

**LEXINGTON COUNTY
SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
June 30, 2017**

(With Independent Auditors' Report Thereon)

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Annual Financial Report
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Trustees
Lexington County School District Four - Gaston Swansea
Swansea, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lexington County School District Four - Gaston Swansea as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements, as listed in the accompanying 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Lexington County School District Four - Gaston Swansea at June 30, 2017, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section, combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards, as required by the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements of Lexington County School District Four - Gaston Swansea. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Martin Smith and Company CPAs PA

Greenville, South Carolina
October 31, 2017

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This discussion and analysis of Lexington County School District Four - Gaston Swansea's ("the District's") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2017 are as follows:

- In the Statement of Net Position, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the 2017 fiscal year by \$11,192,399 (net deficit). The District has invested \$9,062,618 in capital assets, net of accumulated depreciation and related debt. The District also had \$2,150,382 restricted for capital projects and debt service. Therefore, the District reported a deficit balance in unrestricted net position of \$22,405,399. This deficit is due to the reporting requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Under the Statement, the District is allocated its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense of the South Carolina Retirement System plan.
- In the Statement of Activities, the District's total net position declined by \$1,028,424 for the 2017 fiscal year, as compared to a decline of \$561,725 in the previous year. The District had an increase in revenues of approximately 2 percent, and was able to control the increases in expenses. Included in expenses was \$2,328,455 of depreciation expense on the District's fixed assets.
- The District had \$36,458,814 in expenses related to governmental activities; of these expenses \$22,214,287 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,059,082 provided the remaining funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$12,240,125, an increase of \$953,993. \$5,457,908 is unassigned and available for spending at the government's discretion. Of the remaining fund balance \$6,053,452 is restricted, \$725,165 is committed, and \$3,600 is nonspendable. No fund balances are assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,457,908, which is 21 percent of total General Fund expenditures.
- The District's total net investment in capital assets decreased by \$1,860,413 during the current fiscal year, as capital additions were lower than depreciation expense.
- The District's long-term debt decreased by \$1,468,500, as the District made its scheduled payments on its bonds.
- During the 2017 fiscal year, the District's governmental fund type revenues were \$35,745,344 compared to \$33,152,201 in the prior year, an increase of 8 percent.

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – the basic financial statements, required supplementary information (which includes this management's discussion and analysis section), an optional section that presents combining and individual fund statements and schedules for major governmental funds, and the compliance section.

Government-wide Financial Statements. The basic financial statements include two kinds of statements that present different views of the District. The first two statements are government-wide financial statements that provide a broad overview of the 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 District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position is 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.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, community services and intergovernmental. The business-type activities of the District include a food service operation.

Fund Financial Statements. The remaining basic financial statements are fund financial statements that focus on individual parts of the District, reporting the 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories; Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental Funds. These 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.

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 District maintains five 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 and the School Building Fund, all of which are considered major funds.

Proprietary Fund. The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service operation. 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 food service operation, which is considered a major fund of the District.

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 District's own programs. The District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. A required budgetary comparison schedule has been provided for the General Fund which has a legally adopted budget to demonstrate its compliance with the budget. Required pension plan schedules have been included which provide relevant information regarding the District's participation in the South Carolina Retirement System.

Budgets for the Special Revenue Funds-Special Projects Fund and Special Revenue Funds-EIA Fund are not legally adopted. Budgets for the School Building Fund and Debt Service Fund are legally adopted.

Major Features of the District's Government-wide and Fund Financial Statements

	Fund Financial Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in 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 and economic resources focus
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 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/services have been received and payment is due during the year or soon after	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 FOUR - GASTON SWANSEA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 District, liabilities and deferred inflows exceeded assets and deferred outflows by \$11,192,399 at the close of the most recent fiscal year.

The following table provides a summary of the District's net position for 2016 compared to 2017:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 21,136,776	\$ 19,136,043	\$ 539,171	\$ 304,732	\$ 21,675,947	\$ 19,440,775
Capital assets	36,998,797	38,859,210	317,956	415,588	37,316,753	39,274,798
Total assets	58,135,573	57,995,253	857,127	720,320	58,992,700	58,715,573
Deferred Outflows	7,082,914	4,382,205	-	-	7,082,914	4,382,205
Liabilities						
Long-term liabilities	29,534,766	31,003,266	-	-	29,534,766	31,003,266
Net pension liability	38,449,443	35,291,159	-	-	38,449,443	35,291,159
Other liabilities	8,304,504	6,778,250	280	4,836	8,304,784	6,783,086
Total liabilities	76,288,713	73,072,675	280	4,836	76,288,993	73,077,511
Deferred Inflows	979,020	184,242	-	-	979,020	184,242
Net Position						
Net investment in capital assets	8,744,662	10,961,350	317,956	415,588	9,062,618	11,376,938
Restricted	2,150,382	851,195	-	-	2,150,382	851,195
Unrestricted (deficit)	(22,944,290)	(22,692,004)	538,891	299,896	(22,405,399)	(22,392,108)
Total net position	\$ (12,049,246)	\$ (10,879,459)	\$ 856,847	\$ 715,484	\$ (11,192,399)	\$ (10,163,975)

Governmental Activities - Net position of the District's governmental activities decreased ((\$12,049,246) compared to (\$10,879,459)). 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 changed from (\$22,692,004) at June 2016 to (\$22,944,290) at June 2017.

The deficit net position for the years ended June 30, 2017 and 2016 is the result of the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*.

Business-type Activities - The net position of business-type activities increased \$141,363 (\$856,847 compared to \$715,484) for the year ended June 30, 2017. This increase in net position is due to improved control of expenses.

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The following table shows the changes in net position for fiscal year 2017 compared to 2016:

Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 15,658	\$ 12,835	\$ 8,515	\$ 38,931	\$ 24,173	\$ 51,766
Operating grants	22,214,287	21,992,731	2,626,705	2,231,705	24,840,992	24,224,436
General revenue						
Property taxes	12,857,182	12,873,548	-	-	12,857,182	12,873,548
Other	90,154	117,113	19,830	150	109,984	117,263
Total revenues	35,177,281	34,996,227	2,655,050	2,270,786	37,832,331	37,267,013
Program Expenses						
Instruction	19,787,534	19,343,778	-	-	19,787,534	19,343,778
Support services	14,996,141	14,268,103	-	-	14,996,141	14,268,103
Community services	386,581	257,560	-	-	386,581	257,560
Intergovernmental	63,126	-	-	-	63,126	-
Interest and fiscal charges	1,225,432	1,286,488	-	-	1,225,432	1,286,488
Food service	-	-	2,401,941	2,672,809	2,401,941	2,672,809
Total expenses	36,458,814	35,155,929	2,401,941	2,672,809	38,860,755	37,828,738
Change in net position before transfers	(1,281,533)	(159,702)	253,109	(402,023)	(1,028,424)	(561,725)
Transfers	111,746	5,278	(111,746)	(5,278)	-	-
Change in net position	\$ (1,169,787)	\$ (154,424)	\$ 141,363	\$ (407,301)	\$ (1,028,424)	\$ (561,725)

Governmental Activities. Governmental activities decreased the District's net position in 2017 by \$1,169,787.

Business-type Activities. Business-type activities increased the District's net position by \$141,363.

Changes in Net Position. Overall, the District's net position decreased in 2017, as expenses (including depreciation of \$2,238,455) exceeded revenues by \$1,028,424. Total revenue increased by \$565,318. When comparing 2017 to 2016, program revenues, which included federal and state revenues, increased by \$588,963 due to higher allocations from the state of South Carolina in the Education Finance Act area, and an increase in the District's student enrollment. Property taxes decreased slightly.

Total expenses increased by \$1,032,017, as instruction expenses increased \$443,756 and support services expenses increased \$728,038. The increase in instruction expenses reflected a "Step" raise (additional year of experience) for teachers, teacher certificate upgrades; an increase in State health insurance premiums; and a rate increase in the employer portion of the State Retirement System rates, among other factors. The net increase in support services expenses reflected a "Step" for non-teachers; and the non-teacher portion of State health insurance and retirement premiums increases, among other factors.

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

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The analysis of governmental funds serves the purpose of looking at what resources came into 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, 2017, the District's governmental funds reported a combined fund balance of \$12,240,125, as compared to \$11,286,132 for the prior year. In particular, 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, 2017, the District's unassigned fund balance for all governmental funds was \$5,457,908 which solely represents the General Fund. The remainder includes funds restricted by Board policy of \$3,903,070, restricted for capital projects of \$1,336,208 and restricted for debt service of \$814,174. The District also has \$725,165 in committed fund balance and \$3,600 in nonspendable fund balance.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,457,908.

The District's General Fund balance increased by \$1,066,412 during the current fiscal year, compared to an increase of \$1,105,405 in the previous year. The District did have an increase in revenues for the year, and was able to hold the increases in its expenses to a reasonable level. The District continues to focus on careful cost management so as to maintain its solid fund balance.

The District's major funds include General Fund, as described above, Special Revenue-Special Projects, Special Revenue-EIA, Debt Service, and School Building.

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

The District's Debt Service Fund balance has remained relatively stable, decreasing by \$61,770. The fiscal year ended 2017 debt service fund balance is \$814,174, all of which is reserved for the payment of debt service. The District's debt millage rate continues to be static.

During the current fiscal year the District's School Building Fund decreased to \$1,336,208 from \$1,386,857.

Proprietary Funds

The District's only proprietary fund is the Food Service Fund. This program had a net income of \$141,363 for the fiscal year ended June 30, 2017. This increase was due to careful cost controls continued by the District.

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had \$36,998,797 invested in capital assets, net of depreciation. The total increase in the District's investment in capital assets, not considering depreciation, was \$468,042.

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Capital Assets, continued

The following table shows fiscal 2017 balances compared to 2016:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 548,080	\$ 548,080	\$ -	\$ -	\$ 548,080	\$ 548,080
Buildings	35,163,737	36,708,345	-	-	35,163,737	36,708,345
Improvements	375,803	446,843	-	-	375,803	446,843
Equipment	661,355	924,076	317,956	415,588	979,311	1,339,664
Vehicles	249,822	231,866	-	-	249,822	231,866
Totals	<u>\$ 36,998,797</u>	<u>\$ 38,859,210</u>	<u>\$ 317,956</u>	<u>\$ 415,588</u>	<u>\$ 37,316,753</u>	<u>\$ 39,274,798</u>

Long-term Debt and Capital Lease Obligations

At fiscal year-end, the District had \$29,534,766 in General Obligation Bonds, related bond premiums, SC Energy loan, and compensated absences outstanding versus \$31,003,266 in the prior year, as shown in the following table. All of the District's debt is backed by the full faith and credit of the District as is typical with General Obligation Bonded Indebtedness.

Outstanding Debt at Year End

	Governmental Activities	Governmental Activities
	2017	2016
General Obligation Bonds:		
Series 2009A bonds	\$ 1,220,000	\$ 1,270,000
Series 2009B bonds	-	445,000
Series 2009C bonds	7,430,000	7,430,000
Series 2015 Refunding Bonds	10,090,000	10,510,000
Series 2015 Bonds	-	425,000
Series 2016 Refunding Bonds	<u>9,200,000</u>	<u>9,200,000</u>
Total General Obligation Bonds	27,940,000	29,280,000
Bond Premium	1,131,164	1,292,065
SC Energy Loan	278,289	314,988
Compensated absences	<u>185,313</u>	<u>116,213</u>
Total long-term obligations	<u>\$ 29,534,766</u>	<u>\$ 31,003,266</u>

Subsequent to June 30, 2017, the district issued General Obligation Bonds, Series 2017 in the amount of \$25,400,000. The proceeds will be used to fund the costs of approved capital projects, including improvements at the high school, improvements to athletic and related parking facilities, construction of a performing arts center, and other improvements.

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Economic Factors

Lexington County School District Four – Gaston Swansea is one of five school districts in Lexington County, which is located in the center of the State. The District is located in the southeastern portion of the County. The District encompasses a land area of approximately 109 square miles and includes within its boundaries the towns of Gaston and Swansea. The District is located approximately 20 miles from the city of Columbia, the State capital, and is part of the Columbia Metropolitan Statistical Area, comprising Richland and Lexington Counties.

In 2007, South Carolina enacted Act 388, which was effective for the District beginning July 1, 2007. Act 388 provides an exemption for one hundred percent of the fair market value of owner occupied residential property, to the extent it is not already covered by other property tax relief exemptions, for all property taxes imposed for school operating purposes, but not including millage imposed for the repayment of general obligation debt for property tax years beginning after January 1, 2007. Act 388 also created a new Homestead Exemption Fund which is funded from an additional 1 cent sales tax imposed by Act 388.

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$913,225.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$310,099. Tier one and two distributions are fixed and do not change.

Tier three distributions are state funded payments to school districts to replace revenues formerly derived from taxation by school districts of owner occupied residential property. For the fiscal year ended June 30, 2008, those distributions were expected to equal, dollar for dollar, the revenue that would have been collected by the school districts from property taxes for school operating purposes imposed by the school districts on owner occupied residential property for that fiscal year as if no reimbursed exemptions applied. Beginning with the 2008-2009 fiscal year, the tier three distributions will be the sum of the amount of the fiscal year 2007-2008 tier three distributions plus the tier three reimbursement increases. Act 388 requires the tier three reimbursements to be increased annually by (i) an inflation factor equal to the percentage increase in the previous year Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics, plus (ii) the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. The tier three increases are aggregated for the entire state and the amount going to any particular school district is equal to an amount that is the district's proportionate share of the aggregated funds based on the school district's weighted pupil units as a percentage of the statewide weighted pupil units as determined annually pursuant to the EFA, with an adjustment for certain poverty factors to provide programs for the affected students. There are provisions in the tier three reimbursement that could, in any given year, result in a minimum increase of four percent to the extent funds are available in the Homestead Exemption Fund. There are also provisions that require the total tier three reimbursements to the school districts in a county to be not less than \$2,500,000. If the amount of tier three distributions other than those dependent upon balances in the Homestead Exemption Fund exceed amounts in the Homestead Exemption Fund, the excess is required to be paid from the General Fund of the State. The District's reimbursement for fiscal year 2017 for tier three was \$2,276,095.

Act 388 requires that, to the extent revenues in the Homestead Exemption Fund are insufficient to pay all required reimbursements to a school district; the State will pay the difference from its general fund. However, there can be no assurances that such funds will be appropriated in the event there is such an insufficiency or that the change in funding sources resulting from Act 388 will not have an adverse effect on the District's operations. The District recognizes that Act 388 places increased reliance on state funds to fund the general fund. This increased reliance at the state level is being funded by the additional one penny sales tax, which in the District's opinion is not as stable as property tax revenue which the sales tax replaced. In addition, Act 388 removes the authority of governing bodies of school districts to increase operating millage in any year to meet the required local EFA inflation factor and the per pupil maintenance of effort requirement.

REQUEST FOR INFORMATION

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Executive Director of Finance, at Lexington County School District Four – Gaston Swansea, 607 East Fifth Street, Swansea, South Carolina 29160. In addition, this Comprehensive Annual Financial Report may be found on the District's website at <http://www.lexington4.net>.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 16,433,835	\$ 808,174	\$ 17,242,009
Property taxes, net	1,022,165	-	1,022,165
Accounts receivable	252,500	-	252,500
Due from county treasurer	1,730,344	-	1,730,344
Due from state	138,694	-	138,694
Due from federal government	1,254,725	28,563	1,283,288
Internal balances	300,913	(300,913)	-
Prepaid items and inventory	3,600	3,347	6,947
Capital assets			
Land	548,080	-	548,080
Improvements other than buildings	1,746,699	-	1,746,699
Buildings	61,720,428	-	61,720,428
Equipment	6,150,007	1,968,732	8,118,739
Vehicles	845,967	-	845,967
Less accumulated depreciation	(34,012,384)	(1,650,776)	(35,663,160)
Total capital assets, net of depreciation	<u>36,998,797</u>	<u>317,956</u>	<u>37,316,753</u>
Total assets	<u>58,135,573</u>	<u>857,127</u>	<u>58,992,700</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred refunding charges	1,398,482	-	1,398,482
Deferred amounts related to pensions	<u>5,684,432</u>	<u>-</u>	<u>5,684,432</u>
Total deferred outflows of resources	<u>7,082,914</u>	<u>-</u>	<u>7,082,914</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	4,176,882	280	4,177,162
Due to state	3,151	-	3,151
Due to agency fund	120,233	-	120,233
Unearned income	3,646,511	-	3,646,511
Accrued interest	357,727	-	357,727
Net pension liability	38,449,443	-	38,449,443
Long-term liabilities:			
Due within one year	1,542,152	-	1,542,152
Due in more than one year	<u>27,992,614</u>	<u>-</u>	<u>27,992,614</u>
Total liabilities	<u>76,288,713</u>	<u>280</u>	<u>76,288,993</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>979,020</u>	<u>-</u>	<u>979,020</u>
Total deferred inflows of resources	<u>979,020</u>	<u>-</u>	<u>979,020</u>
<u>NET POSITION</u>			
Net investment in capital assets	8,744,662	317,956	9,062,618
Restricted for:			
Debt service	814,174	-	814,174
School building	1,336,208	-	1,336,208
Unrestricted (deficit)	<u>(22,944,290)</u>	<u>538,891</u>	<u>(22,405,399)</u>
Total net position	<u>\$ (12,049,246)</u>	<u>\$ 856,847</u>	<u>\$ (11,192,399)</u>

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

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental activities:							
Instruction	\$ 19,787,534	\$ 15,658	\$ 17,879,866	\$ -	\$ (1,892,010)		\$ (1,892,010)
Support services	14,996,141	-	4,070,683	-	(10,925,458)		(10,925,458)
Community services	386,581	-	200,612	-	(185,969)		(185,969)
Intergovernmental	63,126	-	63,126	-	-		-
Interest and other charges	1,225,432	-	-	-	(1,225,432)		(1,225,432)
Total governmental activities	<u>36,458,814</u>	<u>15,658</u>	<u>22,214,287</u>	<u>-</u>	<u>(14,228,869)</u>		<u>(14,228,869)</u>
Business-type activities:							
Food service	<u>2,401,941</u>	<u>8,515</u>	<u>2,626,705</u>	<u>-</u>	<u>-</u>	<u>\$ 233,279</u>	<u>233,279</u>
Total business-type activities	<u>2,401,941</u>	<u>8,515</u>	<u>2,626,705</u>	<u>-</u>	<u>-</u>	<u>233,279</u>	<u>233,279</u>
Total	<u>\$ 38,860,755</u>	<u>\$ 24,173</u>	<u>\$ 24,840,992</u>	<u>\$ -0-</u>	<u>(14,228,869)</u>	<u>233,279</u>	<u>(13,995,590)</u>
General revenues:							
Property taxes levied for:							
General purposes					10,555,542	-	10,555,542
Debt service					1,994,056	-	1,994,056
Miscellaneous					307,584	19,830	327,414
Unrestricted investment earnings					90,154	-	90,154
Transfers food service					<u>111,746</u>	<u>(111,746)</u>	<u>-</u>
Total general revenues, special, and extraordinary items					<u>13,059,082</u>	<u>(91,916)</u>	<u>12,967,166</u>
Change in net position					(1,169,787)	141,363	(1,028,424)
Net position, beginning of year					<u>(10,879,459)</u>	<u>715,484</u>	<u>(10,163,975)</u>
Net position, end of year					<u>\$ (12,049,246)</u>	<u>\$ 856,847</u>	<u>\$ (11,192,399)</u>

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

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2017

	General	Special Revenue	EIA	Debt Service	School Building	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 15,229,115	\$ -	\$ -	\$ -	\$ 1,204,720	\$ 16,433,835
Property taxes, net	812,648	-	-	209,517	-	1,022,165
Accounts receivable	594	197,343	-	-	-	197,937
Due from county treasurer	535,872	-	-	742,373	452,099	1,730,344
Due from state	-	97,182	41,512	-	-	138,694
Due from federal government	-	1,254,725	-	-	-	1,254,725
Prepaid items	3,600	-	-	-	-	3,600
Due from other funds	-	819,561	1,319,310	44,013	-	2,182,884
Total assets	<u>\$ 16,581,829</u>	<u>\$ 2,368,811</u>	<u>\$ 1,360,822</u>	<u>\$ 995,903</u>	<u>\$ 1,656,819</u>	<u>\$ 22,964,184</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 433,192	\$ 38,096	\$ 41,876	\$ -	\$ 28,325	\$ 541,489
Accrued liabilities	3,638,978	-	-	-	-	3,638,978
Due to state	-	-	3,151	-	-	3,151
Unearned income	-	2,330,715	1,315,796	-	-	3,646,511
Due to other funds	1,709,918	-	-	-	292,286	2,002,204
Total liabilities	<u>5,782,088</u>	<u>2,368,811</u>	<u>1,360,823</u>	<u>-</u>	<u>320,611</u>	<u>9,832,333</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue property taxes	<u>709,998</u>	<u>-</u>	<u>-</u>	<u>181,729</u>	<u>-</u>	<u>891,727</u>
<u>FUND BALANCES</u>						
Nonspendable	3,600	-	-	-	-	3,600
Restricted	3,903,070	-	-	814,174	1,336,208	6,053,452
Committed	725,165	-	-	-	-	725,165
Assigned	-	-	-	-	-	-
Unassigned	5,457,908	-	-	-	-	5,457,908
Total fund balances	<u>10,089,743</u>	<u>-</u>	<u>-</u>	<u>814,174</u>	<u>1,336,208</u>	<u>12,240,125</u>
Total liabilities deferred inflows of resources, and fund balances	<u>\$ 16,581,829</u>	<u>\$ 2,368,811</u>	<u>\$ 1,360,823</u>	<u>\$ 995,903</u>	<u>\$ 1,656,819</u>	<u>\$ 22,964,185</u>

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

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Total fund balances - governmental funds	\$ 12,240,125
Amounts reported for 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 in governmental funds. The cost of assets is \$71,011,181 and the accumulated depreciation is \$34,012,384.	36,998,797
Property taxes receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.	895,311
Interest subsidy receivable on outstanding bonds in governmental accounting is not receivable in the current period and, therefore, is not reported as an asset in the funds.	54,563
Deferred outflows of resources related to refunding charges are applicable to future periods and, therefore, are not reported in the funds.	1,398,482
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	5,684,432
Some liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the funds.	(38,449,443)
Long-term liabilities, including notes and bonds payable, bond premiums, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(29,534,766)
Accrued interest on outstanding bonds in governmental accounting is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(357,727)
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(979,020)
Net position of governmental activities	\$ <u><u>(12,049,246)</u></u>

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

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

For the Year Ended June 30, 2017

	General	Special Revenue	EIA	Debt Service	School Building	Total Governmental Funds
REVENUES						
Local property taxes	\$ 7,495,057	\$ -	\$ -	\$ 2,026,057	\$ -	\$ 9,521,114
Other local	155,109	1,012,746	-	59,334	4,228	1,231,417
Total local	<u>7,650,166</u>	<u>1,012,746</u>	<u>-</u>	<u>2,085,391</u>	<u>4,228</u>	<u>10,752,531</u>
State	18,724,065	756,892	2,774,431	136,148	-	22,391,536
Federal	-	2,448,802	-	152,475	-	2,601,277
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues all sources	<u>26,374,231</u>	<u>4,218,440</u>	<u>2,774,431</u>	<u>2,374,014</u>	<u>4,228</u>	<u>35,745,344</u>
EXPENDITURES						
Current						
Instruction	13,884,620	2,186,231	1,695,471	-	-	17,766,322
Support services	11,544,364	1,672,212	361,047	-	-	13,577,623
Community services	185,969	200,612	-	-	-	386,581
Intergovernmental	-	63,126	-	-	-	63,126
Debt service						
Principal	36,700	-	-	1,340,000	-	1,376,700
Interest and fiscal charges	6,300	-	-	1,095,784	-	1,102,084
Capital outlay	<u>362,514</u>	<u>-</u>	<u>64,267</u>	<u>-</u>	<u>54,877</u>	<u>481,658</u>
Total expenditures	<u>26,020,467</u>	<u>4,122,181</u>	<u>2,120,785</u>	<u>2,435,784</u>	<u>54,877</u>	<u>34,754,094</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>353,764</u>	<u>96,259</u>	<u>653,646</u>	<u>(61,770)</u>	<u>(50,649)</u>	<u>991,250</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	895,957	2,213	-	-	-	898,170
Operating transfers out	(183,309)	(98,472)	(653,646)	-	-	(935,427)
Premium on bonds sold	-	-	-	-	-	-
Proceeds of bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>712,648</u>	<u>(96,259)</u>	<u>(653,646)</u>	<u>-</u>	<u>-</u>	<u>(37,257)</u>
Net change in fund balances	1,066,412	-0-	-0-	(61,770)	(50,649)	953,993
FUND BALANCE, July 1, 2016	<u>9,023,331</u>	<u>-0-</u>	<u>-0-</u>	<u>875,944</u>	<u>1,386,857</u>	<u>11,286,132</u>
FUND BALANCE, June 30, 2017	<u>\$ 10,089,743</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 814,174</u>	<u>\$ 1,336,208</u>	<u>\$ 12,240,125</u>

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

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017**

Total net change in fund balance - governmental funds	\$ 953,993
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Amounts reported for governmental activities in the Statement of Activities are different due of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$2,328,455) is more than the capital outlays (\$468,042) in the period.	(1,860,413)
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Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which the costs of benefits earned (\$3,110,793) exceeds employer contributions (\$2,051,025).	(1,059,768)
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Amortization of deferred loss on refunding of debt is recognized over the original remaining life of the defeased bonds in the Statement of Net Position.	(203,855)
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Amortization of bond premium is recognized over the original life of the bonds in the Statement of Net Position.	160,901
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Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds. This is the amount of the increase in accrued interest payable.	(11,295)
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Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds. This is the amount of the increase in compensated absences payable.	(69,100)
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Certain deferred tax revenues reported in the governmental funds are recognized as revenues in the Statement of Activities. This is the amount by which the revenue recognized at the end of the current year exceeded the amount of revenue recognized at the end of the prior year.	(456,949)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,376,699
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Change in net position of governmental activities	\$ <u><u>(1,169,787)</u></u>
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The notes to the financial statements are an integral part of this statement.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For Fiscal Year Ended June 30, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 7,195,372	\$ 7,195,372	\$ 7,650,166	\$ 454,794
State	18,436,196	18,436,196	18,724,065	287,869
Federal	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>25,631,568</u>	<u>25,631,568</u>	<u>26,374,231</u>	<u>742,663</u>
EXPENDITURES				
Current:				
Instruction	14,449,873	14,449,873	13,884,620	565,253
Support services	11,318,454	11,318,454	11,544,364	(225,910)
Community services	-	-	185,969	(185,969)
Intergovernmental	-	-	-	-
Debt service	43,000	43,000	43,000	-
Capital outlay	<u>173,402</u>	<u>173,402</u>	<u>362,514</u>	<u>(189,112)</u>
Total expenditures	<u>25,984,729</u>	<u>25,984,729</u>	<u>26,020,467</u>	<u>(35,738)</u>
Excess (deficiency) of revenues over expenditures	(353,161)	(353,161)	353,764	706,925
OTHER FINANCING SOURCES (USES)				
Transfer from EIA Fund	653,646	653,646	653,646	-
Transfer from Pupil Activity Fund	-	-	32,092	32,092
Transfers of indirect costs	130,000	130,000	210,219	80,219
Transfer to EIA Fund	(175,384)	(175,384)	-	175,384
Transfer to Food Service Fund	(175,000)	(175,000)	-	175,000
Transfer to Debt Service Fund	<u>(82,000)</u>	<u>(82,000)</u>	<u>(183,309)</u>	<u>(101,309)</u>
Net change in fund balance	\$ <u>(1,899)</u>	\$ <u>(1,899)</u>	1,066,412	\$ <u>1,068,311</u>
Fund balance, July 1, 2016			<u>9,023,331</u>	
Fund balance, June 30, 2017			\$ <u>10,089,743</u>	

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

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

Statement of Net Position

Proprietary Funds

June 30, 2017

	<u>Enterprise Fund</u>
	<u>Food Services</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 808,174
Due from Federal Government	28,563
Inventory	<u>3,347</u>
Total current assets	<u>840,084</u>
Noncurrent assets:	
Furniture and equipment	1,968,732
Less accumulated depreciation	<u>(1,650,776)</u>
Total noncurrent assets	<u>317,956</u>
Total assets	<u>1,158,040</u>
LIABILITIES	
Current liabilities:	
Accounts payable	280
Due to other funds	<u>300,913</u>
Total current liabilities	<u>301,193</u>
Total liabilities	<u>301,193</u>
NET POSITION	
Net investment in capital assets	317,956
Unrestricted	<u>538,891</u>
Total net position	<u>\$ 856,847</u>

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

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds**

For the Fiscal Year Ended June 30, 2017

	<u>Enterprise Fund</u>
	<u>Food Services</u>
OPERATING REVENUES	
Proceeds from sale of meals	\$ 8,516
Charges for services	19,830
Total operating revenues	<u>28,346</u>
OPERATING EXPENSES	
Food costs	1,213,876
Salaries and benefits	673,908
Supplies and materials	354,395
Purchased services	58,907
Depreciation	97,632
Capital outlay	2,201
Other operating costs	1,022
Total operating expenses	<u>2,401,941</u>
Operating income (loss)	<u>(2,373,595)</u>
NONOPERATING REVENUES (EXPENSES)	
USDA reimbursements	2,345,751
Commodities received from USDA	180,621
Other federal, state and local aid	100,332
Total nonoperating revenues (expenses)	<u>2,626,704</u>
Income (loss) before transfers	253,109
Transfers in (out)	<u>(111,746)</u>
Change in net position	141,363
Total net position - July 1, 2016	<u>715,484</u>
Total net position - June 30, 2017	<u><u>\$ 856,847</u></u>

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

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017**

	Enterprise Fund Food Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 28,346
Payments to suppliers for goods and services	(1,773,725)
Payments to employees for services	(673,908)
Operating transfer to other funds	(111,746)
Net cash received from (used by) operating activities	<u>(2,419,287)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from USDA reimbursements	2,345,751
Cash received from miscellaneous sources	100,332
Net cash received from (used for) noncapital financing activities	<u>2,446,083</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	-
Net cash received from (used for) capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	-
Net cash received from (used by) investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	26,796
Cash and cash equivalents - July 1, 2016	<u>781,378</u>
Cash and cash equivalents - June 30, 2017	<u>\$ 808,174</u>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating income (loss) - Exhibit I	\$ (2,373,595)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Depreciation	97,632
USDA commodities received	180,621
Operating transfers out	(111,746)
Change in assets and liabilities:	
(Increase) decrease in due from federal government	(12,730)
(Increase) decrease in inventory	6,515
Increase (decrease) in accounts payable	280
Increase (decrease) in unearned revenue	(4,836)
Increase (decrease) in due to other funds	<u>(201,428)</u>
Net cash received from (used by) operating activities	<u>\$ (2,419,287)</u>

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

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2017

	<u>Agency Fund</u> <u>Pupil Activity</u>
ASSETS	
Cash and cash equivalents	\$ 204,649
Due from other funds	<u>120,233</u>
Total assets	<u>324,882</u>
LIABILITIES	
Accounts payable	254
Due to student organizations	<u>324,628</u>
Total liabilities	<u>324,882</u>
NET POSITION	
Unreserved - undesignated	<u>-0-</u>
Total net position	<u><u>\$ -0-</u></u>

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

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2017

	<u>Agency Fund Pupil Activity</u>
ADDITIONS	
Receipts	
Pupil memberships	\$ 59,532
Student fees	68,504
Other	415,241
Transfer from other funds	<u>183,307</u>
Total receipts	<u>726,584</u>
Investment earnings	
Interest	<u>-</u>
Total additions	<u>726,584</u>
DEDUCTIONS	
Pupil activity programs	642,655
Transfer to other funds	34,305
Increase in due to student organizations	<u>49,624</u>
Total deductions	<u>726,584</u>
CHANGE IN NET ASSETS	-0-
Net position, beginning of year	<u>-0-</u>
Net position, end of year	<u><u>\$ -0-</u></u>

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

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

Lexington County School District Number Four-Gaston Swansea ("the District") is a school district created by the South Carolina Legislature to provide public education services to students of a specified geographical district of Lexington County, South Carolina. The District receives funding from local, state and federal sources and must comply with any requirements of the funding source entities. The basic 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 accounting principles. The more significant of the District's accounting policies are described below.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

The Board of Education ("the Board") of the District controls the District and has oversight responsibility and control over all activities related to public school education in the District. The Board consists of seven members elected by registered voters in the District.

The District's financial statements include the operations of all organizations for which the District Board exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The primary entity is financially accountable if it appoints a voting majority of the organization's governing body including situations in which the voting majority consists of the primary entity's officials serving as required by law and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or imposed specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally dependent on the primary entity that holds one or more of the following powers: determine its budget without another government having the authority to approve and modify that budget, levy taxes or set rates or charges without approval by another government, and issue bonded debt without approval by another government. Based on these criteria, the District has determined it has no component units and it is not a component unit of any other organization. Therefore, the District reports as a primary entity.

b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

c) Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary 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.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Measurement Focus, Basis of Accounting and Basis of Presentation, continued

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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.

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 District.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are 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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounts of the government are organized and operated 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 minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the District.

Governmental fund types are those through which most governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities (except for those accounted for in the proprietary and expendable trust 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 following are the District's major governmental fund types:

The General Fund - a major fund, is the general operating fund of the District and 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 FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

c) Measurement Focus, Basis of Accounting and Basis of Presentation, continued

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District has two Special Revenue Funds:

- i) The Special Projects Fund, a major fund, is used to account for financial resources provided by federal, state, and local projects and grants.
- ii) The Education Improvement Act ("EIA") Fund, a major fund, is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

Debt Service Fund - a major 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 District.

School Building Fund - a major fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities except for those financed in the enterprise fund.

Proprietary fund types 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, as well as the requirements for Financial Accounting Standards Board ("FASB") Statements and Interpretations. In addition, the District applies all FASB Statements and Interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements in accounting and reporting for its operations. Proprietary fund types include the following fund:

The enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. The Food Service Fund is the District's only enterprise fund and is used to account for the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

Fiduciary fund types are used to account for expendable assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Trust Funds and Agency Funds. Fiduciary fund types include the following fund:

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

d) Cash, Cash Equivalents and Investments

Custodial credit risk for cash deposits and investments is the risk that, in the event of a bank failure, the District's deposits or investments might not be recovered. The District does not have a formal deposit policy for credit risk, but follows the investment policy statutes of the state of South Carolina.

The District's bank cash, cash equivalents and investments balance (which was different from the District's book balances of \$17,242,009 because of outstanding checks, deposits in transit, and other reconciling items) of \$17,684,051 at June 30, 2017, was insured or fully collateralized.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d) Cash, Cash Equivalents and Investments, continued

Cash accounts and certificates of deposit are placed with a banking institution and are protected by Federal Depository Insurance ("FDIC") up to \$250,000 and collateral pledged by the bank for 100% of the amount in excess of \$250,000. The collateral generally consists of obligations of the United States and its agencies or general obligations of the State of South Carolina or any of its political units and is registered in the District's name or held by the District or its agents in the District's name.

Insured and collateralized amounts at June 30, 2017 are as follows:

Insured	\$ 250,000
Collateralized	7,547,557
Uninsured / uncollateralized	<u>-</u>
Total bank balance	<u>\$ 7,797,557</u>

The District's cash investment objectives are preservation of capital, liquidity and yield. The District reports its cash and investments at fair value, which is normally determined by quoted market prices.

The District is authorized to invest in securities as allowed by South Carolina statute. Those investments are restricted to:

- 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 secured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation,
- 4) Certificates of deposit where the certificates 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 deposit so secured, including interest.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. As of June 30, 2017, none of the District's investments were exposed to custodial credit risk.

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 are excluded from this disclosure requirement. None of the District's other security investments exceeded 5.0% of the total amount invested.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

d) Cash, Cash Equivalents and Investments, continued

The District's investments consist of State Treasurer's Local Government Investment Pool ("LGIP") accounts with a total carrying value and fair market value of \$9,886,494 at June 30, 2017. The local government investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The South Carolina Treasurer oversees the pool. In accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The fair value of the position in the pool is the same as the value of the pool shares. Financial statements for the LGIP may be obtained by writing the Office of the State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

Amounts due from other governmental units consist of funds held by the Lexington County Treasurer. The Treasurer receives monies from local, state, and federal sources on behalf of the District. The monies held by the Treasurer are uninsured but are collateralized with government investments held by the pledging institution's agent in the name of the Treasurer. The Treasurer invests these funds in investments authorized by state statute as described above. These monies are remitted to the District once a claim has been presented to the Treasurer.

For purposes of the Statement of Cash Flows, the District's proprietary fund type considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

e) Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds" or "due to other funds". 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".

f) Prepaid Items and Inventories

With the exception of the proprietary fund, the District has elected to account for disbursements for inventory items as expenditures at the time of purchase. Accordingly, no inventories have been recorded in the financial statements of these funds. The proprietary fund inventories are recorded at cost using the first-in, first-out method ("FIFO").

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 in which services are consumed.

g) Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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 proprietary funds are reported both in 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is capitalized.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

g) Capital Assets, continued

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. 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>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings	30 years	N/A
Buildings / Improvements	10-30 years	N/A
Furniture and Equipment	5-10 years	7 years
Vehicles	10 years	N/A

h) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. 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.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Amortization of premiums and bond issuance costs are included in interest expense. Bond premiums are included with bonds payable and other long-term obligations. Bond issuance costs are included with other assets and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

i) Unavailable and Unearned Revenues

Governmental funds report unavailable revenues (as a component of deferred inflows of resources) in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Also, unearned revenues in the governmental funds include amounts received from grant and contract sponsors that have not yet been earned. Unearned revenues in the enterprise fund, if any, represent USDA commodities included in inventory at year-end but not reflected as revenue until the commodities are consumed.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

j) Pension Plan

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability ("NPL"), which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the District's fiscal year-end. Changes in the NPL during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in NPL that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

k) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred charges on refunding reported in the government-wide Statement of Net Position and outflows related to pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. District contributions to the pension plan subsequent to the measurement date and the net difference between expected and actual experience in the pension plan are included as deferred outflows of resources. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational way to pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on pension plan investments are included as deferred inflows of resources. These deferred pension credits are amortized in a systematic and rational way as a reduction to pension expense in future periods in accordance with GAAP.

l) Compensated Absences

All vested vacation leave pay is recorded as an expenditure in the current year to the extent it is paid during the year. Employee vacation pay and salary-related expenses are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences payable in the government-wide and proprietary fund Statement of Net Position on a FIFO basis and as a component of the appropriate functional category in the Statement of Activities.

The district allows full-time employees to accumulate up to 10 days of unused vested annual leave for payment upon termination. The portion of time that is estimated to be used in the next fiscal year has been designated a current liability in the government-wide financial statements.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

m) Fund Equity

In the fund financial statements, fund balance classifications depict the nature of the net resources reported in the governmental funds. Individual governmental funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the District board through motions passed at School Board meetings. Assigned fund balance amounts are established by the District administration.

Nonspendable Fund Balance - includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The District's nonspendable fund balance represents amounts not in spendable form.

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed Fund Balance - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the District School Board.

Assigned Fund Balance - includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are established by the District administration.

Unassigned Fund Balance - is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other Governmental Funds, it may be necessary to report a negative unassigned fund balance.

The District has \$3,600 in nonspendable fund balance amounts as of June 30, 2017, representing prepaid items. The Board of Directors of the District has adopted a policy mandating the maintenance of a general fund balance not less than 15% of General Fund expenditures from one year to the next. Therefore, the District has \$3,903,070 in restricted fund balance amounts as of June 30, 2017. The District has \$725,165 in committed fund balance amounts as of June 30, 2017. The District has no assigned fund balance amounts as of June 30, 2017.

n) Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which 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 its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

o) Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

p) Use of Estimates

The preparation of the general purpose financial statements in conformity with generally accepted accounting principles as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures or expenses during the reporting period. Actual results could differ from those estimates.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Practices

Formal budgetary accounting is employed as a management tool for the District. Budgets are presented in the basic financial statements section for general fund and all major special revenue funds.

Each budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The budget includes proposed expenditures and the means of financing the expenditures.

The following procedures are followed in establishing the budgetary data as 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 his review and adjustment.
- 3) The Superintendent then presents a proposed budget to the Board 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.
- 5) Any budget revisions during the year must be approved by the Board.
- 6) Budgets are adopted for Special Revenue Fund projects through the submission of a project application and the subsequent approval of the application by the appropriate authorizing agency.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. This District's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board in supplementary action. The legal level of control is at the fund level.

3) DUE FROM/DUE TO OTHER FUNDS

Interfund balances at June 30, 2017, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ -	\$ 1,709,227
Special Projects Fund	819,561	-
Education Improvement Act Fund	1,318,619	-
Debt Service Fund	44,013	-
School Building Fund	-	292,286
Proprietary Fund:		
Enterprise Fund	-	300,913
Agency Fund:		
Pupil Activity Fund	<u>120,233</u>	<u>-</u>
	<u>\$ 2,302,426</u>	<u>\$ 2,302,426</u>

The General Fund payable is a result of the General Fund owing the Special Projects Fund and EIA Fund for amounts received for federal and state claims on behalf of the Special Projects Fund and EIA Fund. The School Building Fund payable and the Enterprise Fund payable is a result of the General Fund recording certain amounts payable at year end on behalf of these funds.

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3) DUE FROM/DUE TO OTHER FUNDS, CONTINUED

Transfers from and to other funds for the year ended June 30, 2017, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 895,957	\$ 183,309
Special Projects Fund	2,213	98,472
Education Improvement Act Fund	-	653,646
Proprietary Fund:		
Enterprise Fund	-	111,746
Agency Fund:		
Pupil Activity Fund	<u>183,309</u>	<u>34,306</u>
Totals	<u>\$ 1,081,479</u>	<u>\$ 1,081,479</u>

The General Fund received transfers from special revenue for indirect costs on federal programs and from EIA to cover EIA salaries and benefits, indirect costs on federal programs, and to supplement operations as part of funding flexibility. The General Fund transferred funds to special revenue to help offset unfunded mandates and support exceptional program services.

4) PROPERTY TAXES RECEIVABLE

Lexington County is responsible for levying and collecting sufficient property taxes to meet its funding obligation for the District. This obligation is established each year by Lexington County Council and does not necessarily represent actual taxes levied or collected. Property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time the taxes are levied.

Taxes are levied on October 1 of each year, due until January 15, without penalty; and attached as an enforceable lien on property on August 1 of the following year, if unpaid at that time. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Bases on the County's history of collecting its taxes, a 10.0% reserve for uncollectible taxes has been established. Taxes receivable as reported in the Statement of Net Position are net of the following allowance for uncollectible amounts:

Delinquent taxes receivable	\$ 1,135,739
Less: Allowance for uncollectible amounts	<u>(113,574)</u>
Taxes receivable	<u>\$ 1,022,165</u>

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Year Ended June 30, 2017

5) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 548,080	\$ -	\$ -	\$ 548,080
	<u>548,080</u>	<u>-</u>	<u>-</u>	<u>548,080</u>
Capital assets, being depreciated:				
Land improvements	1,746,699	-	-	1,746,699
Buildings	61,452,624	267,804	-	61,720,428
Equipment	6,040,466	109,541	-	6,150,007
Vehicles	755,270	90,697	-	845,967
	<u>69,995,059</u>	<u>468,042</u>	<u>-</u>	<u>70,463,101</u>
Less accumulated depreciation for:				
Land improvements	(1,299,855)	(71,040)	-	(1,370,895)
Buildings	(24,744,279)	(1,812,412)	-	(26,556,691)
Equipment	(5,116,390)	(372,262)	-	(5,488,652)
Vehicles	(523,404)	(72,742)	-	(596,146)
	<u>(31,683,928)</u>	<u>(2,328,456)</u>	<u>-</u>	<u>(34,012,384)</u>
Total capital assets being depreciated, net	<u>38,311,131</u>	<u>(1,860,414)</u>	<u>-</u>	<u>36,450,717</u>
Governmental activities capital assets, net	\$ <u>38,859,211</u>	\$ <u>(1,860,414)</u>	\$ <u>-0-</u>	\$ <u>36,998,797</u>
Business-type activities:				
Furniture and equipment	\$ 1,968,732	\$ -	\$ -	\$ 1,968,732
Accumulated depreciation	<u>(1,553,144)</u>	<u>(97,632)</u>	<u>-</u>	<u>(1,650,776)</u>
Business-type activities capital assets, net	\$ <u>415,588</u>	\$ <u>(97,632)</u>	\$ <u>-0-</u>	\$ <u>317,956</u>

Depreciation was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 1,298,813
Support	<u>1,029,643</u>
Total depreciation expense - governmental activities	\$ <u>2,328,456</u>
Business-type activities:	
Food Service Fund	\$ <u>97,632</u>
Total depreciation expense - business-type activities	\$ <u>97,632</u>

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Notes to the Basic Financial Statements
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6) LONG-TERM DEBT

The following is a summary of bond and other long-term debt transactions of the District for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
Series 2009A GO Bonds	\$ 1,270,000	\$ -	\$ 50,000	\$ 1,220,000	\$ 595,000
Series 2009B GO Bonds	445,000	-	445,000	-	-
Series 2009C GO Bonds	7,430,000	-	-	7,430,000	-
Series 2015 GO Refunding Bonds	10,510,000	-	420,000	10,090,000	780,000
Series 2015 GO Bonds	425,000	-	425,000	-	-
Series 2016 GO Refunding Bonds	9,200,000	-	-	9,200,000	-
General obligation bonds	<u>29,280,000</u>	<u>-</u>	<u>1,340,000</u>	<u>27,940,000</u>	<u>1,375,000</u>
Deferred amounts:					
Unamortized premium on bonds	<u>1,292,065</u>	<u>-</u>	<u>160,901</u>	<u>1,131,164</u>	<u>-</u>
Notes payable					
SC Energy loan	<u>314,988</u>	<u>-</u>	<u>36,699</u>	<u>278,289</u>	<u>37,433</u>
Compensated absences	<u>116,213</u>	<u>104,351</u>	<u>35,251</u>	<u>185,313</u>	<u>55,594</u>
Total long-term liabilities	<u>\$ 31,003,266</u>	<u>\$ 104,351</u>	<u>\$ 1,572,851</u>	<u>\$ 29,534,766</u>	<u>\$ 1,468,027</u>

Details for each debt issue are as follows:

July 2009 – The District issued General Obligation Bonds, Series 2009A, referendum debt, in the amount of \$10,460,000, with a variable interest rate from 3.0% to 4.375%. The net proceeds were \$10,299,000 after a bid premium of \$3,208 and costs of issuance of \$164,208. Principal payments are payable annually beginning March 1, 2014 through March 1, 2023, ranging from \$50,000 to \$1,060,000. Interest payments are payable semi-annually on September 1 and March 1 beginning March 1, 2010 through September 1, 2029.

October 2009 – The District issued General Obligation Bonds, Series 2009B, 8.0% debt, in the amount of \$2,320,000, with a variable interest rate from 2.0% to 4.0%. The net proceeds were \$2,360,669 after a bid premium of \$82,438 and costs of issuance of \$41,769. Principal payments are payable annually beginning March 1, 2014 through March 1, 2023, ranging from \$50,000 to \$445,000. Interest payments are payable semi-annually on September 1 and March 1 beginning March 1, 2010 through September 1, 2029.

October 2009 – The District issued Taxable Series 2009C, \$7,430,000 General Obligation Bonds (“Build America Bonds”), referendum debt. The Build America bonds provide for an interest credit subsidy equal to 35.0% of the amount of each interest payment on such bonds. The available subsidy (“Interest Subsidy”) received on these bonds is included as revenue of the Debt Service Fund. The net proceeds were \$7,395,641 after a bid premium of \$80,323 and costs of issuance of \$114,682. The bonds have a variable interest rate from 6.15% to 6.4%. Interest payments are payable semi-annually on March 1 and September 1 beginning March 1, 2010 through March 1, 2029. Principal payments are due in annual installments ranging from \$25,000 to \$4,040,000 beginning March 1, 2010 through March 1, 2038.

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6) LONG-TERM DEBT, CONTINUED

February 2015 – The district issued General Obligation Refunding and Improvement Bonds, Series 2015 (“the Bonds”), in the amount of \$11,760,000, with a variable interest rate from 2.0% to 3.0%. The proceeds were used as follows: \$10,960,000, referendum debt, to refund the outstanding balance of \$10,965,000 of the Series 2005 Advance Refunding Bonds which had interest rates ranging from 3.25% to 5.25%; and \$1,150,000, 8.0% debt, to fund capital projects. The net proceeds were \$12,119,519 after a bid premium of \$591,138 and costs of issuance of \$231,620.

March 2016 – The district issued General Obligation Advanced Refunding Bonds, Series 2016 (“the Bonds”), in the amount of \$9,200,000, with a variable interest rate from 2.0% to 4.0%. The proceeds were used as follows: \$9,895,778 to refund the outstanding balance of \$10,460,000 of the Series 2009A General Obligation Bonds maturing on and after March 1, 2020 now outstanding in the aggregate principal amount of \$9,040,000 which had interest rates ranging from 4.0% to 4.375%. The proceeds were \$10,071,665 which included a net bid premium of \$811,112, and were used to pay the refunding escrow deposit of \$9,895,778 and costs of issuance of \$115,333. Principal payments are due in annual installments beginning March 1, 2020 through March 1, 2030, ranging from \$645,000 to \$1,050,000. Interest payments are payable semi-annually on September 1 and March 1 beginning September 1, 2016 through March 1, 2030.

The deferred losses on refunding at June 30, 2017 were \$1,398,482.

Bond premiums are amortized using the effective interest method over the life of the debt.

Details for Notes payable activity is as follows:

The District entered into an agreement on July 18, 2013 with the SC Energy Office to borrow up to a maximum of \$499,495 for an approved project at Swansea High School. The note bears an interest rate of 2.0% and is payable in ten annual payments of \$55,607, including principal and interest, beginning November 30, 2014. On May 6, 2015, this agreement was amended reducing the loan amount to \$386,242 and amending the payment schedule to ten annual payments of \$42,999, including principal and interest, beginning June 1, 2015.

The annual requirements to amortize all debt outstanding as of June 30, 2017, are as follows:

Year Ending June 30	Bond Principal	Note Principal	Interest	Interest Subsidy	Totals
2018	\$ 1,375,000	\$ 37,433	\$ 1,078,746	\$ (163,688)	\$ 2,327,491
2019	1,415,000	38,182	1,044,547	(163,688)	2,334,041
2020	1,480,000	38,946	1,002,983	(163,688)	2,358,241
2021	1,520,000	39,724	966,155	(163,688)	2,362,191
2022	1,570,000	40,508	921,371	(163,688)	2,368,191
Thereafter	20,580,000	83,496	7,227,930	(1,946,182)	25,945,244
	<u>\$ 27,940,000</u>	<u>\$ 278,289</u>	<u>\$ 12,241,732</u>	<u>\$ (2,764,622)</u>	<u>\$ 37,695,399</u>

The South Carolina Constitution limits local borrowing power to 8.0% of its assessed property value. The limitation excludes bonded indebtedness existing on December 1, 1977 (date of the Constitutional amendment), certain special levies assessed on properties located in an area receiving special benefits, and other prescribed indebtedness approved by the voters. At June 30, 2017, the District is within its debt limit.

General Obligation Bonds of the District are backed by the full faith, credit, and taxing power of the District.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6) LONG-TERM DEBT, CONTINUED

September 2017 – Subsequent to June 30, 2017, the district issued General Obligation Bonds, Series 2017 (“the Bonds”), in the amount of \$25,400,000, with a variable interest rate from 3.0% to 5.0%. The proceeds will be used to fund the costs of approved capital projects, including improvements at the high school, improvements to athletic and related parking facilities, construction of a performing arts center, and other improvements. Principal payments are due in annual installments beginning March 1, 2018 through March 1, 2039, ranging from \$320,000 to \$3,385,000. Interest payments are payable semi-annually on March 1 and September 1 beginning March 1, 2018 through March 1, 2039.

7) CHANGE IN GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2017:

	<u>June 30,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2017</u>
Amount available in Debt Service Fund	\$ 875,944	\$ -	\$ (61,770)	\$ 814,174
Amount to be provided for retirement of long-term obligations	<u>30,127,322</u>	<u>-</u>	<u>(1,406,730)</u>	<u>28,720,592</u>
Total available and to be provided	<u>\$ 31,003,266</u>	<u>\$ -</u>	<u>\$ (1,406,730)</u>	<u>\$ 29,534,766</u>
Total long-term obligations	<u>\$ 31,003,266</u>	<u>\$ -</u>	<u>\$ (1,406,730)</u>	<u>\$ 29,534,766</u>

8) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS

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

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

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

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

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Notes to the Basic Financial Statements
Year Ended June 30, 2017

8) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

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

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

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

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

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

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Notes to the Basic Financial Statements
Year Ended June 30, 2017

8) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Funding Policy – Contributions are prescribed in Title 9 of the South Carolina code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted above, both employees and the District are required to contribute to the plans at rates established and as amended by the PEBA.

Contribution Summary – The contribution requirements for the current and two preceding years are as follows:

	SCRS			ORP		
	2017	2016	2015	2017	2016	2015
Eligible Wages	\$ 17,028,783	\$ 16,784,783	\$ 16,499,201	\$ 1,257,594	\$ 1,122,718	\$ 951,272
<u>Employer Rate</u>						
Retirement - SCRS	11.41%	10.91%	10.75%	6.41%	5.91%	5.75%
Retirement - AIP	0.00%	0.00%	0.00%	5.00%	5.00%	5.00%
Retirement Surcharge - SCRS	5.33%	5.33%	5.00%	5.33%	5.33%	5.00%
GL Ins. Benefit - SCRS	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Total Employer Rate	16.89%	16.39%	15.90%	16.89%	16.39%	15.90%
Employee Rate	8.66%	8.16%	8.00%	8.66%	8.16%	8.00%
<u>Employer Contributions</u>						
Retirement - SCRS	\$ 1,942,984	\$ 1,831,220	\$ 1,773,664	\$ 80,612	\$ 66,353	\$ 54,698
Retirement - AIP	-	-	-	62,880	56,136	47,564
Retirement Surcharge - SCRS	907,634	894,629	824,960	67,030	59,841	47,564
GL Ins. Benefit - SCRS	25,543	25,177	24,749	1,886	1,684	1,427
Total Employer Contributions	\$ 2,876,161	\$ 2,751,026	\$ 2,623,373	\$ 212,408	\$ 184,013	\$ 151,252

The payroll for District employees covered by the plans for the year ended June 30, 2017 was \$18,286,377; the District's total payroll was \$18,907,967.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. NPL totals, as of June 30, 2016, for SCRS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.9%

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8) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

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

The total pension liability is calculated by SCRS's actuary, and the plan's fiduciary net position is reported in the system's financial statements. The net pension liability is disclosed in accordance with the requirement of GASB No. 67 in the system's notes to the financial statements and required supplementary information. Liability calculations performed by SCRS's actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plan's funding requirements.

At June 30, 2017, the District reported a liability of \$38,449,443 for its proportionate share of the PEBA's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, using membership data as of that date, projected forward to the end of that fiscal year, and financial information of the pension trust funds as of June 30, 2016. The District's proportion of the net pension liability was based on the District's contributions received by PEBA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PEBA's participating employers. At June 30, 2016, the District's proportion was .180008%.

For the year ended June 30, 2017, the District recognized pension expense of \$3,110,793 for its proportionate share of the PEBA's pension expense. At June 30, 2017, the District reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 398,574	\$ 41,756
Net difference between projected and actual earnings on pension plan investments	3,234,834	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	937,264
District contributions subsequent to the measurement date	<u>2,051,025</u>	<u>-</u>
	<u>\$ 5,684,433</u>	<u>\$ 979,020</u>

\$2,051,025 reported as deferred outflows of resources related to pensions resulting from District contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ 659,350
2019	505,395
2020	953,457
2021	<u>536,186</u>
	<u>\$ 2,654,388</u>

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8) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Actuarial Assumptions – Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on SCRS was most recently issued as of July 1, 2015. The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the SCRS's consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the SCRS's fiscal year ended June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for SCRS:

	<u>SCRS</u>
Actuarial Cost Method	Entry age normal
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	3.5% to 12.5% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually

*Includes inflation at 2.75%

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015, valuations for SCRS are as follows:

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

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments, as used in the July 1, 2015, actuarial valuations, was based upon the 30-year capital markets outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investments fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

8) **EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED**

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
Hedge Funds (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, the system’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity – The following presents the District’s proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<u>Asset Class</u>	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District’s proportionate share of the Net Pension Liability	\$ 47,964,627	\$ 38,449,443	\$ 30,528,411

Pension Plan Fiduciary Net Position – Detailed information regarding the fiduciary net position of the plan administered by PEBA is available in the system’s audited financial statements for the fiscal year ended June 30, 2016 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

9) DEFERRED COMPENSATION PLAN

The District, through the South Carolina Deferred Compensation Commission, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. SCRS, available to all District employees, permits them to defer a portion of their salary until future years. Participation in SCRS is optional. The deferred compensation is not available to employees until termination, retirement, disability, death or unforeseeable emergency. Investments are managed by SCRS's program administrator under a variety of investment options or a combination thereof. The choice of investments option(s) is made by the participants. Investments are carried at their market value. The District's administrative involvement is limited to transmitting amounts withheld from payroll to the program administrator.

10) POSTRETIREMENT BENEFITS

The District is a member of SCRS which was established July 1, 1945. The system covers public school employees, public higher-education personnel, state employees, city, county and other local public employees. It provides a complete schedule of benefits for regular retirement. A member is eligible for a full-service retirement at age 65 or upon completion of thirty years of membership. On or after January 1, 2002, members are eligible after twenty-eight years of membership. Reduced benefits are payable as early as age 55.

As described more fully in Note 7, funding of the plan is made from employee/employer contributions. Benefits vest after five years of service. Vested members, who retire at age 65, or with twenty-eight years of service at any age, receive an annual benefit payable monthly for life. The benefit is based on length of service and on average final compensation.

In addition to providing pension plan and supplemental benefits, the state currently provides its retired employees with health care benefits. All postretirement benefits paid to District retired members are made from SCRS and from South Carolina's General Fund ("Health Care").

11) POSTEMPLOYMENT BENEFITS

The District provides death benefits to employees through the group life insurance program for members of SCRS which is explained further in Note 6. The beneficiaries of those employees who die in active service after one year of credited service are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the budgeted salary of the deceased member. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. For the year ended June 30, 2017, the District made contributions to the State for death benefits representing 0.15 percent of covered payroll.

Upon death of a retiree, a benefit will be paid to the designated beneficiary of an amount based on years of credit services as follows:

10 to 19 years of service credits	\$2,000
20 to 27 years of service credits	4,000
28 or more years of service credits	6,000

The District also provides its retired employees health care benefits through the State health insurance program for members of SCRS. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. The District's contributions are financed on an advance funded actuarially-determined basis.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

12) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. Because of the high cost of insurance purchased from commercial insurers, the District has chosen to participate with other school districts in the state in the South Carolina School Boards Insurance Trust/Workers' Compensation Pool ("SCSBIT/WCP"). This public entity risk pool operates as a common risk management and insurance program for member school districts. The District pays annual premiums to the public entity risk pool for its workers' compensation insurance coverage. The Agreement for Formation of the public entity risk pool provides that SCSBIT/WCP will be self-sustaining through member premiums and any deficiencies can be charged back the member school districts in the event that a fund deficit arises.

The District carries commercial insurance for certain risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District has elected to be self-insured for unemployment taxes, whereby it would reimburse the South Carolina Department of Employment and Workforce for actual claims paid attributable to service in the employ of the District. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

13) COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal and state assisted grant programs. Although the District has been audited in accordance with provisions of Uniform Guidance, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's management believes such disallowances, if any, would not be significant.

In 2007, South Carolina enacted Act 388, which was effective for the District beginning July 1, 2007. Act 388 provides an exemption for one hundred percent of the fair market value of owner occupied residential property, to the extent it is not already covered by other property tax relief exemptions, for all property taxes imposed for school operating purposes, but not including millage imposed for the repayment of general obligation debt for property tax years beginning after January 1, 2007. Act 388 also created a new Homestead Exemption Fund which is funded from an additional 1 cent sales tax imposed by Act 388.

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$913,225.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$310,099. Tier one and two distributions are fixed and do not change.

Tier three distributions are state funded payments to school districts to replace revenues formerly derived from taxation by school districts of owner occupied residential property. For the fiscal year ended June 30, 2008, those distributions were expected to equal, dollar for dollar, the revenue that would have been collected by the school districts from property taxes for school operating purposes imposed by the school districts on owner occupied residential property for that fiscal year as if no reimbursed exemptions applied. Beginning with the 2008-2009 fiscal year, the tier three distributions will be the sum of the amount of the fiscal year 2007-2008 tier three distributions plus the tier three reimbursement increases.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

13) COMMITMENTS AND CONTINGENCIES, CONTINUED

Act 388 requires the tier three reimbursements to be increased annually by (i) an inflation factor equal to the percentage increase in the previous year Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics, plus (ii) the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. The tier three increases are aggregated for the entire state and the amount going to any particular school district is equal to an amount that is the district's proportionate share of the aggregated funds based on the school district's weighted pupil units as a percentage of the statewide weighted pupil units as determined annually pursuant to the EFA, with an adjustment for certain poverty factors to provide programs for the affected students. There are provisions in the tier three reimbursement that could, in any given year, result in a minimum increase of four percent to the extent funds are available in the Homestead Exemption Fund. There are also provisions that require the total tier three reimbursements to the school districts in a county to be not less than \$2,500,000. If the amount of tier three distributions other than those dependent upon balances in the Homestead Exemption Fund exceed amounts in the Homestead Exemption Fund, the excess is required to be paid from the General Fund of the State. The District's reimbursement for fiscal year 2017 for tier three was \$2,276,096.

Act 388 requires that, to the extent revenues in the Homestead Exemption Fund are insufficient to pay all required reimbursements to a school district; the State will pay the difference from its general fund. However, there can be no assurances that such funds will be appropriated in the event there is such an insufficiency or that the change in funding sources resulting from Act 388 will not have an adverse effect on the District's operations. The District recognizes that Act 388 places increased reliance on state funds to fund the General Fund. This increased reliance at the state level is being funded by the additional one penny sales tax, which in the District's opinion is not as stable as property tax revenue which the sales tax replaced. In addition, Act 388 removes the authority of governing bodies of school districts to increase operating millage in any year to meet the required local EFA inflation factor and the per pupil maintenance of effort requirement.

14) TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that forgo revenue in connection with tax abatements to disclose certain information relating to that fact. For purposes of this Statement, a tax abatement is defined as a reduction in tax revenue that results from an agreement between one or more governments and an individual or entity in which one or more governments promise to forgo tax revenues to which they are otherwise entitled in exchange for the individual or entity's promise to take a specific action that contributes to economic development or otherwise benefits the governments or citizens of the governments.

The District's property tax revenues were reduced under agreements entered into by Lexington County. These agreements are broadly described as fee in lieu of tax programs. For the year ended June 30, 2017, the District's property tax revenues were reduced by \$411,220, and the state of South Carolina reimbursed the County \$47,073 of these property tax revenues, which the County disbursed back to the District.

15) SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 31, 2017, the date the financial statements were available to be issued. As discussed in Note 6 above, subsequent to June 30, 2017, the District issued General Obligation Bonds, Series 2017 in the amount of \$25,400,000. Subsequent to June 30, 2017, the District entered into an operating lease for copiers, with lease payments of \$2,046 due monthly for sixty months. There were no other events requiring recording or disclosure for the year ended June 30, 2017.

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.180008%	0.186081%	0.186953%
District's proportionate share of the net pension liability	\$ 38,449,443	\$ 35,291,159	\$ 32,187,109
District's covered-employee payroll	\$ 17,907,501	\$ 17,450,473	\$ 16,438,236
District's proportionate share of the net pension liability as a percentage of the covered-employee payroll	214.71%	202.24%	195.81%
Plan fiduciary net position as a percentage of the total pension liability	52.90%	57.00%	59.90%

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Schedule of District Contributions
June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,051,025	\$ 1,901,757	\$ 1,799,126
Contributions in relation to the contractually required contributions	<u>2,051,025</u>	<u>1,901,757</u>	<u>1,799,126</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>
District's covered-employee payroll	\$ 18,286,377	\$ 17,907,501	\$ 17,450,473
Contributions as percentage of covered-employee payroll	11.22%	10.62%	10.31%

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1100 Taxes levied/assessed by the LEA			
1110 Ad valorem taxes - including delinquent taxes (independent) \$	6,461,675	\$ 6,938,640	\$ 476,965
1140 Penalties and interest on taxes (independent)	63,000	79,524	16,524
1200 Revenue from local governmental units other than LEAs			
1280 Revenue in lieu of taxes (independent and dependent)	350,000	381,253	31,253
1300 Tuition			
1310 Tuition from patrons for regular day school	35,000	12,650	(22,350)
1320 Tuition from other LEAs for regular day school	-	3,008	3,008
1500 Earnings on investments			
1510 Interest on investments	15,000	79,982	64,982
1900 Other revenue from local sources			
1910 Rentals	10,000	1,500	(8,500)
1990 Miscellaneous local revenue			
1993 Receipt of insurance proceeds	-	2,239	2,239
1999 Revenue from other local sources	260,697	151,370	(109,327)
Total local sources	<u>7,195,372</u>	<u>7,650,166</u>	<u>454,794</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3130 Special programs			
3131 Handicapped transportation	-	664	664
3160 School bus driver salary			
(includes hazardous condition transportation)	427,621	416,821	(10,800)
3161 EAA bus driver salary and fringe	-	886	886
3162 Transportation workers' compensation	19,818	22,256	2,438
3180 Fringe benefits employer contributions (no carryover provision)	4,145,718	4,111,198	(34,520)
3181 Retiree insurance (no carryover provision)	655,803	687,001	31,198
3190 Miscellaneous restricted state grants			
3199 Other restricted state grants	-	275	275

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
3300 Education Finance Act (EFA):			
3310 Full-time programs			
3311 Kindergarten	\$ 470,878	\$ 408,500	\$ (62,378)
3312 Primary	1,373,218	1,338,876	(34,342)
3313 Elementary	2,057,983	2,017,161	(40,822)
3314 High school	351,209	680,885	329,676
3315 Trainable mentally handicapped	73,408	64,383	(9,025)
3316 Speech handicapped (part-time)	739,079	792,971	53,892
3317 Homebound	2,776	699	(2,077)
3320 Part-time programs			
3321 Emotionally handicapped	54,081	48,505	(5,576)
3322 Educable mentally handicapped	44,502	26,640	(17,862)
3323 Learning disabilities	979,202	1,096,650	117,448
3324 Hearing handicapped	57,026	47,889	(9,137)
3325 Visually handicapped	38,124	33,178	(4,946)
3326 Orthopedically handicapped	17,292	18,871	1,579
3327 Vocational	1,555,042	1,332,189	(222,853)
3330 Miscellaneous EFA programs			
3331 Autism	120,792	182,641	61,849
3332 High achieving students	92,184	92,084	(100)
3334 Limited English proficiency	113,587	117,897	4,310
3350 Residential treatment facilities (RTF)			
3351 Academic assistance	357,291	460,571	103,280
3352 Pupils in poverty	1,156,639	1,176,423	19,784
3353 Dual credit enrollment	-	5,413	5,413
3800 State revenue in lieu of taxes			
3810 Reimbursement for local residential property tax relief (tier 1)	913,225	913,225	-
3820 Homestead exemption (tier 2)	320,000	310,099	(9,901)
3825 Reimbursement for property tax relief (tier 3)	2,278,566	2,276,096	(2,470)
3830 Merchant's inventory tax	6,132	6,132	-
3840 Manufacturers depreciation reimbursement	-	16,089	16,089
3890 Other state property tax revenues	15,000	20,897	5,897
Total state sources	<u>18,436,196</u>	<u>18,724,065</u>	<u>287,869</u>
Total revenue all sources	<u>25,631,568</u>	<u>26,374,231</u>	<u>742,663</u>

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	\$ 740,964	\$ 760,356	\$ (19,392)
140 Terminal leave	-	24,194	(24,194)
200 Employee benefits	338,986	319,681	19,305
300 Purchased services	65,500	39,082	26,418
400 Supplies and materials	94,500	86,950	7,550
600 Other objects	650	825	(175)
112 Primary programs			
100 Salaries	1,977,142	1,928,899	48,243
140 Terminal leave	-	13,947	(13,947)
200 Employee benefits	755,098	712,707	42,391
300 Purchased services	112,821	95,087	17,734
400 Supplies and materials	124,500	190,551	(66,051)
600 Other objects	650	825	(175)
113 Elementary programs			
100 Salaries	2,621,265	2,693,619	(72,354)
200 Employee benefits	1,047,086	1,008,733	38,353
300 Purchased services	212,296	132,412	79,884
400 Supplies and materials	211,025	165,217	45,808
600 Other objects	1,950	2,725	(775)
114 High school programs			
100 Salaries	1,626,271	1,727,100	(100,829)
200 Employee benefits	634,551	552,026	82,525
300 Purchased services	117,696	158,719	(41,023)
400 Supplies and materials	190,200	179,320	10,880
600 Other objects	1,300	1,650	(350)
115 Career and technology education programs			
100 Salaries	464,462	346,005	118,457
200 Employee benefits	185,057	136,770	48,287
300 Purchased services (other than tuition)	19,275	18,346	929
400 Supplies and materials	35,200	20,324	14,876
600 Other objects	250	-	250

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
116 Career and technology education (vocational) programs - middle school			
100 Salaries	\$ 97,654	\$ 97,654	\$ -
200 Employee benefits	40,366	38,757	1,609
400 Supplies and materials	5,000	-	5,000
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	90,489	59,164	31,325
200 Employee benefits	34,755	21,236	13,519
300 Purchased services	2,660	269	2,391
122 Trainable mentally handicapped			
100 Salaries	291,472	321,136	(29,664)
200 Employee benefits	151,923	138,925	12,998
300 Purchased services	2,849	10,366	(7,517)
123 Orthopedically handicapped			
100 Salaries	54,586	41,909	12,677
200 Employee benefits	26,869	19,791	7,078
300 Purchased services	-	595	(595)
400 Supplies and materials	255	-	255
124 Visually handicapped			
100 Salaries	4,459	4,459	-
200 Employee benefits	2,196	2,086	110
300 Purchased services	23,000	-	23,000
400 Supplies and materials	715	-	715
125 Hearing handicapped			
100 Salaries	71,300	71,300	-
200 Employee benefits	28,395	26,237	2,158
400 Supplies and materials	240	-	240
126 Speech handicapped			
100 Salaries	108,242	108,242	-
200 Employee benefits	44,944	42,830	2,114
400 Supplies and materials	700	2,387	(1,687)
127 Learning disabilities			
100 Salaries	786,699	736,431	50,268
200 Employee benefits	306,230	264,669	41,561
300 Purchased services	2,262	13,272	(11,010)
400 Supplies and materials	1,400	12,361	(10,961)

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
128 Emotionally handicapped			
100 Salaries	\$ 222,950	\$ 205,840	\$ 17,110
200 Employee benefits	98,517	84,050	14,467
300 Purchased services	522	3,071	(2,549)
130 Preschool programs			
137 Preschool handicapped self-contained (3 and 4 year olds)			
100 Salaries	95,311	34,595	60,716
200 Employee benefits	46,586	10,544	36,042
139 Early childhood programs			
200 Employee benefits	4,554	3,768	786
140 Special programs			
144 International baccalaureate			
100 Salaries	39,484	10,169	29,315
200 Employee benefits	15,110	4,740	10,370
145 Homebound			
100 Salaries	8,000	7,654	346
200 Employee benefits	1,799	1,497	302
300 Purchased services	11,500	2,844	8,656
147 CDEP			
200 Employee benefits	4,463	3,692	771
300 Purchased services	4,500	3,912	588
150 Districtwide general/exceptional (nominal accounts- should have a zero balance at year-end)			
400 Supplies and materials	-	31,839	(31,839)
160 Other exceptional programs			
161 Autism			
100 Salaries	90,260	79,903	10,357
200 Employee benefits	45,874	39,239	6,635
300 Purchased services	2,088	1,080	1,008

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
180 Adult/continuing educational programs			
181 Adult basic education programs			
100 Salaries	\$ -	\$ 5,718	\$ (5,718)
188 Parenting/family literacy			
200 Employee benefits	-	319	(319)
Total instruction	<u>14,449,873</u>	<u>13,884,620</u>	<u>565,253</u>
200 Support services			
210 Pupil services			
211 Attendance and social work services			
300 Purchased services	-	54	(54)
212 Guidance services			
100 Salaries	363,043	356,518	6,525
200 Employee benefits	131,859	117,824	14,035
300 Purchased services	1,850	200	1,650
400 Supplies and materials	2,100	472	1,628
600 Other objects	1,250	95	1,155
213 Health services			
100 Salaries	136,739	138,258	(1,519)
200 Employee benefits	66,327	66,785	(458)
300 Purchased services	2,900	4,078	(1,178)
400 Supplies and materials	-	870	(870)
214 Psychological services			
200 Employee benefits	877	753	124
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
100 Salaries	399,652	449,334	(49,682)
200 Employee benefits	139,568	148,089	(8,521)
300 Purchased services	51,200	82,334	(31,134)
400 Supplies and materials	22,355	19,655	2,700
600 Other objects	9,000	4,854	4,146
222 Library and media services			
100 Salaries	257,285	257,219	66
200 Employee benefits	108,798	103,794	5,004
300 Purchased services	3,750	2,610	1,140
400 Supplies and materials	76,816	73,744	3,072

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
223 Supervision of special programs			
100 Salaries	\$ 127,825	\$ 139,671	\$ (11,846)
200 Employee benefits	61,367	59,435	1,932
300 Purchased services	8,500	55	8,445
400 Supplies and materials	4,000	235	3,765
600 Other objects	250	426	(176)
230 General administrative services			
231 Board of Education			
200 Employee benefits	3,500	-	3,500
300 Purchased services	34,200	43,901	(9,701)
318 Audit services	21,500	23,500	(2,000)
400 Supplies and materials	1,400	113	1,287
600 Other objects	13,505	11,619	1,886
232 Office of the superintendent			
100 Salaries	170,265	222,926	(52,661)
140 Terminal leave	32,209	-	32,209
200 Employee benefits	76,890	81,383	(4,493)
300 Purchased services	13,950	16,439	(2,489)
400 Supplies and materials	18,000	8,770	9,230
600 Other objects	2,500	2,699	(199)
233 School administration			
100 Salaries	1,618,088	1,575,807	42,281
200 Employee benefits	588,499	540,307	48,192
300 Purchased services	17,145	21,837	(4,692)
400 Supplies and materials	17,684	14,318	3,366
600 Other objects	6,674	4,047	2,627
250 Finance and operations services			
252 Fiscal services			
100 Salaries	72,251	75,463	(3,212)
180 Head of organizational unit salaries	97,641	101,710	(4,069)
200 Employee benefits	63,409	64,896	(1,487)
300 Purchased services	30,500	30,116	384
400 Supplies and materials	7,500	2,425	5,075
500 Capital outlay	4,402	-	4,402
600 Other objects	5,000	109,831	(104,831)

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
254 Operation and maintenance of plant			
100 Salaries	\$ 1,009,351	\$ 840,480	\$ 168,871
200 Employee benefits	446,298	360,602	85,696
300 Purchased services (excludes energy costs)	622,991	783,310	(160,319)
321 Public utility services (excludes gas, oil, elec. & other heating fuels)	82,100	72,832	9,268
400 Supplies and materials (include energy costs)	351,720	543,628	(191,908)
470 Energy (include gas, oil, elec. & other heating fuels)	1,209,064	1,089,133	119,931
500 Capital outlay	119,000	217,440	(98,440)
600 Other objects	-	461	(461)
255 Student transportation (state mandated)			
100 Salaries	956,250	934,214	22,036
200 Employee benefits	518,681	425,480	93,201
300 Purchased services	54,410	90,340	(35,930)
400 Supplies and materials	2,000	36,768	(34,768)
500 Capital outlay	-	(275)	275
600 Other objects	-	(10,322)	10,322
256 Food services			
200 Employee benefits	20,972	219,763	(198,791)
258 Security			
300 Purchased services	212,200	185,821	26,379
400 Supplies and materials	30,026	33,418	(3,392)
260 Central support services			
263 Information services			
300 Purchased services	2,000	1,844	156
400 Supplies and materials	500	530	(30)
264 Staff services			
100 Salaries	35,761	35,761	-
180 Head of organizational unit salaries	67,775	67,775	-
200 Employee benefits	38,446	37,677	769
300 Purchased services	6,000	11,011	(5,011)
400 Supplies and materials	9,000	3,080	5,920
600 Other objects	2,585	2,362	223

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
266 Technology and data processing services			
100 Salaries	\$ 198,495	\$ 199,488	\$ (993)
180 Head of organizational unit salaries	95,089	95,088	1
200 Employee benefits	104,466	97,522	6,944
300 Purchased services	10,000	47,425	(37,425)
400 Supplies and materials	45,000	54,094	(9,094)
500 Capital outlay	-	100,000	(100,000)
600 Other objects	350	176	174
270 Support services - pupil activity			
271 Pupil services activities			
100 Salaries	197,125	188,846	8,279
200 Employee benefits	53,303	53,371	(68)
300 Purchased services	44,875	61,636	(16,761)
500 Capital outlay	50,000	45,348	4,652
600 Other objects	2,000	1,282	718
Total support services	<u>11,491,856</u>	<u>11,906,878</u>	<u>(415,022)</u>
300 Community services			
350 Custody and care of children			
100 Salaries	-	107,163	(107,163)
200 Employee benefits	-	20,479	(20,479)
300 Purchased services	-	1,109	(1,109)
400 Supplies and materials	-	56,218	(56,218)
390 Other community services			
600 Other objects	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
Total community services	<u>-</u>	<u>185,969</u>	<u>(185,969)</u>
500 Debt services			
610 Redemption of principal	35,980	36,700	(720)
620 Interest	<u>7,020</u>	<u>6,300</u>	<u>720</u>
Total debt service	<u>43,000</u>	<u>43,000</u>	<u>-</u>
Total expenditures	<u>25,984,729</u>	<u>26,020,467</u>	<u>(35,738)</u>

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA

General Fund

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

Budget and Actual

For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers, from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	\$ 653,646	\$ 653,646	\$ -
5270 Transfer from Pupil Activity Fund	-	32,092	32,092
5280 Transfer from other funds indirect cost	130,000	210,219	80,219
422-710 Transfer to Special Revenue EIA Fund	(175,384)	-	175,384
425-710 Transfer to Food Service Fund	(175,000)	-	175,000
426-710 Transfer to Pupil Activity Fund	<u>(82,000)</u>	<u>(183,309)</u>	<u>(101,309)</u>
Total other financing sources (uses)	<u>351,262</u>	<u>712,648</u>	<u>361,386</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ <u>(1,899)</u>	1,066,412	\$ <u>1,068,311</u>
FUND BALANCE, July 1, 2016		<u>9,023,331</u>	
FUND BALANCE, June 30, 2017		<u>\$ 10,089,743</u>	

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool				Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	CATE	Drug Free	Adult	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(VA Projects)	(FP/FQ Projects)	Education	Restricted	Revenue	
	(201/202)	(203/204)	(205/206)	(207/208)	(209/210)	(EA Projects)*	State Grants*	Programs*	Total
	(201/202)	(203/204)	(205/206)	(207/208)	(209/210)	(EA Projects)*	(900s)	(200s/800s)	
REVENUES									
1000 Revenue from local sources									
1900 Other revenue from local sources									
1920 Contributions and donations private sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 373,087	\$ 373,087
1930 Special needs transportation - Medicaid	-	-	-	-	-	-	-	325,966	325,966
1999 Revenue from other local sources	-	-	-	-	-	-	-	313,693	313,693
Total local sources	-	-	-	-	-	-	-	1,012,746	1,012,746
2000 Intergovernmental revenue									
Total intergovernmental revenue	-	-	-	-	-	-	-	-	-
3000 Revenue from state sources									
3100 Restricted state funding									
3105 Technology technical assistance	-	-	-	-	-	-	171,654	-	171,654
3110 Occupational education									
3118 EEDA career specialist	-	-	-	-	-	-	38,268	-	38,268
3120 General education									
3127 Student health and fitness - PE teachers	-	-	-	-	-	-	21,902	-	21,902

* See Schedule 5 for a listing of LEA subfund codes for each program.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool				Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	CATE	Drug Free	Adult	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(VA Projects)	(FP/FQ Projects)	Education	Restricted	Revenue	
			(205/206)	(207/208)	(209/210)	(EA Projects)*	State Grants*	Programs*	Total
							(900s)	(200s/800s)	
3130 Special programs									
3134 Child development education program (CDEP) expansion full day 4K	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 811	\$ -	\$ 811
3135 Reading coaches	-	-	-	-	-	-	125,460	-	125,460
3136 Student health and fitness - nurses	-	-	-	-	-	-	58,067	-	58,067
3177 Summer reading camps	-	-	-	-	-	-	60,408	-	60,408
3190 Miscellaneous restricted state grants									
3199 Other state restricted grants	-	-	-	-	-	-	16,246	-	16,246
3600 Education Lottery Act revenue									
3630 K-12 technology initiative	-	-	-	-	-	-	204,090	-	204,090
3900 Other state revenue									
3999 Revenue from other state sources	-	-	-	-	-	-	59,986	-	59,986
Total state sources	-	-	-	-	-	-	756,892	-	756,892

* See Schedule 5 for a listing of LEA subfund codes for each program.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Drug Free	Adult	Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	(FP/FQ Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(209/210)	(EA Projects)*	Restricted	Revenue	Total
			(205/206)				State Grants*	Programs*	
							(900s)	(200s/800s)	
4000 Revenue from federal sources									
4200 Occupational education									
4210 Perkins aid, Title I	\$ -	\$ -	\$ -	\$ 51,854	\$ -	\$ -	\$ -	\$ -	\$ 51,854
4300 Elementary and Secondary Education									
Act of 1965 (ESEA)									
4310 Title I, basic state grant programs	936,715	-	-	-	-	-	-	-	936,715
4341 Language instruction for limited English proficient and immigrant students, Title III	-	-	-	-	-	-	-	17,708	17,708
4351 Improving teacher quality	-	-	-	-	-	-	-	85,002	85,002
4500 Programs for children with disabilities									
4510 IDEA	-	1,077,257	-	-	-	-	-	-	1,077,257
4520 Preschool grants (IDEA)	-	-	60,724	-	-	-	-	-	60,724
4900 Other federal sources									
4924 21st Century Community Learning Centers	-	-	-	-	-	-	-	119,261	119,261
4999 Revenue from other federal sources	-	-	-	-	-	-	-	100,281	100,281
Total federal sources	<u>936,715</u>	<u>1,077,257</u>	<u>60,724</u>	<u>51,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,252</u>	<u>2,448,802</u>
Total revenue all sources	<u>936,715</u>	<u>1,077,257</u>	<u>60,724</u>	<u>51,854</u>	<u>-</u>	<u>-</u>	<u>756,892</u>	<u>1,334,998</u>	<u>4,218,440</u>

* See Schedule 5 for a listing of LEA subfund codes for each program.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Drug Free	Adult	Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	(FP/FQ Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(209/210)	(EA Projects)	Restricted	Revenue	Total
			(205/206)				State Grants	Programs	
							(900s)	(200s/800s)	
EXPENDITURES									
100 Instruction									
110 General instruction									
111 Kindergarten programs									
400 Supplies and materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,154	\$ -	\$ 12,154
112 Primary programs									
300 Purchased services	-	-	-	-	-	-	-	32,000	32,000
400 Supplies and materials	-	-	-	-	-	-	14,083	423	14,506
113 Elementary programs									
100 Salaries	-	-	-	-	-	-	16,917	-	16,917
200 Employee benefits	-	-	-	-	-	-	4,985	-	4,985
400 Supplies and materials	-	-	-	-	-	-	204,648	10,895	215,543
114 High school programs									
100 Salaries	-	-	-	-	-	-	-	100,281	100,281
400 Supplies and materials	-	-	-	-	-	-	160,049	-	160,049
115 Career and technology education programs									
100 Salaries	-	-	-	-	-	-	-	7,489	7,489
400 Supplies and materials	-	-	-	29,953	-	-	-	-	29,953
120 Exceptional programs									
121 Educable mentally handicapped									
400 Supplies and materials	-	500	-	-	-	-	-	-	500

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool					Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	CATE	Drug Free	Adult	Designated	Restricted	Special	
	(201/202)	(203/204)	(CG Projects)	(VA Projects)	(FP/FQ Projects)	Education	State Grants	State Grants	Revenue	Total
	(201/202)	(203/204)	(205/206)	(207/208)	(209/210)	(EA Projects)	(900s)	(200s/800s)		
123 Orthopedically handicapped										
400 Supplies and materials	\$ -	\$ 5,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,267
124 Visually handicapped										
300 Purchased services	-	11,192	-	-	-	-	-	-	-	11,192
125 Hearing handicapped										
300 Purchased services	-	13,980	-	-	-	-	-	-	-	13,980
400 Supplies and materials	-	10,710	-	-	-	-	-	-	-	10,710
126 Speech handicapped										
100 Salaries	-	210,173	-	-	-	-	-	-	-	210,173
200 Employee benefits	-	58,685	-	-	-	-	-	-	-	58,685
300 Purchased services	-	43,889	-	-	-	-	-	-	-	43,889
400 Supplies and materials	-	2,472	-	-	-	-	-	-	-	2,472
600 Other objects	-	2,570	-	-	-	-	-	-	-	2,570
127 Learning disabilities										
100 Salaries	-	59,657	-	-	-	-	-	-	-	59,657
200 Employee benefits	-	14,544	-	-	-	-	-	-	-	14,544
300 Purchased services	-	18,533	-	-	-	-	-	-	-	18,533
400 Supplies and materials	-	59,491	-	-	-	-	-	-	-	59,491
128 Emotionally handicapped										
100 Salaries	-	200	-	-	-	-	-	-	-	200
200 Employee benefits	-	48	-	-	-	-	-	-	-	48

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Drug Free	Adult	Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	(FP/FQ Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(209/210)	(EA Projects)	Restricted	Revenue	Total
			(205/206)				State Grants	Programs	
							(900s)	(200s/800s)	
129 Coordinated early intervening services									
100 Salaries	\$ -	\$ 24,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,515
200 Employee benefits	-	13,958	-	-	-	-	-	-	13,958
137 Preschool handicapped self-contained (3 & 4 year olds)									
100 Salaries	-	-	43,175	-	-	-	-	-	43,175
200 Employee benefits	-	-	12,729	-	-	-	-	-	12,729
400 Supplies and materials	-	-	308	-	-	-	-	-	308
139 Early childhood programs									
100 Salaries	522,124	-	-	-	-	-	-	-	522,124
200 Employee benefits	204,961	-	-	-	-	-	-	-	204,961
300 Purchased services	-	-	-	-	-	-	-	2,650	2,650
140 Special programs									
147 CDEP									
400 Supplies and materials	-	-	-	-	-	-	811	-	811
160 Other exceptional programs									
161 Autism									
400 Supplies and materials	-	517	-	-	-	-	-	-	517
170 Summer school programs									
171 Primary summer school									
100 Salaries	-	-	-	-	-	-	2,475	9,901	12,376
200 Employee benefits	-	-	-	-	-	-	592	2,380	2,972

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool				Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	CATE	Drug Free	Adult	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(VA Projects)	(FP/FQ Projects)	Education	Restricted	Revenue	
	(201/202)	(203/204)	(205/206)	(207/208)	(209/210)	(EA Projects)	State Grants	Programs	Total
							(900s)	(200s/800s)	
172 Elementary summer school									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,375	\$ -	\$ 23,375
200 Employee benefits	-	-	-	-	-	-	5,721	-	5,721
400 Supplies and materials	-	-	-	-	-	-	12,252	-	12,252
175 Instructional programs beyond regular school day									
100 Salaries	-	-	-	-	-	-	-	52,933	52,933
200 Employee benefits	-	-	-	-	-	-	-	12,084	12,084
300 Purchased services	-	-	-	-	-	-	182	2,773	2,955
400 Supplies and materials	-	-	-	-	-	-	-	15,385	15,385
180 Adult/continuing educational programs									
181 Adult basic education programs									
100 Salaries	-	-	-	-	-	-	-	2,359	2,359
200 Employee benefits	-	-	-	-	-	-	-	1,135	1,135
188 Parenting/family literacy									
100 Salaries	19,845	-	-	-	-	-	-	41,796	61,641
200 Employee benefits	5,698	-	-	-	-	-	-	14,237	19,935
300 Purchased services	2,280	1,826	-	-	-	-	3,000	13,082	20,188
400 Supplies and materials	963	-	-	-	-	-	-	6,461	7,424
600 Other objects	-	-	-	-	-	-	-	1,960	1,960
Total instruction	<u>755,871</u>	<u>552,727</u>	<u>56,212</u>	<u>29,953</u>	<u>-</u>	<u>-</u>	<u>461,244</u>	<u>330,224</u>	<u>2,186,231</u>

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool				Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	CATE	Drug Free	Adult	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(VA Projects)	(FP/FQ Projects)	Education	Restricted	Revenue	Total
			(205/206)	(207/208)	(209/210)	(EA Projects)	State Grants	Programs	
							(900s)	(200s/800s)	
200 Support services									
210 Pupil services									
211 Attendance and social work services									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,243	\$ 34,243
200 Employee benefits	-	-	-	-	-	-	-	14,659	14,659
213 Health services									
100 Salaries	-	-	-	-	-	-	48,765	48,194	96,959
200 Employee benefits	-	-	-	-	-	-	9,302	18,118	27,420
400 Supplies and materials	-	-	-	-	-	-	-	13,436	13,436
214 Psychological services									
100 Salaries	-	106,401	-	-	-	-	-	-	106,401
200 Employee benefits	-	29,133	-	-	-	-	-	-	29,133
300 Purchased services	-	39,613	47	-	-	-	-	60,211	99,871
400 Supplies and materials	2,079	12,046	-	-	-	-	-	-	14,125
215 Exceptional program services									
100 Salaries	-	18,603	-	-	-	-	-	-	18,603
200 Employee benefits	-	4,712	-	-	-	-	-	-	4,712
300 Purchased services	-	138,844	1,697	-	-	-	-	-	140,541
217 Career specialist services									
100 Salaries	-	-	-	-	-	-	28,210	-	28,210
200 Employee benefits	-	-	-	-	-	-	10,058	-	10,058

[illegible]

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool				Other	Other	
	(BA Projects)	(CA Projects)	Handicapped	CATE	Drug Free	Adult	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(VA Projects)	(FP/FQ Projects)	Education	Restricted	Revenue	
			(205/206)	(207/208)	(209/210)	(EA Projects)	State Grants	Programs	Total
							(900s)	(200s/800s)	
255 Student transportation (state mandated)									
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,791	\$ -	\$ 4,791
400 Supplies and materials	-	-	-	-	-	-	-	2,826	2,826
260 Central support services									
266 Technology and data processing services									
300 Purchased services	-	-	-	-	-	-	-	2,624	2,624
Total support services	<u>137,890</u>	<u>475,786</u>	<u>1,744</u>	<u>21,901</u>	<u>-</u>	<u>-</u>	<u>295,648</u>	<u>739,243</u>	<u>1,672,212</u>
300 Community services									
350 Custody and care of children									
100 Salaries	-	-	-	-	-	-	-	136,936	136,936
200 Employee benefits	-	-	-	-	-	-	-	41,023	41,023
300 Purchased services	-	-	-	-	-	-	-	10,129	10,129
400 Supplies and materials	-	-	-	-	-	-	-	10,924	10,924
600 Other objects	-	-	-	-	-	-	-	1,600	1,600
Total community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,612</u>	<u>200,612</u>
410 Intergovernmental expenditures									
412 Medicaid payments to SDE									
720 Transits	-	-	-	-	-	-	-	63,126	63,126
Total intergovernmental expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,126</u>	<u>63,126</u>
Total expenditures	<u>893,761</u>	<u>1,028,513</u>	<u>57,956</u>	<u>51,854</u>	<u>-</u>	<u>-</u>	<u>756,892</u>	<u>1,333,205</u>	<u>4,122,181</u>

For Fiscal Year Ended June 30, 2017[illegible]

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Schedule of Program Classifications - Special Projects Fund
For the Fiscal Year Ended June 30, 2017**

LEA Subfund Code	Revenue Code	Program	Revenue
<u>OTHER RESTRICTED STATE GRANTS</u>			
803	3199	Level Data	\$ 4,496
815	3999	Miscellaneous state revenue	59,986
821	3199	SC First Steps Supplemental	3,000
850	3199	SC Vocational Rehabilitation	8,750
915	3105	Technology technical assistance	171,654
917	3135	Reading coaches	125,460
924	3134	Child Development Education Program	811
926	3177	Summer reading program	60,408
928	3118	EEDA career specialist	38,268
936	3136	Student health and fitness - nurses	58,067
937	3127	Student health and fitness - PE teachers	21,902
963	3630	K-12 Technology initiative	204,090
			<u>\$ 756,892</u>

OTHER SPECIAL REVENUE PROGRAMS

224/225	4924	21st Century Learning Centers Grants, Title VI	\$ 119,261
264	4341	English Language Acq State Grants - Title III Lang Instr	17,708
267	4351	Improving Teacher Quality	85,002
299	4999	AJROTC	100,281
804	1999	Afterschool FMIS	12,361
806	1999	Transporation canteen	2,826
807	1999	Vacational Rehab	863
811	1999	First Steps	88,119
813	1999	Head Start	183,969
814	1999	Head Start	16,449
822	1999	EOC grant	2,650
830	1999	Recycling grant	6,319
842	1999	Recycling grant	6,455
855	1999	Clemson University agriculture grant	7,489
860	1999	Foundation grant	354,280
870	1999	Palmetto Pride Grant	5,000
885	1930	Special needs transportation	325,966
			<u>\$ 1,334,998</u>

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Summary Schedule for Designated State Restricted Grants
For the Fiscal Year Ended June 30, 2017**

Revenue		Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
Subfund	Code				Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	
915	3105	Technology technical assistance	\$ 171,654	\$ 171,654	\$ -	\$ -	\$ 169,519
928	3118	EEDA career specialist	38,268	38,268	-	-	103,191
937	3127	Student health and fitness - PE teachers	21,902	21,902	-	-	3,164
924	3134	Child Development Education Program	811	811	-	-	3,829
917	3135	Reading coaches	125,460	125,460	-	-	-
936	3136	Student health and fitness - nurses	58,067	58,067	-	-	-
926	3177	Summer reading program	60,408	60,408	-	-	73,888
803	3199	Level Data	4,496	4,496	-	-	-
821	3199	SC First Steps Supplemental	3,000	3,000	-	-	-
850	3199	SC Vocational Rehabilitation	8,750	8,750	-	-	8,750
963	3630	K-12 Technology initiative	204,090	204,090	-	-	164
			<u>\$ 696,906</u>	<u>\$ 696,906</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 362,505</u>

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2017

REVENUES

3000 Revenue from state sources

3500 Education Improvement Act

3511 Professional Development	\$ 34,928
3518 Adoption List of Formative Assessment	8,527
3525 Career and Technology Education Equipment	96,185
3526 Refurbishment of K-8 Science Kits	4,895
3527 Special Career and Technology Education Equipment	66,000
3528 Industry Certificates	425
3532 National Board Salary Supplement	155,675
3533 Teacher of the Year Awards	1,077
3538 Students at Risk of School Failure	430,436
3541 CDEP	828,239
3550 Teacher Salary Increase	570,516
3555 Teacher Salary Fringe	83,130
3558 Reading	3,699
3571 Technical Assistance - State Priority Schools	7,504
3577 Teacher Supplies	60,775
3578 High Schools that Work / Making Middle Grades Work	4,539
3587 IDEA MOE Tier 1	106,047
3592 Work-based Learning	38,359
3595 EEDA - Supplies and Materials	2,382
3597 Aid to Districts	159,493
3599 Other EIA	<u>111,600</u>

Total state sources	<u>2,774,431</u>
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Total revenue all sources	<u>2,774,431</u>
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LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2017

EXPENDITURES

100 Instruction		
110 General instruction		
111 Kindergarten programs		
100 Salaries	\$	22,500
200 Employee benefits		5,568
400 Supplies and materials		72,933
112 Primary programs		
100 Salaries		59,923
200 Employee benefits		29,455
300 Purchased services		9,917
400 Supplies and materials		10,308
113 Elementary programs		
100 Salaries		95,638
200 Employee benefits		41,758
300 Purchased services		4,402
400 Supplies and materials		50,959
114 High school programs		
100 Salaries		91,664
200 Employee benefits		30,433
300 Purchased services		4,578
400 Supplies and materials		2,611
115 Career and technology education programs		
100 Salaries		147,144
300 Purchased services (other than tuition)		10,436
400 Supplies and materials		87,482
500 Capital outlay		64,267
120 Exceptional programs		
127 Learning disabilities		
100 Salaries		30,000
200 Employee benefits		7,367
400 Supplies and materials		106,047
130 Pre-school programs		
137 Preschool handicapped self-contained (3 and 4 yr olds)		
100 Salaries		36,771
200 Employee benefits		12,328

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2017

140 Special programs		
147 CDEP		
100 Salaries	\$	387,201
200 Employee benefits		230,335
300 Purchased services		8,017
400 Supplies and materials		60,130
170 Summer school program		
173 High school summer school		
100 Salaries		18,943
200 Employee benefits		4,151
175 Instructional programs beyond regular school day		
100 Salaries		14,139
200 Employee benefits		1,511
180 Adult/continuing educational programs		
188 Parenting/family literacy		
100 Salaries		98
200 Employee benefits		8
300 Purchased services		716
		<hr/>
Total instruction		1,759,738
		<hr/>
200 Support services		
210 Pupil services		
212 Guidance services		
100 Salaries		7,500
200 Employee benefits		1,867
400 Supplies and materials		2,382
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
100 Salaries		73,611
200 Employee benefits		26,137
300 Purchased services		240,432
400 Supplies and materials		1,618
223 Supervision of special programs		
300 Purchased services		7,250
400 Supplies and materials		250
Total support services		361,047
		<hr/>
Total expenditures		2,120,785
		<hr/>

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2017

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	<u>(653,646)</u>
Total other financing sources (uses)	<u>(653,646)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES -0-

FUND BALANCE, July 1, 2016 -0-

FUND BALANCE, June 30, 2017 \$ -0-

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Education Improvement Act
Summary Schedule by Program
For Fiscal Year Ended June 30, 2017**

PROGRAM	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund</u>		<u>Other Fund</u>	<u>EIA Fund</u>
			<u>Transfers</u>	<u>Transfers</u>		
			<u>In(Out)</u>	<u>In(Out)</u>		<u>Unearned</u>
3500 Education Improvement Act						
3502 ADEPT	\$ -	\$ -	\$ -	\$ -	\$ -	5,024
3511 Professional Development	34,928	34,928	-	-	-	-
3512 Technology Professional Development	-	-	-	-	-	16,834
3518 Adoption List of Formative Assessment	8,527	8,527	-	-	-	-
3519 Grade 10 Assessments	-	-	-	-	-	2,640
3525 Career and Technology Education Equipment	96,185	96,185	-	-	-	6,206
3526 Refurbishment of K-8 Science Kits	4,895	4,895	-	-	-	18,914
3527 Special Career and Tech Education Equipment	66,000	66,000	-	-	-	-
3528 Industry Certificates	425	425	-	-	-	10,663
3532 National Board Salary Supplement	155,675	155,675	-	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-	-
3538 Students at Risk of School Failure	430,436	430,436	-	-	-	426,751
3541 CDEP	828,239	828,239	-	-	-	519,489
3550 Teacher Salary Increase	570,516	-	-	(570,516)	-	-
3555 Teacher Salary Fringe	83,130	-	-	(83,130)	-	-
3557 Summer Reading Camps	-	-	-	-	-	27,369
3558 Reading	3,699	3,699	-	-	-	15,379
3571 Technical Assistance - State Priority Schools	7,504	7,504	-	-	-	50,195
3577 Teacher Supplies	60,775	60,775	-	-	-	-
3578 High Schools that Work / Making Middle Grades Work	4,539	4,539	-	-	-	3,087
3587 IDEA MOE Tier 1	106,047	106,047	-	-	-	94,816
3592 Work-based Learning	38,359	38,359	-	-	-	45,552
3595 EEDA - Supplies and Materials	2,382	2,382	-	-	-	9,942
3597 Aid to Districts	159,493	159,493	-	-	-	62,935
3599 Other EIA	111,600	111,600	-	-	-	-
TOTALS	\$ 2,774,431	\$ 2,120,785	\$ -0-	\$ (653,646)	\$	1,315,796

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

Debt Service Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017**

REVENUES

1000 Revenue from local sources	
1100 Taxes levied / assessed by the LEA	
1110 Ad valorem taxes - including delinquent (independent)	\$ 2,026,057
1140 Penalties and interest on taxes	641
1200 Revenue from local governmental units other than LEAs	
1280 Revenue in lieu of taxes (independent and dependent)	52,750
1500 Earnings on investments	
1510 Interest on investments	5,943
Total local sources	<u>2,085,391</u>
3000 Revenue from state sources	
3800 State revenue in lieu of taxes	
3820 Homestead exemption (tier 2)	124,069
3830 Merchant's inventory tax	4,745
3840 Manufacturers depreciation reimbursement	3,203
3890 Other state property tax revenues (includes motor carrier vehicle tax)	4,131
Total state sources	<u>136,148</u>
4000 Revenue from federal sources	
4900 Other federal sources	
4999 Revenue from other federal sources	152,475
Total federal sources	<u>152,475</u>
Total revenue all sources	<u>2,374,014</u>

EXPENDITURES

500 Debt service	
395 Other professional and technical services	4,643
610 Redemption of principal	1,340,000
620 Interest	1,090,866
690 Other objects (includes fees for servicing bonds)	275
Total debt service	<u>2,435,784</u>
Total expenditures	<u>2,435,784</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (61,770)

FUND BALANCE, July 1, 2016 875,944

FUND BALANCE, June 30, 2017 \$ 814,174

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

School Building Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

For Fiscal Year Ended June 30, 2017

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 4,228
	<u>4,228</u>
Total local sources	<u>4,228</u>
Total revenue all sources	<u>4,228</u>

EXPENDITURES

250 Finance and operations services	
253 Facilities acquisition and construction	
300 Purchased services	54,877
	<u>54,877</u>
Total expenditures	<u>54,877</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfers from General Fund	-
	<u>-</u>
Total other financing sources (uses)	<u>-</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(50,649)
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FUND BALANCE, July 1, 2016	<u>1,386,857</u>
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FUND BALANCE, June 30, 2017	<u>\$ 1,336,208</u>
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LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenses, and Changes in Retained Earnings
For Fiscal Year Ended June 30, 2017

REVENUES

1000 Revenue from local sources	
1600 Food service	
1630 Special sales to pupils	\$ 2,123
1640 Lunch sales to adults	6,393
1900 Other revenue from local sources	
1990 Miscellaneous local revenue	
1999 Revenue from other local sources	<u>19,830</u>
Total revenue from local sources	<u>28,346</u>
3000 Revenue from state sources	
3100 Restricted state funding	
3142 School lunch program aid	158
3900 Other state revenue	
3999 Revenue from other state sources	<u>100,174</u>
Total revenue from all state sources	<u>100,332</u>
4000 Revenue from federal sources	
4800 USDA reimbursement	
4810 School lunch and after school snacks program	1,486,572
4830 School breakfast program	846,834
4860 Fresh fruits and vegetables program (FFVP)	12,345
4900 Other federal sources	
4991 USDA commodities	<u>180,621</u>
Total federal sources	<u>2,526,372</u>
Total revenue all sources	<u>2,655,050</u>

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenses, and Changes in Retained Earnings
For Fiscal Year Ended June 30, 2017

EXPENDITURES

250 Finance and operations	
256 Food services	
100 Salaries	\$ 616,624
200 Employee benefits	57,285
300 Purchased services (excludes energy costs)	58,906
400 Supplies and materials (includes energy costs)	1,568,271
500 Capital outlay	99,833
600 Other objects	<u>1,022</u>
Total expenditures	<u>2,401,941</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
432-791 Food Service Fund indirect costs	<u>(111,746)</u>
Total other financing sources (uses)	<u>(111,746)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	141,363
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RETAINED EARNINGS, July 1, 2016	<u>715,484</u>
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RETAINED EARNINGS, June 30, 2017	<u><u>\$ 856,847</u></u>
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**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Pupil Activity Fund
Balance Sheet
June 30, 2017**

	<u>Student Activity Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 204,649
Due from other funds	<u>120,233</u>
Total assets	<u><u>\$ 324,882</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Accounts payable	\$ 254
Due to student organizations	<u>324,628</u>
Total liabilities	<u>324,882</u>
FUND BALANCES	
	<u>-0-</u>
Total liabilities and fund balances	<u><u>\$ 324,882</u></u>

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

Pupil Activity Fund

**Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations
For Fiscal Year Ended June 30, 2017**

RECEIPTS

1000 Receipts from local sources

1700 Pupil activities

1730 Pupil organization membership dues and fees \$ 59,532

1740 Student fees 68,504

1790 Other 415,241

Total receipts from local sources 543,277

Total receipts all sources 543,277

DISBURSEMENTS

190 Instructional pupil activity

660 Pupil activity 34,179

270 Support services pupil activity

271 Pupil service activities

660 Supporting services pupil activity 608,476

Total pupil activity expenditures 642,655

Total disbursements 642,655

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds

5210 Transfer from General Fund (excludes indirect costs) 183,307

420-710 Transfer to General Fund (excludes indirect costs) (32,092)

421-710 Transfer to Special Revenue Fund (2,213)

Total other financing sources (uses) 149,002

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES 49,624

DUE TO STUDENT ORGANIZATIONS, July 1, 2016 275,004

DUE TO STUDENT ORGANIZATIONS, June 30, 2017 \$ 324,628

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2017

<u>Program</u>	<u>Project Number</u>	<u>Revenue Code</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>
Level Data Reimbursement		3504	Unexpended funds	\$ 691.55
EEDA - supplies and materials		3595	Overclaimed funds	<u>2,459.23</u>
				<u>\$ 3,150.78</u>

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Location Reconciliation Schedule
For the Fiscal Year Ended June 30, 2017

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
10	District office	Non-school	Central	\$ 5,510,470
34	Swansea High	High school	School	6,803,360
35	Frances Mack Intermediate	Intermediate school	School	4,668,137
36	Sandhills Middle	Middle school	School	3,435,596
37	Swansea Freshman	High school	School	2,213,160
38	Annex	High school	School	4,285,645
40	Sandhills Primary	Primary school	School	4,524,809
80	Early Childhood Center	Non-school	Central	5,744,329
00	Districtwide	Non-school	Central	613,186
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				<u>\$ 37,798,692</u>

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

General Fund	\$ 26,020,467
Special Revenue Funds (includes EIA)	6,242,966
Debt Service Fund	2,435,784
School Building Fund	54,877
Proprietary Fund	2,401,943
Trust and Agency Fund	642,655
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	<u>\$ 37,798,692</u>

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA**

**Highlights
For the Fiscal Year Ended June 30, 2017**

The table on this page presents pupil cost based on the average daily attendance of 3,161. This table may be compared with the District's objectives and with other state and national statistics on schools:

	Per Pupil Cost Based on 2016-2017 Average Daily Attendance
Instruction	\$ 4,392.48
Pupil services	216.99
Instructional staff services	424.38
Administration	812.29
Finance and operations	1,963.79
Central support	238.26
Pupil activities	110.88
Community services	58.83
Debt service	<u>13.60</u>
Total	\$ <u><u>8,231.50</u></u>

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ No

Type of auditors' report issued on compliance for major programs: Unmodified.

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

Identification of major programs:

CFDA Numbers

84.010

Name of Federal Program or Cluster

Title I

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2017**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2017

Section I - Financial Statement Findings

None.

Section II – Federal Award Findings and Questioned Costs

None.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2017

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Total Expenditures
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through SC Dept of Education:				
201	Title I, Basic State Grant Programs - Regular	84.010	17 Title I Reg	\$ 936,715
207	CATE (Subprogram 04)	84.048	17 CATE	13,402
207	CATE (Subprogram 06)	84.048	17 CATE	29,953
207	CATE (Subprogram 10)	84.048	17 CATE	8,499
	Total 84. 048			<u>51,854</u>
Special Education Cluster:				
203	Individuals with Disabilities Education Act (IDEA) **	84.027	17 IDEA	1,077,259
205	IDEA Preschool	84.173	17 IDEA PRE	60,724
	Total Special Education Cluster			<u>1,137,983</u>
224	21st Century Learning Centers Grants, Title VI	84.287C	17 21ST CENT	119,260
267	Improving Teacher Quality	84.367	17 Title II-ITQ	85,001
264	English Language Acq State Grants - Title III Lang Instr	84.365	17 Title III ELA	<u>17,708</u>
	TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,348,521</u>
<u>U. S. DEPARTMENT OF DEFENSE</u>				
Direct program:				
299	AJROTC	12.000	N/A	<u>100,281</u>
	TOTAL U.S. DEPARTMENT OF DEFENSE			<u>100,281</u>
U. S. DEPARTMENT OF ENERGY				
Passed through SC Energy Office				
	ConserFund Loan Program (Outstanding loan balance)	81.041	N/A	<u>278,289</u>
	TOTAL U.S. DEPARTMENT OF ENERGY			<u>278,289</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through SDE:				
Child nutrition cluster:				
Non-cash assistance (commodities):				
600's	National School Lunch Program	10.555	N/A	180,621
Cash assistance:				
600's	National School Lunch Program	10.555	N/A	1,486,572
600's	School Breakfast Program	10.553	N/A	<u>846,834</u>
	Total for program (cluster)			<u>2,514,027</u>
	TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,514,027</u>
	TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 5,241,118</u>

** Denotes Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards.

LEXINGTON COUNTY SCHOOL DISTRICT FOUR - GASTON SWANSEA
SWANSEA, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2017

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of") Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

(2) Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented such that expenditures are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, whereby certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Relationship to Combined Financial Statements

Federal financial assistance revenues are reported in the District's general purpose financial statements as federal revenues in the Special Revenue Fund and operating and nonoperating revenues in the proprietary fund.

(4) Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

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

The Board of Trustees
Lexington County School District Four - Gaston Swansea
Swansea, 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 Four - Gaston Swansea as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2017. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's basic 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion 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 internal control over financial reporting.

A deficiency in 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 controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Martin Smith and Company CPAs PA

Greenville, South Carolina
October 31, 2017

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

The Board of Trustees
Lexington County School District Four - Gaston Swansea
Swansea, South Carolina

Report on Compliance for Each Major Program

We have audited the compliance of Lexington County School District Four - Gaston Swansea with the types of compliance requirements described in the United States Office of Management and Budget ("OMB") Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion

In our opinion, Lexington County School District Four - Gaston Swansea complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in an entity's internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the District's internal controls. We noted no matters involving the internal control over compliance that we consider material weaknesses.

Internal Control Over Compliance, continued

Our consideration of the internal control over compliance was for the limited purpose described above and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, we noted no matters involving the internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, others within the organization 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.

Martin Smith and Company CPAs PA

Greenville, South Carolina
October 31, 2017