Services	11,710	14,362	(2,652)
400 Supplies and Materials	5,050	28,158	(23,108)
600 Other Objects	360	80	280
258 Security:			
300 Purchased Services	245,850	240,139	5,711
400 Supplies and Materials	4,150	1,592	2,558
260 Central Support Services:			
262 Planning, Research, Development & Evaluation:			
100 Salaries	135	135	-
200 Employee Benefits	12	12	-
300 Purchased Services	20,027	20,027	-
400 Supplies and Materials	6,074	5,843	231
500 Capital Outlay	2,275	2,273	2
600 Other Objects	1,718	1,718	-
263 Information Services:			
100 Salaries	36,556	36,696	(140)
200 Employee Benefits	17,236	15,777	1,459
300 Purchased Services	6,090	6,087	3
400 Supplies and Materials	9,810	9,660	150
600 Other Objects	900	558	342
264 Staff Services:			
100 Salaries	277,930	266,049	11,881
140 Terminal Leave		262	(262)
200 Employee Benefits	95,791	89,565	6,226
300 Purchased Services	4,085	4,194	(109)
400 Supplies and Materials	17,214	17,899	(685)
500 Capital Outlay	2		2
600 Other Objects	1,340	1,166	174
266 Technology and Data Processing Services:			
100 Salaries	367,913	389,726	(21,813)
140 Terminal Leave		1,275	(1,275)
200 Employee Benefits	127,392	138,475	(11,083)
300 Purchased Services	158,924	152,814	6,110
400 Supplies and Materials	35,525	29,316	6,209
500 Capital Outlay	1,263	1,242	21
270 Support Services - Pupil Activity:			
271 Pupil Service Activities:			
100 Salaries	397,211	484,801	(87,590)
140 Terminal Leave		630	(630)
200 Employee Benefits	119,652	125,561	(5,909)
300 Purchased Services	90,996	143,202	(52,206)
400 Supplies and Materials	9,544	10,618	(1,074)
500 Capital Outlay	2,415	2,415	-
600 Other Objects	64,478	64,038	440
660 Pupil Activity	300	234	66
Total Supporting Services	24,600,810	24,262,463	338,347
400 Other Charges:			
412 Payments to Other Governmental Units			
720 Transits		27,667	(27,667)
Total Intergovernmental Expenditures	-	27,667	(27,667)
TOTAL EXPENDITURES	63,711,161	62,850,980	860,181

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	REVISED BUDGET	ACTUAL	VARIANCE
OTHER FINANCING SOURCES (USES)			
5000 Interfund Transfers:			
5230 Transfer from Special Revenue EIA Fund	\$ 1,762,875	\$ 1,849,237	\$ 86,362
5250 Transfer from School Building Fund	50,000	39,705	(10,295)
5280 Transfer from Other Funds Indirect Costs	225,000	1,799	(223,201)
5300 Sale of Capital Assets		21,064	21,064
400 Other Charges			
420 Interfund Transfers:			
422-710 Transfer to Special Revenue EIA Fund		(9,303)	(9,303)
423-710 Transfer to Debt Service Fund		(15,864)	(15,864)
424-710 Transfer to School Building Fund		(1,800,785)	(1,800,785)
425-710 Transfer to Food Service Fund	(50,000)	(45,000)	5,000
426-710 Transfer to Pupil Activity Fund		(6,227)	(6,227)
Total Other Financing Sources (Uses)	1,987,875	34,626	(1,953,249)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(247,890)	1,042,721	1,290,611
FUND BALANCE, Beginning of Year		10,275,354	10,275,354
FUND BALANCE, End of Year	\$ (247,890)	\$ 11,318,075	\$ 11,565,965

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

SPECIAL REVENUE FUND

The special revenue funds are used to record revenues derived from the State of South Carolina and the federal government, certain of which require matching revenues from local sources, which are required to finance particular activities. Separate revenues, expenditures and changes in fund balances are set forth for various reporting requirements.

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

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

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

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

	<u>Special Projects</u>	<u>Education Improvement Act</u>	<u>Total</u>
ASSETS			
Assets:			
Cash	\$ 8,381	\$	\$ 8,381
Due from State Department of Education	-	574,110	574,110
Due from Other State Agencies	77,682		77,682
Due from Federal Government	1,988,404		1,988,404
Due From Other Funds		442,846	442,846
Prepaid Expense	7,548		7,548
Other Receivables	4,233		4,233
Total Assets	\$ 2,086,248	\$ 1,016,956	\$ 3,103,204
LIABILITIES AND FUND BALANCE			
Liabilities:			
Due to Other State Agencies	\$ 1,654	\$	\$ 1,654
Due to Other Funds	401,663		401,663
Deferred Revenue	263,936	1,016,956	1,280,892
Total Liabilities	667,253	1,016,956	1,684,209
Fund Balance:			
Restricted for:			
Special Projects			
Restricted Purposes	1,418,995	-	1,418,995
Total Fund Balance	1,418,995	-	1,418,995
Total Liabilities and Fund Balance	\$ 2,086,248	\$ 1,016,956	\$ 3,103,204

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

LEXINGTON COUNTY SCHOOL DISTRICT ONE
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

	Special Projects	Education Improvement Act	Total
REVENUES:			
Local Sources	\$ 1,180,672	\$ -	\$ 1,180,672
State Sources	1,095,151	7,294,201	8,389,352
Federal Sources	5,626,553		5,626,553
Total Revenues	<u>7,902,376</u>	<u>7,294,201</u>	<u>15,196,577</u>
EXPENDITURES:			
Current:			
Instruction	4,894,940	4,445,068	9,340,008
Support Services	2,089,483	869,818	2,959,301
Community Services	10,000	-	10,000
Pupil Activity	40,000		40,000
Intergovernmental	1,325	-	1,325
Capital Outlay	563,913	130,078	693,991
Total Expenditures	<u>7,599,661</u>	<u>5,444,964</u>	<u>13,044,625</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>302,715</u>	<u>1,849,237</u>	<u>2,151,952</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	9,303	-	9,303
Transfers Out	(1,799)	(1,849,237)	(1,851,036)
Total Other Financing Sources (Uses)	<u>7,504</u>	<u>(1,849,237)</u>	<u>(1,841,733)</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	310,219	-	310,219
FUND BALANCE - Beginning of Year	<u>1,108,776</u>	<u>-</u>	<u>1,108,776</u>
FUND BALANCE - End of Year	<u>\$ 1,418,995</u>	<u>\$ -</u>	<u>\$ 1,418,995</u>

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Restricted State Grants	Other Special Revenue Programs	Total
REVENUES								
1000 Revenue from Local Sources								
1300 Tuition:								
1330 Tuition from Patrons for Adult/Continuing Education	\$	\$	\$	\$	\$	\$	14,715	\$ 14,715
1340 Tuition from Other LEAs for Adult/Continuing Education							4,456	4,456
1900 Other Revenue from Local Sources:								
1920 Contributions and Donations from Private Sources							2,886	2,886
1930 Medicaid							476,268	476,268
1990 Miscellaneous Local Revenue								
1993 Receipt of Insurance Proceeds							59,399	59,399
1999 Revenue from Other Local Sources							622,948	622,948
Total Local Sources	-	-	-	-	-	-	1,180,672	1,180,672
3000 Revenue from State Sources								
3100 Restricted State Funding:								
3110 Occupational Education:								
3118 EEDA Career Specialists						244,488		244,488
3120 General Education:								
3123 Formative Assessment Fund						2,072		2,072
3127 Student Health and Fitness						69,161		69,161
3128 High Schools That Work						36,357		36,357
3130 Special Programs:								
3136 Student Health and Fitness - Nurses						283,214		283,214
3190 Miscellaneous Restricted State Grants:								
3193 Education License Plates						2,558		2,558
3199 Other Restricted State Grants							1,902	1,902
3600 Education Lottery Act Revenue:								
3607 6-8 Enhancement						9,253		9,253
3610 K-5 Enhancement						375,408		375,408
3990 Other State Revenue:								
3999 Revenue from Other State Sources							70,738	70,738
Total State Sources	-	-	-	-	-	1,022,511	72,640	1,095,151

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Restricted State Grants	Other Special Revenue Programs	Total
4000 Revenue from Federal Sources								
4200 Occupational Education:								
4210 Vocational Aid, Title I	\$	\$	\$	\$ 162,336	\$	\$	\$	\$ 162,336
4300 Elementary and Secondary Education Act of 1965 (ESEA):								
4310 Title I, Basic State Grant Programs	2,287,427						203,438	2,490,865
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)							91,944	91,944
4351 Improving Teacher Quality							456,285	456,285
4400 Adult Education:								
4410 Basic Adult Education					163,947		6,661	170,608
4500 Programs for Children with Disabilities:								
4510 Individuals with Disabilities Education Act (IDEA) (Carry-Over Provision)		1,960,681					43,065	2,003,746
4520 Pre-School Grants (Carry-Over Provision)			103,929					103,929
4900 Other Federal Sources:								
4999 Revenue from Other Federal Sources							146,840	146,840
Total Federal Sources	2,287,427	1,960,681	103,929	162,336	163,947	-	948,233	5,626,533
TOTAL REVENUES ALL SOURCES	2,287,427	1,960,681	103,929	162,336	163,947	1,022,511	2,201,545	7,902,376

EXPENDITURES

100 Instruction

110 General Instruction

111 Kindergarten Programs:

100 Salaries	26,846					74,872	19,437	121,155
200 Employee Benefits	6,198					26,615	6,806	39,619
300 Purchased Services	9,949							9,949
400 Supplies and Materials	18,525						1,965	20,490

112 Primary Programs:

100 Salaries	718,000					21,718	114,950	854,668
200 Employee Benefits	237,319					7,010	39,838	284,167
300 Purchased Services	47,782						390	48,172
400 Supplies and Materials	98,876						59,329	158,205
500 Capital Outlay	9,957							9,957

113 Elementary Programs:

100 Salaries	320,265					81,005	48,069	449,339
200 Employee Benefits	102,983					29,017	14,932	146,932
300 Purchased Services	151,333						3,395	154,728
400 Supplies and Materials	84,092					20,649	56,121	160,862
500 Capital Outlay	12,764					13,200		25,964

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Restricted State Grants	Other Special Revenue Programs	Total
114 High School Programs:	\$	\$	\$	\$	\$	\$	\$	\$
100 Salaries							161,918	161,918
200 Employee Benefits							6,204	6,204
400 Supplies and Materials							8,338	8,338
115 Vocational Programs:								
300 Purchased Services				6,495				6,495
400 Supplies and Materials				28,302				28,302
500 Capital Outlay				102,649				102,649
120 Exceptional Programs								
121 Educable Mentally Handicapped:								
100 Salaries		176,799					4,500	181,299
200 Employee Benefits		78,084					1,071	79,155
400 Supplies and Materials		162					4,968	5,130
122 Trainable Mentally Handicapped:								
100 Salaries		109,216					1,970	111,186
200 Employee Benefits		57,989					457	58,446
400 Supplies and Materials							743	743
123 Orthopedically Handicapped:								
100 Salaries		37,345					3,773	41,118
200 Employee Benefits		11,006					879	11,885
126 Speech Handicapped:								
100 Salaries		56,637					2,640	59,277
200 Employee Benefits		15,351					1,300	16,651
127 Learning Disabilities:								
100 Salaries		286,271					5,979	292,250
200 Employee Benefits		106,447					1,357	107,804
400 Supplies and Materials		19,953					1,498	21,451
128 Emotionally Handicapped:								
100 Salaries		210,946					3,099	214,045
200 Employee Benefits		84,611					736	85,347
130 Pre-School Programs								
133 Pre-School Handicapped Self-Contained (5 Yr. Olds):								
100 Salaries		186,479					925	187,404
200 Employee Benefits		85,177					218	85,395
137 Pre-School Handicapped Self-Contained (3 & 4 Yr. Olds):								
100 Salaries		38,510	77,425				592	116,527
200 Employee Benefits		24,941	26,381				138	51,460
400 Supplies and Materials		190	123					313
139 Early Childhood Programs:								
300 Purchased Services	16,117							16,117

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Restricted State Grants	Other Special Revenue Programs	Total
140 Special Programs								
145 Homebound:								
100 Salaries	\$	\$	\$	\$	\$	\$	35,333	\$ 35,333
200 Employee Benefits							12,234	12,234
300 Purchased Services							8,724	8,724
400 Supplies and Materials							1,270	1,270
148 Gifted & Talented Artistic:								
100 Salaries							7,077	7,077
200 Employee Benefits							612	612
149 Other Special Programs								
300 Purchased Services		1,200						1,200
160 Other Exceptional Programs								
161 Autism:								
100 Salaries		22,942					37,480	60,422
200 Employee Benefits		9,193					8,173	17,366
300 Purchased Services							5,301	5,301
400 Supplies and Materials							2,580	2,580
180 Adult/Continuing Education Programs								
181 Adult Basic Education Programs:								
100 Salaries					99,694			99,694
200 Employee Benefits					24,006			24,006
400 Supplies and Materials					7,164		1,089	8,253
182 Adult Secondary Education Programs:								
300 Purchased Services					1,433		13,927	15,360
400 Supplies and Materials							15,072	15,072
500 Capital Outlay							2,418	2,418
600 Other Objects							150	150
183 Adult English Literacy (ESL):								
100 Salaries					17,596		230	17,826
200 Employee Benefits					3,705		55	3,760
300 Purchased Services							268	268
400 Supplies and Materials					2,863		7,293	10,156
188 Parenting/Family Literacy:								
100 Salaries	42,785						55,981	98,766
200 Employee Benefits	10,161						17,878	28,039
300 Purchased Services	2,814						520	3,334
400 Supplies and Materials	12,483						3,109	15,592
Total Instruction	1,929,249	1,619,449	103,929	137,446	156,461	274,086	815,309	5,035,929

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Restricted State Grants	Other Special Revenue Programs	Total
200 Support Services								
210 Pupil Services								
212 Guidance Services:								
100 Salaries	\$	\$	\$	\$	\$	\$ 77,784	\$ 1,000	\$ 78,784
200 Employee Benefits						30,927		30,927
213 Health Services:								
100 Salaries						208,012	1,529	209,541
200 Employee Benefits						75,203	362	75,565
300 Purchased Services							5,940	5,940
400 Supplies and Materials							2,943	2,943
500 Capital Outlay							1,003	1,003
214 Psychological Services:								
100 Salaries		206,206					415	206,621
200 Employee Benefits		85,541					96	85,637
300 Purchased Services							863	863
400 Supplies and Materials							2,044	2,044
500 Capital Outlay							2,609	2,609
600 Other Objects							190	190
215 Speech and Hearing Services:								
100 Salaries							2,593	2,593
200 Employee Benefits							610	610
300 Purchased Services							15,504	15,504
400 Supplies and Materials							911	911
217 Career Specialist Services:								
100 Salaries		33,949				97,888		131,837
200 Employee Benefits		11,780				37,889		49,669
220 Instructional Staff Services								
221 Improvement of Instruction - Curriculum Development:								
100 Salaries				7,000		14,027		21,027
200 Employee Benefits						3,294		3,294
300 Purchased Services						57,123	23,463	80,586
400 Supplies and Materials		56				71,561		71,617
222 Educational Media:								
400 Supplies and Materials						34		34

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Restricted State Grants	Other Special Revenue Programs	Total
223 Supervision of Special Programs:								
100 Salaries	\$ 157,571	\$	\$	\$	\$ 5,712	\$	\$ 4,590	\$ 167,873
200 Employee Benefits	44,740				1,774		947	47,461
300 Purchased Services	8,481	2,200					15,529	26,210
400 Supplies and Materials	4,792						3,050	7,842
600 Other Objects							158	158
224 Improvement of Instruction-Inservice and Staff Training:								
100 Salaries	3,690					4,036	148,316	156,042
200 Employee Benefits	846					862	34,489	36,197
300 Purchased Services	16,305	1,500		7,208		36,660	134,971	196,644
400 Supplies and Materials	638					6,449	15,116	22,203
500 Capital Outlay						11,703		11,703
600 Other Objects							125	125
230 General Administration Services								
232 Office of Superintendent:								
400 Supplies and Materials							147	147
233 School Administration:								
100 Salaries							60	60
200 Employee Benefits							5	5
500 Capital Outlay							1,330	1,330
250 Finance and Operations Services								
251 Student Transportation (State Mandated):								
300 Purchased Services	41,596						64,464	106,060
254 Operations and Maintenance of Plant:								
100 Salaries							1,901	1,901
200 Employee Benefits							449	449
300 Purchased Services							61,341	61,341
400 Supplies and Materials							13,888	13,888
500 Capital Outlay							2,724	2,724
255 Student Transportation (State Mandated):								
300 Purchased Services							121	121
260 Central Support Services								
264 Staff Services:								
300 Purchased Services							25	25
266 Technology and Data Processing Services:								
100 Salaries	35,511							35,511
200 Employee Benefits	15,535							15,535
300 Purchased Services						9,000	49,544	58,544
400 Supplies and Materials						5,254		5,254
500 Capital Outlay							403,556	403,556

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - SPECIAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)	Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Restricted State Grants	Other Special Revenue Programs	Total
270 Support Services Pupil Activity								
271 Pupil Service Activities:								
300 Purchased Services	\$ 28,473	\$	\$	10,682	\$	719	9,860	49,734
400 Supplies and Materials							3,416	3,416
Total Support Services	358,178	341,232	-	24,890	7,486	748,425	1,032,197	2,512,408
300 Community Services								
370 Non-Public School Services:								
600 Other Objects							10,000	10,000
Total Community Services	-	-	-	-	-	-	10,000	10,000
410 Intergovernmental Expenditures								
411 Payments to South Carolina Department of Education								
720 Transits							1,325	1,325
Total Intergovernmental Expenditures	-	-	-	-	-	-	1,325	1,325
TOTAL EXPENDITURES	2,287,427	1,960,681	103,929	162,336	163,947	1,022,511	1,858,831	7,559,662
OTHER FINANCING SOURCES (USES)								
5200 Interfund Transfers:								
5250 Transfer from Capital Projects Fund							9,303	9,303
420 Interfund Transfers:								
426-710 Transfer to Pupil Activity Fund							(40,000)	(40,000)
430 Indirect Cost Transfers:								
431-791 Special Revenue Fund Indirect Costs							(1,799)	(1,799)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(32,496)	(32,496)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	-	-	-	-	-	310,218	310,218
FUND BALANCES, Beginning of Year	-	-	-	-	-	-	1,108,777	1,108,777
FUND BALANCES, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,418,995	1,418,995

Note: This schedule is presented as prescribed by the South Carolina State Department of Education

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
FOR THE YEAR ENDED JUNE 30, 2013

SUBFUND	REVENUE	PROGRAMS	REVENUES	EXPENDITURES	Transfers In/(Out)	Deferred Revenue
3000	Revenue from State Sources:					
928	3118	EEDA Career Specialists	\$ 244,488	\$ 244,488	\$	\$
933	3123	Formative Assessment	2,072	2,072		
937	3127	Student Health and Fitness - PE Teachers	69,161	69,161		
938	3128	High Schools that Work	36,357	36,357		
936	3136	Student Health and Fitness	283,214	283,214		
919	3193	Education License Plates	2,558	2,558		924
967	3607	6-8 Enhancement	9,253	9,253		12,331
960	3610	K-5 Enhancement	375,409	375,409		228,503
		Totals	\$ 1,022,512	\$ 1,022,512	\$ -	\$ 241,758

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS
SUMMARY SCHEDULE FOR OTHER SPECIAL REVENUE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013**

SUBFUND	REVENUE	PROGRAMS	REVENUES	EXPENDITURES	Transfers In/(Out)	Deferred Revenue
221	4310	Title 1 - Basic	\$ 56,177	\$ 56,177	\$	\$
237	4310	Title 1 - School Improvement	147,260	147,260		
264	4341	LEP	91,944	90,242	(1,702)	
267	4351	No Child Left Behind	456,286	456,286		
800	1999	Adult Education	2,000	4,757		2,000
800	3199	Adult Education				2,000
801	3199	Mini Local Grant Flow Through	5,400	3,964		
801	4999	College Access Challenge Grant (HEAP)	3,405	3,405		
805	1999	E-Rate	542,525	453,099		
806	1999	Vending Contracts		23,319	(40,000)	
812	1920	Wal-Mart Foundation		1,500		
820	1999	Salary Flow Thru	2,407	2,253		
821	4999	ROTC	143,434	143,434		
827	3199	Extended School	1,159	1,159		
830	1999	First Steps	6,750	6,750		
830	3999	First Steps	70,739	70,739		
831	1999	Innovative Approaches to Literacy	1,900			
835	1999	Professional Development Classes	950	950		
840	1999	Transition Program	4,924	4,968		
845	1999	DHEC Recycling		500		
850	1999	After School Fine Arts	11,904	10,987		
851	1999	MCEC Bright Ideas	1,000	1,000		
854	1999	Adult Ed Home Health Care		2,272		
857	1999	SCE&G Homework Center	19,648	19,648		
860	1930	Medicaid	476,268	187,382		
861	1999	Lowes Foundation Grant	5,000	169		
862	1999	Target Grants	1,900	1,900		
866	1999	United Way Catching Readers	16,642	16,642		
892	1999	Adult Education Spanish Program	1,755	917		
893	3199	Pro Mental Disable Program	743	743		
895	1993	Insurance Fund	59,399	68,702	9,303	
899	1330	Computer Class	20,301	28,079		
			<u>\$ 2,151,820</u>	<u>\$ 1,809,203</u>	<u>\$ (32,399)</u>	<u>\$ 4,000</u>

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013**

REVENUES

3000 Revenue from State Sources

3500 Education Improvement Act:

3502 ADEPT	\$ 17,757
3509 Arts in Education	12,235
3511 Professional Development	50,346
3518 Formative Assessment	26,816
3525 Career and Technology Education Equipment	69,411
3526 Science Kit Refurbishment	69,210
3530 Handicapped Services	34,735
3532 National Board Certification (Salary Supplement)	971,489
3533 Teacher of the Year Awards	1,077
3538 Students at Risk of School Failure	1,989,028
3540 Four-Year Old Early Childhood Program	282,890
3542 Preschool Program for Children with Disabilities	57,469
3544 High Achieving Students	333,506
3550 Teacher Salary Increase	850,028
3551 Salary Supplement State	614,802
3555 School Employer Contributions	333,981
3556 Adult Education	407,538
3558 Reading	102,685
3577 Teacher Supplies	160,378
3578 High Schools That Work/Making Middle Grades Work	42,909
3585 Special Ed MOE	633,865
3592 School-To-Work Transition	19,223
3597 Aid to Districts	164,442
3598 Bus Driver Salary Supplement	16,348
3599 EIA Misc	32,033

Total State Sources7,294,201**TOTAL REVENUES ALL SOURCES**7,294,201

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

EXPENDITURES

100 Instruction:

110 General Instruction:

111 Kindergarten Programs:

100 Salaries	\$ 224,899
200 Employee Benefits	63,009
400 Supplies and Materials	11,638

112 Primary Programs:

100 Salaries	640,727
200 Employee Benefits	204,542
400 Supplies and Materials	62,020

113 Elementary Programs:

100 Salaries	675,778
140 Terminal Leave	660
200 Employee Benefits	228,968
300 Purchased Services	32,216
400 Supplies and Materials	162,364
500 Capital Outlay	38,137

114 High School Programs:

100 Salaries	291,755
200 Employee Benefits	92,682
400 Supplies and Materials	52,972

115 Vocational Programs:

100 Salaries	22,500
200 Employee Benefits	5,249
400 Supplies and Materials	13,455
500 Capital Outlay	70,662

120 Exceptional Programs:

121 Educable Mentally Handicapped	
400 Supplies and Materials	1,809

122 Trainable Mentally Handicapped:

100 Salaries	7,500
200 Employee Benefits	1,760
400 Supplies and Materials	994

126 Speech Handicapped:

100 Salaries	459,148
200 Employee Benefits	167,176

127 Learning Disabilities:

100 Salaries	30,000
200 Employee Benefits	7,045
400 Supplies and Materials	47,579

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

130 Pre-School Programs:		
133 Pre-School Handicapped Child Development:		
100 Salaries	\$	14,112
200 Employee Benefits		3,249
137 Pre-School Handicapped Self-Contained:		
100 Salaries		14,900
200 Employee Benefits		3,393
400 Supplies and Materials		12,966
500 Capital Outlay		19,783
139 Early Childhood Programs:		
100 Salaries		232,112
200 Employee Benefits		78,493
140 Special Programs:		
141 Gifted and Talented Academic:		
100 Salaries		264,843
140 Terminal Leave		330
200 Employee Benefits		87,301
300 Purchased Services		2,953
400 Supplies and Materials		3,772
143 Advanced Placement:		
400 Supplies and Materials		
145 Homebound:		
100 Salaries		15,000
200 Employee Benefits		3,511
148 Gifted and Talented Artistic:		
100 Salaries		12,619
200 Employee Benefits		1,635
300 Purchased Services		450
160 Other Exceptional Programs:		
161 Autism		
400 Supplies and Materials		1,773
500 Capital Outlay		1,497
170 Summer School Program:		
171 Primary Summer School:		
300 Purchased Services		2,930
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries		67,772
200 Employee Benefits		12,091
300 Purchased Services		2,968
400 Supplies and Materials		38,016

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

182 Adult Secondary Education Programs:	
100 Salaries	\$ 18,293
200 Employee Benefits	3,710
300 Purchased Services	4,832
400 Supplies and Materials	965
183 Adult English Literacy (ESL):	
100 Salaries	1,989
200 Employee Benefits	583
188 Parenting/Family Literacy:	
100 Salaries	21,435
200 Employee Benefits	7,625
Total Instruction	<u>4,575,145</u>
200 Supporting Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	101,482
200 Employee Benefits	25,431
300 Purchased Services	10,255
220 Instructional Staff Services	
221 Improvement of Instruction - Curriculum Development:	
100 Salaries	49,410
200 Employee Benefits	9,737
300 Purchased Services	8,495
400 Supplies and Materials	15,046
222 Library and Media Services:	
100 Salaries	15,000
200 Employee Benefits	3,553
223 Supervision of Special Programs:	
100 Salaries	233,543
200 Employee Benefits	50,186
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	4,165
200 Employee Benefits	744
300 Purchased Services	178,208
400 Supplies and Materials	19,287

(Continued)

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013**

250 Finance and Operations Services:		
266 Data Processing Services:		
100 Salaries	\$	98,929
200 Employee Benefits		29,076
300 Purchased Services		1,500
400 Supplies and Materials		2,250
271 Pupil Services:		
300 Purchased Services		11,593
400 Supplies and Materials		1,929
Total Support Services		<u>869,819</u>
TOTAL EXPENDITURES		<u>5,444,964</u>
OTHER FINANCING SOURCES (USES)		
420 Interfund Transfers, From (To) Other Funds:		
420-710 Transfer to General Fund (Exclude Indirect Costs)		(1,849,237)
TOTAL OTHER FINANCING SOURCES (USES)		<u>(1,849,237)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES		<u>-</u>
FUND BALANCES, Beginning of Year		<u>-</u>
FUND BALANCES, End of Year	\$	<u><u>-</u></u>

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
SPECIAL REVENUE FUNDS - EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2013

PROGRAM	REVENUES	EXPENDITURES	TRANSFERS IN/(OUT)	UNEARNED REVENUE
3500 Education Improvement Act:				
3502 ADEPT	\$ 17,757	\$ 17,757	\$	\$
3509 Arts in Education	12,235	12,235		
3511 Professional Development	50,346	50,346		3,995
3518 Formative Assessment	26,816	26,816		10,727
3525 Career and Technology Education Equipment	69,411	69,411		
3526 Science Kit Refurbishment	69,210	69,210		12,459
3530 Handicapped Services	34,735		(34,735)	
3532 National Board Certification (Salary Supplement)	971,489	971,489		
3533 Teacher of the Year Awards	1,077	1,077		
3538 Students at Risk of School Failure	1,989,028	1,989,028		343,742
3540 Four-Year Old Early Childhood Program	282,890	282,890		
3542 Preschool Program for Children with Disabilities	57,469	41,778	(15,691)	
3544 High Achieving Students	333,506	333,506		
3550 Teacher Salary Increase	850,028		(850,028)	
3551 Salary Supplement State	614,802		(614,802)	
3555 School Employer Contributions	333,981		(333,981)	
3556 Adult Education	407,538	407,538		128,258
3558 Reading	102,685	102,685		3,095
3577 Teacher Supplies	160,378	160,378		
3578 High Schools That Work/Making Middle Grades Work	42,909	42,909		15,294
3585 Special Ed MOE	633,865	633,865		340,051
3592 School-To-Work Transition	19,223	19,223		23,519
3597 Aid to Subdivisions	164,442	164,442		135,816
3598 Bus Driver Salary Supplement	16,348	16,348		
3599 Other EIA	32,033	32,033		
Totals	\$ 7,294,201	\$ 5,444,964	\$ (1,849,237)	\$ 1,016,956

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

DEBT SERVICE FUND

The Debt Service Fund accumulates monies for payment of the District's general obligation bonds which are serial bonds due in annual installments.

The Debt Service Fund - EFC accounts for the activity of the Educational Facilities Corporation, Inc., a blended component unit of the District.

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

LEXINGTON COUNTY SCHOOL DISTRICT TWO
DEBT SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

REVENUES	District	Education Facilities, Corp	Total
1000 Revenue from Local Sources			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent	\$ 6,412,322	\$	\$ 6,412,322
1140 Penalties and Interest on Taxes	3,546		3,546
1200 Revenue from Local Governmental Units Other than LEA's:			
1280 Revenue in Lieu of Taxes	654,718		654,718
1500 Earnings on Investments:			
1510 Interest on Investments	2,878	168,727	171,605
1530 Gain or Loss on Sale of Investments		(456)	(456)
Total Local Sources	7,073,464	168,271	7,241,735
3000 Revenue from State Sources			
3800 State Revenue in Lieu of Taxes:			
3820 Homestead Exemption	298,262		298,262
3830 Merchant's Inventory Tax	126,670		126,670
3840 Manufacturer's Depreciation Reimbursement	37,956		37,956
3890 Other State Property Tax Revenues (Includes Motor Carrier)	9,895		9,895
Total State Sources	472,783	-	472,783
TOTAL REVENUES ALL SOURCES	7,546,247	168,271	7,714,518
EXPENDITURES			
500 Debt Service:			
610 Redemption of Principal	5,639,864	675,000	6,314,864
620 Interest	1,535,697	521,728	2,057,425
690 Other Objects	22,117	937,044	959,161
TOTAL EXPENDITURES	7,197,678	2,133,772	9,331,450
OTHER FINANCING SOURCES (USES)			
5000 Other Sources			
5100 Sale of Bonds:			
5110 Premium on Bonds Sold	21,282		21,282
5120 Proceeds of General Obligation Bonds	1,966,120		1,966,120
5200 Interfund Transfers:			
5210 Transfers from General Fund	15,864		15,864
5240 Transfers from Debt Service Fund		1,967,573	1,967,573
400 Other Charges			
420 Interfund Transfers:			
423 Transfer to Debt Service Fund	(1,967,573)		(1,967,573)
Total Other Financing Sources (Uses)	35,693	1,967,573	2,003,266
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	384,262	2,072	386,334
FUND BALANCE, Beginning of Year	3,102,583	2,315,614	5,418,197
FUND BALANCE, End of Year	\$ 3,486,845	\$ 2,317,686	\$ 5,804,531

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

CAPITAL PROJECTS FUND - SCHOOL BUILDING

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

The Capital Projects Fund - EFC accounts for the activity of the Educational Facilities Corporation, Inc., a blended component unit of the District.

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

LEXINGTON COUNTY SCHOOL DISTRICT TWO
CAPITAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

REVENUES	District	Education Facilities, Corp	Total
1000 Revenue from Local Sources			
1500 Earnings on Investments:			
1510 Interest on Investments	\$ 11,745	\$	\$ 11,745
Total Local Sources	<u>11,745</u>	<u>-</u>	<u>11,745</u>
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3172 Children's Education Endowment (Barnwell Facilities Funds)	19,852		19,852
Total State Sources	<u>19,852</u>	<u>-</u>	<u>19,852</u>
TOTAL REVENUES ALL SOURCES	<u>31,597</u>	<u>-</u>	<u>31,597</u>
EXPENDITURES			
250 Finance and Operations:			
253 Facilities Acquisition and Construction:			
300 Purchased Services	727,770		727,770
400 Supplies and Materials	55,801		55,801
500 Capital Outlay:			
520 Construction Services	116,817		116,817
540 Equipment	271,494		271,494
545 Technology, Equipment and Software	78,878		78,878
550 Vehicles	183,528		183,528
580 Mobile Classrooms	35,070		35,070
254 Operation and Maintenance of Plant:			
300 Purchased Services	56,942		56,942
400 Supplies and Materials	31,149		31,149
500 Capital Outlay:			
540 Equipment	12,163		12,163
266 Technology and Data Processing Services:			
300 Purchased Services	35,054		35,054
400 Supplies and Materials	240,566		240,566
500 Capital Outlay:			
545 Technology, Equipment and Software	146,127		146,127
TOTAL EXPENDITURES	<u>1,991,359</u>	<u>-</u>	<u>1,991,359</u>
OTHER FINANCING SOURCES (USES)			
5100 Sale of Bonds:			
5120 Proceeds of General Obligation Bonds	1,300,880		1,300,880
5200 Interfund Transfers:			
5210 Transfer from General Fund	1,800,785		1,800,785
400 Other Charges			
420 Interfund Transfers:			
420-710 Transfer to General Fund	(39,705)		(39,705)
Total Other Financing Sources (Uses)	<u>3,061,960</u>	<u>-</u>	<u>3,061,960</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>1,102,198</u>	<u>-</u>	<u>1,102,198</u>
FUND BALANCE, Beginning of Year	<u>6,687,418</u>	<u>22,443</u>	<u>6,709,861</u>
FUND BALANCE, End of Year	<u>\$ 7,789,616</u>	<u>\$ 22,443</u>	<u>\$ 7,812,059</u>

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

PROPRIETARY FUND - FOOD SERVICE FUND

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

After School Daycare Fund - Accounts for the provision of after school daycare services to the students of the District. All activities necessary to provide such service are accounted for in this fund.

Print Shop Fund - Accounts for the provision of print shop services to the District and outside agencies. All activities necessary to provide such service are accounted for in this fund.

Warehouse Fund - Accounts for the provisions of warehouse services to the District and sales to outside agencies. All activities necessary to provide such service are accounted for in this fund.

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

LEXINGTON COUNTY SCHOOL DISTRICT TWO
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				
	Food Service	After School Daycare	Print Shop	Warehouse	Total
REVENUES:					
1000 Revenues from Local Sources:					
1300 Tuition:					
1320 Regular Day School (After School Day Care)	\$	\$ 674,044	\$	\$	674,044
1500 Earnings on Investments:					
1510 Interest on Investments	109	2,032			2,141
1600 Food Services:					
1610 Lunch Sales to Pupils	436,214				436,214
1620 Breakfast Sales to Pupils	26,525				26,525
1630 Special Sales to Pupils	184,660				184,660
1640 Lunch Sales to Adults	28,782				28,782
1650 Breakfast Sales to Adults	922				922
1660 Special Sales to Adults	18,796				18,796
1700 Pupil Activities:					
1790 Other		24,059			24,059
1900 Other Revenue from Local Sources:					
1990 Miscellaneous Local Revenue:					
1999 Revenue from Other Local Sources	9,076		51,782	65,870	126,728
Total Local Sources	705,084	700,135	51,782	65,870	1,522,871
3000 Revenue from State Sources:					
3140 School Lunch:					
3142 Program Aid	348				348
Total State Sources	348	-	-	-	348
4000 Revenue from Federal Sources:					
4800 USDA Reimbursements:					
4810 School Lunch Program	2,340,220				2,340,220
4830 School Breakfast Program	1,151,958				1,151,958
4860 Fresh Fruit & Vegetables Program	66,969				66,969
4900 Other Federal Sources:					
4991 USDA Commodities	215,237				215,237
4999 Commodities & Equipment Assistance	6,653				6,653
Total Federal Sources	3,781,037	-	-	-	3,781,037
Total Revenue - All Sources	4,486,469	700,135	51,782	65,870	5,304,256

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				
	Food Service	After School Daycare	Print Shop	Warehouse	Total
EXPENSES:					
200 Support Services					
250 Finance and Operation Services:					
254 Maintenance and Operations:					
400 Supplies and Materials	\$	\$ 1,250	\$	\$	\$ 1,250
256 Food Services:					
100 Salaries	93,710				93,710
140 Terminal Leave	1,189				1,189
200 Employee Benefits	49,491				49,491
300 Purchased Services	3,999,732				3,999,732
400 Supplies and Materials	317,716				317,716
500 Capital Outlay	159,694				159,694
600 Other Objects	1,275				1,275
257 Internal Services:					
100 Salaries			21,743	4,492	26,235
200 Employee Benefits			8,714	1,043	9,757
300 Purchased Services			6,341	1,144	7,485
400 Supplies and Materials			11,628	64,966	76,594
500 Capital Outlay				13,584	13,584
Total Support Services	4,622,807	1,250	48,426	85,229	4,757,712
300 Community Services					
350 Custody and Care of Children:					
100 Salaries		412,285			412,285
200 Employee Benefits		88,131			88,131
300 Purchased Services		37,018			37,018
400 Supplies and Materials		94,616			94,616
500 Capital Outlay		25,720			25,720
600 Other Objects		938			938
Total Community Services	-	658,708	-	-	658,708
Total Expenses	4,622,807	659,958	48,426	85,229	5,416,420
OTHER FINANCING SOURCES(USES):					
Interfund Transfers (To) Other Funds:					
5210 Transfer from General Fund	45,000				45,000
Total Other Financing (Uses)	45,000	-	-	-	45,000
Excess/Deficiency of Revenues over Expenditures	(91,338)	40,177	3,356	(19,359)	(67,164)
Total Net Position - Beginning of Year	206,223	267,091	(256,123)	47,624	264,815
Total Net Position - End of Year	\$ 114,885	\$ 307,268	\$ (252,767)	\$ 28,265	\$ 197,651

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

FIDUCIARY FUND - PUPIL ACTIVITY FUND

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

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

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS				
Cash and Cash Equivalents	\$ 9,920	\$ 365	\$	\$ 10,285
Due from Other Funds	<u>760,266</u>	<u>(365)</u>	<u>28,140</u>	<u>731,761</u>
TOTAL ASSETS	\$ <u>770,186</u>	\$ <u>-</u>	\$ <u>28,140</u>	\$ <u>742,046</u>
LIABILITIES				
Due to Student Organizations	\$ <u>770,186</u>	\$	<u>28,140</u>	\$ <u>742,046</u>
TOTAL LIABILITIES	\$ <u>770,186</u>	\$ <u>-</u>	\$ <u>28,140</u>	\$ <u>742,046</u>

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

LEXINGTON COUNTY SCHOOL DISTRICT TWO
 FIDUCIARY FUND - AGENCY FUND - PUPIL ACTIVITY
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO PUPIL ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2013

RECEIPTS

1000 Receipts from Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 3,604
1700 Pupil Activities:	
1710 Admissions	164,313
1720 Bookstore Sales	4,673
1730 Pupil Organization Memberships Dues and Fees	1,040
1740 Student Fees	1,071
1790 Other	1,279,255
1900 Other Revenue from Local Sources:	
1920 Contributions and Donations Private Sources	49,964
1999 Revenue from Other Local Sources	18,047
Total Receipts From Local Sources	1,521,967
2000 Intergovernmental Revenue	
2100 Payments from Other Governmental Units	1,000
Total Intergovernmental Revenue	1,000
TOTAL RECEIPTS ALL SOURCES	1,522,967

DISBURSEMENTS

190 Instructional Pupil Activity:	
100 Salaries	7,258
200 Employee Benefits	1,122
300 Purchased Services	613
400 Supplies and Materials	20,426
500 Capital Outlay	10,382
660 Pupil Activity	44,370
270 Supporting Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries	128,116
200 Employee Benefits	27,226
300 Purchased Services	272,369
400 Supplies and Materials	40,442
500 Capital Outlay	42,846
600 Other Objects	5,722
660 Pupil Activity	793,808
272 Enterprise Activities:	
100 Salaries	10,438
200 Employee Benefits	2,466
300 Purchased Services	7,312
400 Supplies and Materials	3,011
500 Capital Outlay	3,767
660 Pupil Activity	75,372
273 Trust and Agency Activities:	
100 Salaries	1,035
200 Employee Benefits	239
300 Purchased Services	39,047
600 Other Objects	2,601
660 Pupil Activities	56,025
300 Community Services:	
390 Other Community Services:	
400 Supplies and Materials	1,201
660 Pupil Activities	120
TOTAL DISBURSEMENTS	1,597,334

(Continued)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
 FIDUCIARY FUND - AGENCY FUND - PUPIL ACTIVITY
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO PUPIL ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2013

OTHER FINANCING SOURCES (USES)

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund	\$ 6,227
5220 Transfer from Special Revenue Fund	40,000
5270 Transfer from Pupil Activity	238,750
426-710 Transfer to Pupil Activity	(238,750)

Total Other Financing Sources (Uses)46,227**EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES**(28,140)**DUE TO PUPIL ACTIVITY, Beginning of Year**770,186**DUE TO PUPIL ACTIVITY, End of Year**\$ 742,046

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

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

LEXINGTON COUNTY SCHOOL DISTRICT TWO
DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2013

			AMOUNT DUE TO STATE DEPARTMENT OF EDUCATION OR FEDERAL GOVERNMENT		STATUS OF AMOUNT DUE TO GRANTORS
PROGRAM	PROJECT/ GRANT NUMBER	REVENUE & SUBFUND CODES	DESCRIPTION		

There were no amounts Due to the State Department of Education for the year ended June 30, 2013.

Note: This schedule is presented as prescribed by the South Carolina State Department of Education.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
LOCATION RECONCILIATION SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

Location ID	Location	Education Level	Cost Type	Total Expenditures
22	Congaree/Wood Early Childhood Center	Elementary Schools	School	\$ 4,801,623
23	Pair Education Center	Other Schools	School	3,269,395
25	District Education Center	Non-Schools	Central	23,240,973
26	Wood Elementary	Elementary Schools	School	2,944,228
27	BC Grammar School #1	Elementary Schools	School	3,278,015
28	Davis Early Childhood Center for Technology	Elementary Schools	School	4,012,762
30	Congaree Elementary	Elementary Schools	School	2,918,856
32	Pineview Elementary	Elementary Schools	School	3,959,711
33	Saluda River Academy for the Arts	Elementary Schools	School	3,358,156
34	Springdale Elementary	Elementary Schools	School	3,751,851
35	Taylor Elementary	Elementary Schools	School	3,424,065
36	Pine Ridge Middle School	Middle Schools	School	3,357,775
37	Northside Middle School	Middle Schools	School	4,113,158
39	Fulmer Middle School	Middle Schools	School	4,530,202
40	Busbee Creative Arts Academy	Middle Schools	School	3,133,398
42	Airport High School	High School	School	10,020,005
43	Brookland-Cayce High School	High School	School	9,387,142
46	Three Rivers RTF	Other Schools	School	690,950

Total Expenditures/Disbursements for All Funds

\$ 94,192,265

Above Expenditures are reconciled to the District's Audit Statements as follows:

General Fund (Subfunds 100s)	\$ 62,850,980
Special Revenue Fund (Subfunds 200s, 800s, 900s)	7,559,760
Special Revenue EIA Fund (Subfunds 300s)	5,444,964
Debt Service Fund (Subfunds 400s)	9,331,449
Capital Projects Fund (School Building) (Subfunds 500s)	1,991,358
Proprietary Funds (Subfunds 600s)	5,416,420
Agency Fund (Pupil Activity) (Subfunds 700s)	1,597,334

Total Expenditures/Disbursements for All Funds

\$ 94,192,265

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SCHOOL DISTRICT DEBT
SCHEDULE OF BONDS OUTSTANDING
JUNE 30, 2013**

Bond Issue	Fiscal Year Maturity		Principal			Outstanding, June 30, 2013
			Outstanding, July 1, 2012	Issued	Paid	
Series 2002	2013	1,085,000	\$ 1,085,000		\$ 1,085,000	\$ -
Series 2003	2013	510,000	510,000		510,000	-
Series 2004	2013	745,000	745,000		745,000	-
Series 2011 Refunding	2013	-	14,595,000			14,595,000
	2014	1,450,000				
	2016	1,605,000				
	2016	1,915,000				
	2017	2,100,000				
	2018	2,290,000				
	2019	2,500,000				
	2020	2,735,000				
Series 2012 Refunding	2013	20,000	15,345,000		20,000	15,325,000
	2014	190,000				
	2015	110,000				
	2016	50,000				
	2017	50,000				
	2018	50,000				
	2019	315,000				
	2020	220,000				
	2021	3,980,000				
	2022	5,050,000				
	2023	5,310,000				
			<u>\$ 32,280,000</u>	<u>\$ -</u>	<u>\$ 2,360,000</u>	<u>\$ 29,920,000</u>

LEXINGTON COUNTY SCHOOL DISTRICT TWO
EDUCATION FACILITIES CORPORATION FOR LEXINGTON SCHOOL DISTRICT NO. 2
SCHEDULE OF BONDS OUTSTANDING
JUNE 30, 2013

Bond Issue	Fiscal Year Maturity		Principal			
			Outstanding, July 1, 2012	Issued	Paid	Outstanding, June 30, 2013
Series 2006A	2013	675,000	\$ 3,570,000		\$ 675,000	\$ 2,895,000
	2014	720,000				
	2015	915,000				
	2016	1,260,000				
Series 2006 B	2013	-	19,920,000			19,920,000
	2014	-				
	2015	-				
	2016	-				
	2017	-				
	2018	-				
	2019	-				
	2020	-				
	2021	-				
	2022	-				
	2023	-				
	2024	1,825,000				
	2025	1,910,000				
	2026	2,000,000				
	2027	2,095,000				
	2028	2,195,000				
	2029	2,300,000				
	2030	2,410,000				
	2031	2,530,000				
	2032	2,655,000				
Series 2006C	2013	-	7,810,000			7,810,000
	2014	-				
	2015	-				
	2016	415,000				
	2017	1,350,000				
	2018	1,415,000				
	2019	1,495,000				
	2020	1,560,000				
	2021	1,575,000				
			\$ 31,300,000	\$ -	\$ 675,000	\$ 30,625,000

STATISTICAL SECTION

This section of the Lexington County School District Two Comprehensive Annual Financial Report presents detailed trend and other information as a context for understanding what the information in the basic financial statements, notes to the financial statements, required supplementary information and other supplementary information says about Lexington County School District Two's overall financial health.

	<u>Page Numbers</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	104-108
Revenue Capacity	
These schedules contain information to help the reader access Lexington County School District Two's most significant local revenue source, the property tax.	109-112
Debt Capacity	
These schedules present information to help the reader assess the affordability of Lexington County School District Two's current level of outstanding debt and the District's ability to issue additional debt in the future.	113-117
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which Lexington County School District Two's financial activities take place.	118-119
Operation Information	
These schedules contain service and infrastructure data to help the reader understand how the information in Lexington County School District Two's financial report relates to the services the District provides and the activities it performs.	120-123

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 3,081,703	\$ 18,287,048	\$ 22,118,312	\$ 7,531,805	\$ 19,042,433	\$ 21,242,991	\$ 23,985,669	\$ 23,828,040	\$ 28,486,926	\$ 32,463,377
Restricted	24,305,288	9,736,494	7,781,664	21,024,187	11,231,476	7,790,656	9,167,043	10,859,419	13,238,835	7,541,451
Unrestricted	6,634,037	6,823,512	5,007,832	8,921,358	7,338,336	7,496,864	8,589,377	10,161,365	5,389,126	11,368,978
Total Governmental Activities Net Assets	34,021,026	34,847,054	34,905,808	35,477,150	37,612,245	36,530,511	39,722,089	44,648,824	47,112,887	51,373,808
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	653,934	643,051	549,441	492,801	540,829	1,702,889	1,685,280	1,420,519	1,314,818	1,213,043
Unrestricted	(163,215)	33,970	205,746	381,108	246,298	(1,097,493)	(884,168)	(1,059,368)	(1,049,800)	(1,015,389)
Total Business-Type Activities Net Assets	\$ 490,719	\$ 677,021	\$ 755,187	\$ 873,909	\$ 787,125	\$ 605,376	\$ 801,112	\$ 361,151	\$ 264,818	\$ 197,654
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 3,735,637	\$ 18,930,099	\$ 22,665,753	\$ 8,024,406	\$ 19,583,262	\$ 22,945,680	\$ 25,630,949	\$ 25,248,559	\$ 29,801,542	\$ 33,676,420
Restricted	24,305,288	9,736,494	7,781,664	21,024,187	11,231,476	7,790,658	9,187,043	10,859,419	13,238,835	7,541,451
Unrestricted	6,470,622	6,857,482	5,213,576	7,302,488	7,564,632	6,399,371	5,725,209	9,101,997	4,339,328	10,353,589
Total Primary Government Net Assets	\$ 34,511,747	\$ 35,524,075	\$ 35,660,995	\$ 36,351,059	\$ 38,399,370	\$ 37,135,687	\$ 40,523,201	\$ 45,009,975	\$ 47,377,703	\$ 51,571,460

Source: Lexington School District Two's Comprehensive Annual Financial Reports

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Expenses										
Governmental Activities:										
Instruction	\$ 43,763,767	\$ 45,303,022	\$ 45,132,139	\$ 49,487,505	\$ 50,850,364	\$ 47,634,883	\$ 50,466,005	\$ 49,072,202	\$ 49,659,718	\$ 50,086,859
Support Services	23,402,253	24,211,659	24,503,266	26,539,574	29,006,467	27,444,164	27,907,248	27,186,720	27,708,205	29,288,331
Community Services	7,000	3,500	342	3,707		5,250		5,500	-	
Pupil Activities							88,946	12,314	30,626	56,227
Intergovernmental	431	47,122	132,876	122,635	127,088	145,647		23,552	43,838	28,992
Interest and Other Charges	2,672,103	2,770,819	4,932,404	4,260,261	3,720,418	8,117,762	3,417,106	3,388,914	3,421,684	2,894,406
Total Governmental Activities Expenses	69,845,554	72,336,122	74,701,027	80,413,682	83,704,337	83,347,706	81,879,305	79,699,202	80,864,071	82,354,815
Business-Type Activities:										
Food Service	3,094,177	2,952,998	3,095,286	3,064,963	3,337,798	3,811,739	3,808,587	4,240,472	4,484,457	4,622,804
After School Daycare	501,995	470,143	606,505	652,896	704,834	676,008	696,874	750,136	685,158	659,959
Print Shop	108,317	34,137	50,728	102,359	101,130	103,197	77,553	53,359	50,224	48,426
Warehouse	110,041	127,970	120,986	128,957	112,061	129,669	102,472	95,268	79,021	85,229
Total Business-Type Activities Expenses	3,814,530	3,585,248	3,873,505	3,949,175	4,255,823	4,720,613	4,685,486	5,139,235	5,278,860	5,416,418
Total Primary Government Expenses	\$ 73,660,084	\$ 75,921,370	\$ 78,574,532	\$ 84,362,857	\$ 87,960,160	\$ 88,068,319	\$ 86,564,791	\$ 84,838,437	\$ 86,142,931	\$ 87,771,233
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 82,835	\$ 134,949	\$ 235,368	\$ 349,309	\$ 112,149	\$ 60,540	\$ 408,207	\$ 341,366	\$ 435,333	\$ 426,254
Support Services	40,214		126,737	164,381			259,526	442,368	335,416	
Operating Grants and Contributions:										
Instruction	28,144,109	28,345,127	26,128,643	27,918,951	35,802,516	32,945,482	26,668,590	25,013,641	24,742,681	32,195,524
Support Services	7,026,984	8,706,634	14,069,269	13,138,330	8,930,755	7,971,622	14,758,550	14,019,271	13,805,461	8,118,924
Community Services								2,941		
Intergovernmental						299		12,593	15,259	
Capital Grants and Contributions:										
Support Services	308,741	430,804		2,186						
Intergovernmental		32,668		1,029	13,653					
Total Governmental Activities Program Revenues	35,602,883	37,650,182	40,560,017	41,574,186	44,859,273	40,977,943	42,114,873	39,832,180	39,334,150	40,740,702
Business-Type Activities:										
Charges for Services:										
Food Service	1,250,747	1,152,844	1,118,675	1,086,111	1,047,003	1,036,679	1,063,659	693,719	595,673	695,800
After School Daycare	532,618	542,919	650,428	656,036	668,381	678,677	702,182	643,383	670,417	674,044
Print Shop	69,039	66,767	59,298	77,102	50,523	54,196	41,726	36,727	44,794	51,781
Warehouse	121,231	132,451	132,987	122,030	130,058	128,467	89,119	92,928	79,353	65,870
Operating Grants and Contributions:										
Food Service	2,158,024	2,054,397	2,103,157	2,253,916	2,236,379	2,731,572	2,955,148	3,295,443	3,712,475	3,781,037
Total Business-Type Activities Program Revenues	4,131,659	3,949,378	4,064,545	4,195,195	4,132,344	4,629,591	4,851,834	4,762,200	5,102,712	5,268,632
Total Primary Government Program Revenues	\$ 39,734,542	\$ 41,599,560	\$ 44,624,562	\$ 45,769,381	\$ 48,991,617	\$ 45,607,534	\$ 46,966,707	\$ 44,594,380	\$ 44,436,862	\$ 46,009,334
Net Revenue (Expense)										
Governmental Activities	\$ (34,242,671)	\$ (34,685,940)	\$ (34,141,010)	\$ (38,839,496)	\$ (38,845,064)	\$ (42,369,763)	\$ (39,764,432)	\$ (39,867,022)	\$ (41,529,921)	\$ (41,614,113)
Business-Type Activities	317,129	384,130	191,040	246,020	(123,479)	(91,022)	168,348	(377,035)	(176,148)	(147,788)
Total Primary Government Net Expense	\$ (33,925,542)	\$ (34,321,810)	\$ (33,949,970)	\$ (38,593,476)	\$ (38,968,543)	\$ (42,460,785)	\$ (39,596,084)	\$ (40,244,057)	\$ (41,706,069)	\$ (41,761,899)

LEXINGTON COUNTY SCHOOL DISTRICT TWO
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS

	Fiscal Year									
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$ 21,967,721	\$ 22,244,778	\$ 21,739,406	\$ 24,338,842	\$ 22,312,287	\$ 23,502,029	\$ 22,672,005	\$ 22,730,209	\$ 21,309,968	\$ 26,523,057
Debt Services	4,415,936	2,808,291	4,171,453	5,791,815	5,969,080	6,244,731	5,925,987	8,150,126	6,324,732	7,008,030
State Aid Not Restricted for Specific Purpose	7,713,650	8,753,530	7,445,230	7,522,317	11,147,619	3,917	11,439,908	11,515,888	11,746,726	12,107,142
Unrestricted Investment Earnings	450,175	823,677	581,063	1,538,058	1,207,878	407,735	348,250	275,218	653,583	218,378
Miscellaneous	45,132	58,788	40,849	19,298	3,043	11,009,747	2,560,930	4,122,316	4,004,440	65,427
Gain (Loss) on Sale of Assets			44,335	19,197	170,981	3,505	8,930			
Lease Purchase		624,380				118,365				
Transfers	29,205	98,525	177,428	183,711	169,271				(45,465)	(45,000)
Total Governmental Activities	34,621,819	35,511,969	34,199,764	39,410,838	40,980,159	41,288,029	42,956,010	44,783,757	43,993,984	45,875,032
Business-Type Activities:										
Unrestricted Investment Earnings	6,911	18,983	48,937	49,538	6,563	10,742	4,466	3,998	2,025	2,141
Miscellaneous			10,455	6,875	19,403	14,896	24,922	25,080	32,323	33,483
Gain (Loss) on Sale of Assets			5,162							
Transfers	(117,501)	(196,811)	(177,428)	(183,711)	(189,271)	(116,365)			45,485	45,000
Total Business-Type Activities	(110,590)	(177,828)	(112,874)	(127,298)	(143,305)	(90,727)	29,388	29,078	79,813	80,624
Total Primary Government General Revenue and Other Changes in Net Assets	\$ 34,511,229	\$ 35,334,141	\$ 34,086,890	\$ 39,283,540	\$ 40,836,854	\$ 41,197,302	\$ 42,985,398	\$ 44,822,835	\$ 44,073,797	\$ 45,955,656
Changes in Net Assets										
Governmental Activities	\$ 379,148	\$ 826,029	\$ 56,754	\$ 571,342	\$ 2,135,095	\$ (1,081,734)	\$ 3,191,578	\$ 4,926,735	\$ 2,464,063	\$ 4,260,919
Business-Type Activities	206,539	186,302	78,166	118,722	(266,764)	(181,749)	195,736	(347,957)	(96,335)	(67,162)
Total Primary Government Change in Net Assets	\$ 585,687	\$ 1,012,331	\$ 136,920	\$ 690,064	\$ 1,868,331	\$ (1,263,483)	\$ 3,387,314	\$ 4,578,778	\$ 2,367,728	\$ 4,193,757

Source: Lexington School District Two's Comprehensive Annual Financial Reports.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
General Fund										
Reserved	\$ 240,273	\$ 198,787	\$ 148,252	\$ 180,433	\$ 175,780	\$ 174,184	\$ 140,463	N/A	N/A	N/A
Unreserved	5,409,067	5,842,766	6,798,473	6,670,191	7,338,336	5,734,415	7,256,578	N/A	N/A	N/A
Total General Fund	\$ 5,649,340	\$ 6,041,553	\$ 6,946,725	\$ 6,850,624	\$ 7,514,116	\$ 5,908,599	\$ 7,397,041	-	-	-
General Fund*										
Nonspendable:										
Prepaid Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3,955	\$ 2,770	\$ 189,222
Inventory	N/A	N/A	N/A	N/A	N/A	N/A	N/A	89,153	69,687	96,710
Assigned:										
Designated for Subsequent Years	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,601,939	1,800,785	2,420,772
Maintenance Department Equipment									250,000	
Encumbrances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	32,708		
Unassigned:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,641,501	8,152,112	8,611,371
Total General Fund	-	-	-	-	-	-	-	\$ 9,369,256	\$ 10,275,354	\$ 11,318,075
All Other Governmental Funds										
Reserved, Reported In:										
Special Revenue, Special Projects	\$ 127,267	\$ 386,809	\$ 407,252	\$ 510,573	\$ 420,032	\$ 570,227	\$ 606,848	N/A	N/A	N/A
Debt	2,110,983	2,097,817	2,437,568	7,096,695	7,579,573	5,819,436	5,913,803	N/A	N/A	N/A
Capital Projects	22,194,305	7,481,243	1,626,664	13,416,919	3,056,091	1,400,993	2,505,929	N/A	N/A	N/A
Total All Other Governmental Funds	\$ 24,432,555	\$ 9,965,869	\$ 4,471,484	\$ 21,024,187	\$ 11,055,696	\$ 7,790,656	\$ 9,026,580			
All Other Governmental Funds*										
Nonspendable:										
Prepaid Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 175	\$ 2,208	\$ 7,548
Restricted for:										
Special Revenue - Special Projects	N/A	N/A	N/A	N/A	N/A	N/A	N/A	660,981	1,106,569	1,411,447
Debt Service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,126,779	5,418,197	5,804,531
Capital Projects	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,871,484	6,709,861	7,812,060
Total All Other Governmental Funds	-	-	-	-	-	-	-	\$ 10,659,419	\$ 13,236,835	\$ 15,035,586

Notes: *The 2011 fund balances for the General Fund and all other Governmental Funds are reported based on the new requirements under GASB 54. The fund balances for years ended 2002-2010 are not reported under GASB 54.

Source: Lexington School District Two's Comprehensive Annual Financial Report

LEXINGTON COUNTY SCHOOL DISTRICT TWO
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Revenues										
Local Sources	\$ 28,057,593	\$ 28,848,503	\$ 28,981,041	\$ 32,497,068	\$ 30,369,259	\$ 30,662,490	\$ 31,377,640	\$ 33,094,246	\$ 33,995,229	\$ 35,560,849
State Sources	37,202,945	39,280,732	41,216,548	42,259,433	49,165,997	44,959,005	41,830,485	40,688,136	43,306,405	45,614,365
Federal Sources	4,819,272	5,110,203	5,899,541	5,829,242	5,921,143	5,961,334	10,624,688	9,636,413	6,679,366	5,626,553
Intergovernmental			23,542	33,542	13,853	2,669	3,447	9,334		
Total Revenues All Sources	70,079,810	73,239,438	76,100,672	80,619,285	85,470,252	81,585,498	83,836,261	83,428,129	83,981,020	86,801,767
Expenditures										
Current:										
Instruction	41,831,879	42,940,349	44,936,576	46,941,932	48,279,160	46,486,877	47,348,450	46,780,635	46,755,153	47,828,593
Supporting Services	22,002,620	22,939,449	24,397,982	25,341,657	27,621,972	27,840,322	26,446,089	26,218,757	26,509,737	28,104,511
Community Services	7,000	3,500	342	3,707		5,250		5,500		10,000
Intergovernmental	431	47,122	132,876	122,635	127,088	145,647		23,552	30,626	28,992
Pupil Activities							88,946	12,314	43,838	46,227
Debt Service										
Principal	11,878,974	2,287,404	2,275,000	14,555,000	4,115,000	6,480,000	4,775,000	6,485,000	5,965,864	6,314,864
Interest and Fiscal Charges	2,378,200	2,668,791	2,614,285	4,576,566	3,617,873	3,562,431	3,419,224	3,364,049	3,567,495	3,016,586
Capital Outlay	12,151,776	16,565,322	6,554,607	7,982,935	12,791,162	4,649,078	1,751,653	1,207,624	1,666,903	1,674,868
Total Expenditures All Sources	90,246,880	87,451,937	80,911,648	99,524,432	96,552,255	91,169,605	83,829,362	84,077,431	84,539,616	87,224,641
Excess of Revenues Over (Under) Expenditures	(20,169,070)	(14,212,499)	(4,810,976)	(18,905,147)	(11,082,003)	(9,584,107)	6,899	(649,302)	(558,596)	(422,874)
Other Financing Sources (Uses)										
Sale of Capital Assets	67,867	39,501	10,335	19,197	170,981	3,505	8,930		5,526	21,064
Operating Transfers In	3,627,856	4,216,804	2,192,504	2,662,128	16,930,143	7,798,713	5,258,261	4,033,841	4,809,847	5,684,266
Operating Transfers (Out)	(3,612,606)	(4,118,279)	(2,015,076)	(2,478,417)	(16,760,872)	(7,682,348)	(5,258,261)	(4,033,841)	(4,855,112)	(5,729,266)
Receipt of Insurance Proceeds			34,000							
Premium on Bonds Sold	112,530			(537,836)	1,752		13,540	15,901	8,155,938	21,282
Proceeds from Lease Purchase				66,777						
Proceeds from Long-Term Notes								63,455		
Proceeds from Refunding Debt	9,645,609								29,940,000	
Payments to Refunded Bond Escrow Agent									(35,837,889)	
Installment Purchase Revenue Proceeds				32,615,000						
Installment Purchase Revenue Proceeds				3,015,000	1,435,000	4,593,680	2,695,000	4,175,000	3,824,000	3,267,000
Proceeds from Issuance of Debt	20,000,000									
Total Other Financing Sources (Uses)	29,841,256	138,026	221,763	35,361,749	1,777,004	4,713,550	2,717,470	4,254,356	4,042,110	3,264,346
Net Change in Fund Balances	\$ 9,672,186	\$ (14,074,473)	\$ (4,589,213)	\$ 16,456,602	\$ (9,304,999)	\$ (4,870,557)	\$ 2,724,369	\$ 3,605,054	\$ 3,483,514	\$ 2,841,472
Debt Service as a % of Noncapital Expenditures	18.25%	6.99%	6.58%	20.90%	9.23%	11.61%	9.98%	11.86%	11.50%	10.93%

Source: Lexington School District Two's Comprehensive Annual Financial Reports

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST NINE FISCAL YEARS**

										Ratio of Total Assessed Value to Total Estimated Value
Fiscal Year	Tax Year	Total Direct Tax Rate (Millage)	Real Property		Personal Property		Total			
			Residential Property	Commercial Property	Motor Vehicles	Other	Total Assessed Value	Estimated Value		
2004	*	2003	183.14	50,270,840	84,330,970	36,120,320	13,155,030	183,877,160	2,917,293,347	6.30%
2005	*	2004	183.14	50,509,200	84,349,000	35,978,350	15,961,630	186,798,180	2,977,887,572	6.27%
2006	*	2005	168.40	59,810,442	97,475,588	32,856,590	13,176,210	203,318,830	3,450,360,432	5.89%
2007	*	2006	173.15	62,372,520	101,655,370	34,736,920	16,569,929	215,334,739	3,626,530,448	5.94%
2008	*	2007	178.60	63,235,290	102,343,970	33,295,780	18,406,130	217,281,170	3,710,882,476	5.86%
2009	*	2008	178.60	66,307,140	111,681,190	31,543,140	20,151,410	229,682,880	3,934,598,124	5.84%
2010		2009	178.60	65,258,070	120,370,370	27,112,270	19,125,760	231,866,470	4,019,331,750	5.77%
2011		2010	176.21	71,553,520	136,685,360	22,607,470	18,842,840	249,689,190	4,369,294,895	5.71%
2012		2011	176.21	71,349,870	139,486,030	24,460,630	17,513,820	252,810,350	4,424,724,701	5.71%
2013		2012	176.21	71,613,890	148,453,580	26,533,540	17,102,560	263,703,570	4,603,615,317	5.73%

* Note: Amount does not include Merchant's Inventory or Motor Carrier

Source - Lexington County Auditor's Office

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
PROPERTY TAX MILLAGE RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	Overlapping								Direct		Total Direct & Overlapping Rates
		Lexington County	Recreation District	Midlands Tech	Riverbanks Zoo	City of West Columbia	City of Cayce	Town of Springdale	Town of Lexington	Lexington School District Two Debt	Operating	
2004	2003	84.412	13.294	4.181	1.858	51.000	40.500	29.800	N/A	26.000	157.140	408.185
2005	2004	87.320	15.099	4.277	1.855	51.000	40.500	34.800	N/A	26.000	157.140	417.991
2006	2005	78.572	13.517	4.306	1.852	51.000	42.500	58.000	N/A	25.000	143.400	418.147
2007	2006	81.246	13.977	4.452	1.915	51.000	42.500	58.000	N/A	29.750	143.400	426.240
2008	2007	85.818	18.023	4.452	1.960	53.000	44.500	58.000	36.238	29.750	148.850	480.591
2009	2008	89.067	16.599	4.452	1.888	55.500	46.000	59.700	36.238	29.750	148.850	488.044
2010	2009	90.455	15.499	4.452	1.788	55.500	46.000	59.700	36.238	29.750	148.850	488.232
2011	2010	86.467	15.435	4.303	1.775	61.879	46.000	57.700	36.238	29.750	146.460	486.007
2012	2011	88.253	16.015	4.374	1.793	61.879	46.930	57.700	35.140	29.750	146.460	488.294
2013	2012	90.759	15.735	4.374	1.793	61.879	43.270	57.700	35.140	29.750	146.460	486.860

Source: Lexington County Auditor's Office

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
PRINCIPAL TAXPAYERS
FOR FISCAL YEARS ENDED JUNE 30, 2013 AND 2004**

Taxpayer	2013		2004	
	Taxable Assessed Value	Percent of Total Assessed Value	Taxable Assessed Value	Percent of Total Assessed Value
South Carolina Electric and Gas	\$ 18,412,910	6.98%	\$ 6,812,380	3.70%
SCANA Services, Inc.	11,829,210	4.49%		
Owen Electric Steel Co. of SC	3,158,190	1.20%	4,953,100	2.69%
Amazon Com Dedc LLC	3,060,320	1.16%		
Bellsouth Telecommunications	2,098,010	0.80%	3,554,950	1.93%
Aryzta LLC	1,924,310	0.73%		
Abberly Village at W/C Limited	1,386,240	0.53%		
Time Warner Ent./Advance Newhouse	1,455,950	0.55%	970,430	0.53%
ARC HDCOLSCD001, LLC	1,555,490	0.59%		
Airport Technologies			1,650,740	0.90%
Southern Plastics			700,860	0.38%
Harsco			713,390	0.39%
Carolina Culinary			968,000	0.53%
Kline Iron and Steel			823,740	0.45%
Walmart Stores East			912,650	0.50%
	<u>\$ 44,880,630</u>	<u>17.02%</u>	<u>\$ 22,060,240</u>	<u>12.00%</u>
Total Assessed Value - District-Wide	<u>\$ 263,703,570</u>		<u>\$ 183,877,160</u>	

Source - Lexington County Auditor's Office

LEXINGTON COUNTY SCHOOL DISTRICT TWO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Collected Within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	
		Total Tax Levy for Fiscal Year	Amount			Amount	Percentage of Levy
2004	2003	54,372,788	52,287,282	96.16%	2,072,113	54,359,395	99.98%
2005	2004	55,900,920	53,778,596	96.20%	2,065,004	55,843,600	99.90%
2006	2005	58,179,207	55,656,516	95.66%	2,476,933	58,133,449	99.92%
2007	2006	61,539,195	59,289,524	96.34%	2,168,310	61,457,834	99.87%
2008	2007	65,106,340	62,974,912	96.73%	2,060,702	65,035,614	99.89%
2009	2008	68,797,894	66,298,079	96.37%	2,394,371	68,692,450	99.85%
2010	2009	68,722,619	66,668,347	97.01%	1,915,973	68,584,320	99.80%
2011	2010	74,814,126	72,099,061	96.37%	2,389,096	74,488,157	99.56%
2012	2011	77,176,559	73,977,336	95.85%	2,643,235	73,977,336	95.85%
2013	2012	80,293,979	76,560,677	95.35%	N/A	76,560,677	95.35%

Source - Lexington County Treasurer's Office

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Deferred Amounts For Issuance Bond Premiums/Discounts	Deferred Amounts On Refunding	EFC Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2004	62,865,000				62,865,000	0.86%	274.28
2005	60,600,000				60,600,000	0.79%	271.75
2006	58,325,000				58,325,000	0.70%	244.55
2007	46,785,000			\$ 32,615,000	79,400,000	0.91%	326.30
2008	44,105,000			32,615,000	76,720,000	0.85%	307.91
2009	42,220,000			32,600,000	74,820,000	0.82%	293.55
2010	40,495,000			32,245,000	72,740,000	0.80%	277.22
2011	38,535,000			31,915,000	70,450,000	N/A	263.73
2012	32,280,000	5,552,890	(1,715,621)	31,300,000	67,417,269	N/A	247.15
2013	29,920,000	5,670,425	(1,798,636)	30,625,000	64,416,789	N/A	236.15

Note: Details regarding the School District's outstanding debt can be found in the notes to the financial statements. Debt reflected includes debt incurred by the Education Facilities Corporation (EFC).

Source: Lexington School District Two's Comprehensive Annual Financial Reports

LEXINGTON COUNTY SCHOOL DISTRICT TWO
PERCENTAGE OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	General Oligation Bonds	EFC Bonds	Total	Less: Amounts Available in Debt Service Fund	Net Bond Debt	Population ^	Assessed Value	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004	62,865,000		62,865,000	2,110,983	60,754,017	94,353	183,877,160	33.04%	644
2005	60,600,000		60,600,000	2,097,817	58,502,183	96,240	186,798,180	31.32%	608
2006	58,325,000		58,325,000	4,964,441	53,360,559	98,165	203,318,380	26.24%	544
2007	46,785,000	32,615,000	79,400,000	7,096,695	72,303,305	100,128	215,334,739	33.58%	722
2008	44,105,000	32,615,000	76,720,000	7,597,573	69,122,427	102,131	217,281,170	31.81%	677
2009	42,220,000	32,600,000	74,820,000	5,819,436	69,000,564	104,173	229,682,880	30.04%	662
2010	40,495,000	32,245,000	72,740,000	5,913,803	66,826,197	106,257	231,866,470	28.82%	629
2011	38,535,000	31,915,000	70,450,000	5,126,779	65,323,221	109,444	249,689,190	26.16%	597
2012	32,904,000	31,300,000	64,204,000	5,418,197	58,785,803	110,538	252,810,350	23.25%	532
2013	30,547,000	30,625,000	61,172,000	5,804,531	55,367,469	111,643	263,703,570	21.00%	496

^ Estimate of Population in District.

Source - Lexington County Auditor and SC Budget and Control Board

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2013**

	General Debt Outstanding	Percentage Applicable to District	District's Share of Debt
Direct:			
Lexington School District Two	\$ 61,172,000 *	100.00%	\$ 61,172,000
Overlapping:			
Lexington County	54,980,612	23.14% **	12,724,003
Lexington Recreation District	19,200,000	46.47% **	8,922,240
Riverbanks Zoo	7,305,000	42.19% **	3,081,980
Total Overlapping	<u>81,485,612</u>		<u>24,728,223</u>
Total Direct and Overlapping Debt	<u>\$ 142,657,612</u>		<u>\$ 85,900,223</u>

* Lexington School District Two General Debt Outstanding includes Lexington Two Education Facilities Corporation debt outstanding of \$30,625,000.

**The percentage of overlapping debt is estimated using taxable property values. Applicable percentages were estimated by dividing the portion of the governmental unit's taxable value that is within Lexington District Two's boundaries by the unit's total taxable value.

Source - Lexington County Treasurer's Office

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
COMPUTATION OF LEGAL DEBT MARGIN
AS OF JUNE 30, 2013**

Total Assessed Value	<u>\$ 263,703,570</u>
Legal Debt Limit	21,096,286
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	* \$ 30,547,000
Less Issues Pursuant to Bond Referendum	<u>29,920,000</u>
Total Amount of Debt Applicable to Debt Limit	<u>627,000</u>
Legal Debt Margin	<u><u>\$ 20,469,286</u></u>

Article X, Section 15 of the Constitution to the State of South Carolina, 1895, as amended (the "Constitution"), empowers each school district of the State to incur general obligation debt in such terms and conditions as the General Assembly shall prescribe by law. After November 30, 1982, each school district may incur general obligation debt, without an election and upon such terms and conditions as the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of such school district. Bonded indebtedness existing on November 30, 1982, and the bonded indebtedness authorized by a majority vote of the qualified electors of the school district voting in a referendum will not be considered in the computation of the 8% limitation.

** Lexington School District Two General Debt Outstanding does not include Lexington Two Education Facilities Corporation debt outstanding.*

Source - Lexington County Auditor's Office

**LEXINGTON COUNTY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Debt Limit	\$ 14,710,173	\$ 14,943,854	\$ 16,265,470	\$ 17,226,779	\$ 17,382,494	\$ 18,374,630	\$ 18,549,318	\$ 19,975,135	\$ 20,224,828	\$ 21,096,286
Total Net Debt Applicable to Limit	12,480,000	12,135,000	9,860,000	2,015,000	1,165,000	3,050,000	1,165,000	95,000	624,000	627,000
Legal Debt Margin	\$ 2,230,173	\$ 2,808,854	\$ 6,405,470	\$ 15,211,779	\$ 16,217,494	\$ 15,324,630	\$ 17,384,318	\$ 19,880,135	\$ 19,600,828	\$ 20,469,286
Total Net Debt Applicable to the Limit as a % of Debt Limit	84.84%	81.20%	60.62%	11.70%	6.70%	16.60%	6.28%	0.48%	3.09%	2.97%

Note: Calculation does not include Lexington Two Education Facilities Corporation debt outstanding.

Source: Lexington School District Two's Comprehensive Annual Financial Report

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
DEMOGRAPHIC ECONOMIC STATISTICS - LEXINGTON COUNTY
LAST TEN FISCAL YEARS**

Fiscal Year	Estimated Population	Estimated Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2004	229,196	7,288,296,000	30,048	47,801	3.20%
2005	223,002	7,670,370,000	30,816	48,694	4.51%
2006	238,495	8,298,277,000	31,855	49,662	4.83%
2007	243,336	8,702,348,000	33,748	50,400	4.44%
2008	249,162	8,980,805,000	33,744	50,988	4.35%
2009	254,883	9,143,731,000	36,797	51,370	6.79%
2010	262,391	9,077,815,000	35,773	51,832	8.53%
2011	267,129	N/A	34,456	52,063	7.90%
2012	270,406	N/A	N/A	52,256	7.70%
2013	272,781	N/A	N/A	52,714	7.70%

*Source - Lexington County Comprehensive Annual Financial Report, SC Department of Education
U. S. Census Bureau and the SC Employment Security Commission.*

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
LEXINGTON, SOUTH CAROLINA
PRINCIPAL EMPLOYERS - LEXINGTON COUNTY
CURRENT YEAR AND NINE YEARS AGO**

Employer	2013 ¹			2004 ²		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Wal-mart Stores, Inc	2,170	1	1.77%	1,140	3	0.97%
Michelin North America, Inc.	1,960	2	1.43%	1,300	2	1.10%
United Parcel Service	1,493	3	0.81%			
Amazon	1,200	4	0.96%			
SCANA	1,000	5	0.81%			
Hooouse of Raeford Farms (Columbia Farms)	857	6	0.61%	375	9	0.32%
General Information Systems	583	7	0.49%			
CMC Steel	515	8	0.41%			
Prysmian Power Cables and Systems USA	500	9	0.40%			
Harsco Track Technologies	430	10	0.34%	400	6	0.34%
Amick Farms				1,350	1	1.15%
Meridian (Eastman Chemical)				1,000	4	0.85%
Commercial Metals				965	5	0.82%
Honeywell International Inc.				600	6	0.51%
Union Switch and Signal				400	7	0.34%
Solectron				400	8	0.34%
Pirelli Cables and Systems				300	10	0.25%
Total	10,708		8.03%	7,090		6.99%

Data Sources:

¹ South Carolina Department of Commerce² South Carolina Industrial Directory (Published by South Carolina Department of Commerce)

Note: (A) Excludes School District and County Employees

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
DISTRICT EMPLOYEES
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administrators	44	44	44	43	42	42	41	39	38	39
Consultants/Coordinators/Directors	16	15	16	16	18	19	13	10	9	9
Office Support	93	93	95	98	98	99	92	82	79	77
Teachers	634	638	644	649	643	646	595	597	579	586
Teacher Assistants	127	130	128	134	114	116	113	112	107	110
Computer Lab Managers	-	-	-	-	-	-	-	22	21	21
Food Service	37	35	27	22	20	16	9	6	5	4
Custodians	77	77	77	77	77	65	48	45	37	31
Guidance Counselors	24	24	22	23	23	23	22	22	19	19
Media Specialists	18	18	18	18	18	18	18	18	16	16
Nurses	17	17	17	17	17	17	17	17	16	16
Maintenance	23	23	23	23	23	23	22	21	23	20
Bus Drivers	66	69	65	65	66	64	86	81	83	80
Other Employees	62	58	63	73	90	81	70	55	51	60
Total Employee Count	1,238	1,241	1,239	1,258	1,249	1,229	1,146	1,127	1,083	1,088

Source: Lexington County School District Two's Human Resources Department's Employee Count Report as of October 1 of each year.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	General Fund and Special Revenue Fund Expenditures ¹	135 Adm.	Cost Per Pupil	Percentage Change	Teaching Staff	Estimated Average Pupil/Teacher Ratio
2004	63,841,930	8,693	7,344		634	13.71
2005	65,930,420	8,631	7,639	4.01%	638	13.53
2006	68,794,538	8,767	7,847	2.73%	644	13.61
2007	71,923,715	8,661	8,304	5.83%	649	13.35
2008	76,328,942	8,549	8,928	7.52%	643	13.30
2009	75,945,683	8,548	8,885	-0.49%	646	13.23
2010	73,518,280	8,614	8,535	-3.94%	595	14.48
2011	73,291,763	8,533	8,589	0.64%	597	14.29
2012	73,420,124	8,521	8,616	0.32%	579	14.72
2013	75,901,833	8,522	8,907	3.37%	586	14.54

¹ General Fund and Special Revenue Fund Expenditures exclude debt service and capital outlay expenditures.

Source: Lexington County School District Two's Comprehensive Financial Reports.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District Education Center										
Square Feet	46,949	46,949	46,949	46,949	46,949	46,949	46,949	46,949	46,949	46,949
Enrollment	0	0	0	0	0	0	0	0	0	0
Maintenance Facility										
Square Feet	9,020	9,020	9,020	9,020	9,020	9,020	9,020	9,020	9,020	9,020
Enrollment	0	0	0	0	0	0	0	0	0	0
Transportation Facility										
Square Feet	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740	1,740
Enrollment	0	0	0	0	0	0	0	0	0	0
Granby Education Center										
Square Feet	89,646	89,646	89,646	89,646	89,646	89,646	89,646	89,646	89,646	89,646
Enrollment	0	0	0	0	0	0	0	0	0	0
Pair Education Center										
Square Feet	54,940	54,940	54,940	54,940	54,940	54,940	54,940	54,940	54,940	54,940
Enrollment	291.10	338.90	321.63	305.32	333.84	286.97	310.29	271.43	0	0
Congaree-Wood Early Childhood Center										
Square Feet	69,513	69,513	69,513	69,513	69,513	69,513	69,513	69,513	69,513	69,513
Enrollment	457.75	442.58	496.21	478.81	479.98	434.93	467.81	461.61	482.29	516.43
Herbert A. Wood Elementary School										
Square Feet	57,833	57,833	57,833	57,833	57,833	57,833	57,833	57,833	57,833	57,833
Enrollment	513.84	534.80	559.22	499.62	515.97	505.62	489.15	506.93	504.79	488.00
B-C Grammar School No. 1										
Square Feet	41,241	41,241	41,241	41,241	41,241	41,241	41,241	41,241	41,241	41,241
Enrollment	316.74	250.70	293.40	309.47	324.04	320.99	348.10	378.70	389.01	402.51
R. Earle Davis Elementary School										
Square Feet	58,967	58,967	58,967	58,967	58,967	58,967	58,967	58,967	58,967	58,967
Enrollment	360.56	367.75	369.67	392.76	380.86	388.93	382.64	350.37	434.65	477.59
Congaree Elementary School										
Square Feet	53,085	53,085	53,085	53,085	53,085	53,085	53,085	53,085	53,085	53,085
Enrollment	357.26	346.38	343.10	414.60	417.44	407.94	403.63	405.14	403.16	392.75
Pineview Elementary School										
Square Feet	51,462	51,462	51,462	51,462	51,462	51,462	51,462	51,462	51,462	51,462
Enrollment	474.20	480.22	449.60	482.84	522.59	550.09	564.98	595.57	617.36	628.63

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Saluda River Academy for the Arts										
Square Feet	45,514	45,514	45,514	45,514	45,514	45,514	45,514	45,514	45,514	45,514
Enrollment	414.50	393.56	377.31	385.66	363.57	357.25	380.93	367.72	402.74	409.13
Springdale Elementary School										
Square Feet	43,352	43,352	43,352	43,352	43,352	43,352	43,352	43,352	43,352	43,352
Enrollment	417.63	386.98	388.18	382.18	381.62	393.91	417.64	439.12	478.87	471.26
Claude A. Taylor Elementary School										
Square Feet	48,946	48,946	48,946	48,946	48,946	48,946	48,946	48,946	48,946	48,946
Enrollment	416.21	405.98	377.05	336.75	360.83	353.89	344.71	325.26	421.14	416.13
Pine Ridge Middle School										
Square Feet	78,257	78,257	78,257	78,257	78,257	78,257	78,257	78,257	78,257	78,257
Enrollment	461.52	467.53	456.55	457.16	467.13	461.50	467.27	453.39	484.89	446.69
Northside Middle School										
Square Feet	93,672	93,672	93,672	93,672	93,672	93,672	93,672	93,672	93,672	93,672
Enrollment	642.33	648.65	670.34	598.04	589.14	560.97	570.71	564.91	570.36	585.80
R. H. Fulmer Middle School										
Square Feet	105,995	112,334	112,334	112,334	112,334	112,334	112,338	112,334	112,334	112,334
Enrollment	645.12	646.57	676.71	616.97	592.16	553.53	569.25	591.64	591.26	642.65
Cyril B. Busbee Creative Arts Academy										
Square Feet		92,570	92,570	92,570	92,570	92,570	92,570	92,570	92,570	92,570
Enrollment	372.13	356.19	375.99	399.48	383.94	351.09	324.13	337.03	340.67	319.19
Airport High School										
Square Feet	260,738	260,738	260,738	260,738	260,738	260,738	260,738	260,738	260,738	260,738
Enrollment	1,357.26	1,359.16	1,404.64	1,366.01	1,406.07	1,438.01	1,408.12	1,353.44	1,329.02	1,312.70
Brookland Cayce High School										
Square Feet	221,382	221,382	221,382	221,382	221,382	221,382	221,382	221,382	221,382	221,382
Enrollment	1,194.91	1,205.96	1,207.43	1,235.46	1,232.46	1,183.23	1,164.56	1,130.40	1,071.21	1,012.99

Source: Lexington School District Two's 135-Day Reports and Facilities Compilation



Certified Public Accountants, P.A.

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

To the Board of Trustees
Lexington County School District Two
West Columbia, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lexington County School District Two ("the District"), as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2013. 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

ROCK HILL

128 EAST MAIN STREET SUITE 201 · ROCK HILL, SC 29730
MAIN LINE: 803.325.1660 · FAX LINE: 803.325.1665

WEST COLUMBIA

3101 SUNSET BLVD. · WEST COLUMBIA, SC 29169
POST OFFICE BOX 2044 · WEST COLUMBIA, SC 29171
MAIN LINE: 803.794.3712 · MAIN FAX: 803.739.4394
WWW.BURKETTCPAS.COM

SUMTER

115 BROAD STREET SUITE 200 · SUMTER, SC 29150
MAIN LINE: 803.773.6772

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink, appearing to read "Burkett Burkett & Burkett", is written over a horizontal line.

Burkett Burkett & Burkett
Certified Public Accountants, P.A.
West Columbia, South Carolina
December 2, 2013



Certified Public Accountants, P.A.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees
Lexington County School District Two
West Columbia, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the Lexington County School District Two ("the School District")'s 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 School District's major federal programs for the year ended June 30, 2013. The School 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School 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 School 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 School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Lexington County School District Two complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the School 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 School 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 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.



Burkett Burkett & Burkett
Certified Public Accountants, P.A.
West Columbia, South Carolina
December 2, 2013

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

LEA Subfund Number	Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-Through S.C. Department of Education:				
243	Adult Education - State Grant Programs - Subprogram 01	84.002	13EA054	\$ 122,076
243	Adult Education - State Grant Programs - Subprogram 02	84.002	13EA054	9,029
243	Adult Education - State Grant Programs - Subprogram 02	84.002	12EA054	5,248
243	Adult Education - State Grant Programs - Subprogram 03	84.002	12EA054	27,594
243	Adult Education - State Grant Programs	84.002	13ED054	6,661
Total for 84.002				170,608
201	Title I Grants to Local Educational Agencies	84.010	13BA054	2,287,427 *
237	Title I - School Improvement	84.010	11BJ054	664 *
237	Title I - School Improvement	84.010	12BJ054	64,464 *
237	Title I - Focus School Challenge to Achieve	84.010A	13FO054	82,133 *
Total for 84.010				2,434,688
203	Special Education - Grants to States	84.027	13CA054	1,060,228 *
203	Special Education - Grants to States	84.027	12CA054	900,453 *
212	IDEA - Extended School Year	84.027	N/A	43,065 *
Total for 84.027				2,003,746
207	Vocational Education - Basic Grants to States - Subprogram 02	84.048	13VA054	1,557
207	Vocational Education - Basic Grants to States - Subprogram 04	84.048	13VA054	7,208
207	Vocational Education - Basic Grants to States - Subprogram 06	84.048	13VA054	41,538
207	Vocational Education - Basic Grants to States - Subprogram 09	84.048	13VA054	7,000
207	Vocational Education - Basic Grants to States - Subprogram 10	84.048	13VA054	7,925
207	Vocational Education - Basic Grants to States - Subprogram 11	84.048	13VA054	95,908
207	Vocational Education - Basic Grants to States - Subprogram 14	84.048	13VA054	1,200
Total for 84.048				162,336
221	Title I - Neglected and Delinquent	84.013	12ND054	51,844
221	Title I - Neglected and Delinquent	84.013	13ND054	4,333
205	Special Education - Preschool Grants	84.173	12CG054	11,651 *
205	Special Education - Preschool Grants	84.173	13CG054	92,278 *
264	English Language Acquisition Grants	84.365	13BP054	46,893
264	English Language Acquisition Grants	84.365	12BP054	45,051
267	Improving Teacher Quality State Grants	84.367	13TQ054	241,348 *
267	Improving Teacher Quality State Grants	84.367	12TQ054	214,938 *
801	College Access Challenge Grants (HEAP)	84.378A	N/A	3,405
Total U.S. Department of Education				5,483,119

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

LEA Subfund Number	Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed-Through S.C. Department of Education:				
U.S. DEPARTMENT OF AGRICULTURE				
Passed-Through South Carolina Department of Education:				
602	Commodities	10.555	N/A	\$ 215,237 *
602	School Breakfast Program	10.553	N/A	1,151,958 *
602	School Lunch Program	10.555	N/A	<u>2,340,220 *</u>
	Total for 10.55			<u>3,707,415</u>
605	Fresh Fruit and Vegetables Programs	10.582	13FV054	11,047 *
605	Fresh Fruit and Vegetables Programs	10.582	13FF054	<u>55,922 *</u>
	Total for 10.582			<u>66,969</u>
602	Commodity Supplemental Food Program	10.565	N/A	<u>6,653</u>
	Total U.S. Department of Agriculture			<u>3,781,037</u>
U.S. DEPARTMENT OF DEFENSE				
Direct Assistance:				
821	ROTC	12.000	N/A	<u>143,434</u>
	Total U.S. Department of Defense			<u>143,434</u>
	Total Federal Expenditures			<u>\$ 9,407,590</u>
N/A	Information was not provided by the State Department of Education on Grant Award			
*	Denotes Major Programs			

LEXINGTON COUNTY SCHOOL DISTRICT TWO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lexington County School District Two and is presented on the modified accrual basis of accounting, the same basis of accounting used to prepare the governmental financial statements as described in Note 1 to the financial statements.

The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements or reported in the federal financial reports.

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Auditors' Results

(i) Type of report issued on financial statements.	Unmodified
(ii) Reportable material weaknesses in internal control over financial reporting	No
(iii) Significant deficiencies not considered to be material weaknesses in internal control	No
(iv) Noncompliance material to the financial statements	None Noted
(v) Material weaknesses in internal control over major programs	None Identified
(vi) Significant deficiencies not considered to be material weaknesses in internal control over major programs	None Identified
(vii) Type of report issued on compliance for major federal programs	Unmodified
(viii) Audit findings required to be reported in accordance with paragraph 510(a) OMB 133	None Disclosed

(ix) Identification of major programs:

U.S. Department of Education	CFDA#	Expenditure
Title I	84.010	\$ 2,434,688
Special Education Cluster	84.027 & 84.173	2,107,675
Improving Teacher Quality State Grants	84.367	456,286

U.S. Department of Agriculture

Child Nutrition Cluster	10.553 & 10.555	3,707,415
Fresh Fruit and Vegetables	10.582	66,969
		<u>\$ 8,773,033</u>

(x) Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
(xi) Lexington County School District Two qualifies as a low risk auditee under paragraph 530 OMB 133	Yes

**LEXINGTON COUNTY SCHOOL DISTRICT TWO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

**2. Findings related to the financial statements which are required to
be reported in accordance with GAGAS**

Internal Control

None Reported

Compliance and Other Matters

None Reported

3. Findings and Questioned Costs Major Federal Programs Audit

Internal Control

None Reported

Compliance

None Reported