

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**



**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

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**YEAR ENDED JUNE 30, 2015**

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MARION, SOUTH CAROLINA**

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**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**PRINCIPAL OFFICIALS**

**YEAR ENDED JUNE 30, 2015**

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**Marion County Board of Education**

**Cynthia H. Legette, Board Chair**

**Levant Davis, Board Vice-Chair**

**Cynthia V. Brown**

**Rita C. Hennecy**

**Michael J. Hucks**

**Linda O. Neal**

**Ogleretta D. White**

**Superintendent**

**Dr. Dan Strickland**

**Director of Finance**

**Stanley E. Brunson**

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# Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Marion County Board of Education  
Marion County School District  
Marion, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion County School District, South Carolina (the "School District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marion County School District, South Carolina, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Correction of Errors***

As described in Note IV.E to the financial statements, in the year ended June 30, 2015 the School District discovered that it had not correctly recorded the following items as of June 30, 2014: (1) overstatement of unearned revenues totaling approximately \$445,000, (2) misclassification of funds in the Special Revenue Fund that should have recorded in the General Fund of approximately \$626,000, and (3) an understatement of property taxes receivable and related unavailable property taxes of approximately \$431,000. These errors were corrected when they were discovered. Our opinion is not modified with respect to these matters.

### ***Change in Accounting Principle***

As discussed in Note I.B to the financial statements, in the year ended June 30, 2015 the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68 “*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*” and Governmental Accounting Standards Board Statement No. 71 “*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*”. Our opinion is not modified with respect to these matters.

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District’s basic financial statements. The supplementary information and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 19, 2015

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**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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This discussion and analysis of Marion County School District's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2015 are as follows:

- On the government-wide basis, the assets and deferred outflows of resources of the School District were exceeded by its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$6.3 million. Unrestricted net position was a deficit of approximately \$43.9 million, primarily due to implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *"Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"* ("GASB 68") and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68"* ("GASB #71") in fiscal year 2015. See further discussion below.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$10.5 million. 36% of the total amount, or approximately \$3.8 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$3.8 million, which is approximately 11% of total General Fund expenditures for fiscal year 2015.
- The School District's fund balance for the General Fund decreased by approximately \$0.4 million.
- During the 2015 fiscal year, the School District's governmental fund revenues were approximately \$47.5 million compared to approximately \$47.6 million in the prior year, or a decrease of approximately \$0.1 million.
- On the government-wide basis, the School District's total net position decreased by approximately \$2.1 million.
- The School District's net capital assets decreased by approximately \$0.4 million (1.1%) during the current fiscal year primarily due to depreciation expense of approximately \$1.9 million, partially offset by current year net additions of approximately \$1.5 million.
- The School District's total outstanding long-term obligations were approximately \$1.8 million at June 30, 2015, decreasing approximately \$0.6 million due to scheduled principal payments made during the year.
- GASB #68 and GASB #71 (collectively "Statements") require the School District to recognize a net pension liability, deferred outflows of resources (including pension contributions made after the measurement date) and deferred inflows of resources for its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (the statement of net position) and presents more extensive note disclosures.

The adoption of these Statements had no impact on the School District's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by the South Carolina Public Employee Benefit Authority who administers the plan. However, the adoption has resulted in the restatement of the School District's net position as of July 1, 2014 for its government-wide financial statements to reflect the reporting of net pension liabilities, deferred outflows of resources, and deferred inflows of resources for its qualified pension plan in accordance with the provisions of these Statements. Net position of the School District's government-wide financial statements as of July 1, 2014 was decreased by approximately \$50.1 million, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.A in the notes to the financial statements for more information regarding the School District's pensions.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts — *Introductory Section*, *Financial Section* (which includes the financial statements, required supplementary information which includes this management's discussion and analysis section, the combining and individual fund financial schedules and the location reconciliation schedule) and the *Compliance Section*.

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

The *statement of net position* presents information on all of the School District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, supporting services, community services and intergovernmental. The School District does not report any "business-type" activities.

The government-wide financial statements can be found as listed in the table of contents.

**Fund Financial Statements.** The remaining financial statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in more *detail* than the government-wide statements.

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

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

Since 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. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The School District maintains six 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 Revenue Fund, Special Revenue Fund-EIA, Special Revenue Fund-Food Service, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. The governmental fund financial statements can be found as listed in the table of contents.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School District's own programs. The School District is the trustee, or fiduciary, for the pupil activities of the schools and accounts for these activities in an agency fund. The School District is also the trustee for certain scholarship funds and accounts for them in a private-purpose trust fund. The fiduciary fund financial statements can be found as listed in the table of contents.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents. More detailed information regarding long-term debt and capital asset activity can also be found in the notes to the financial statements.

**Supplementary Information.** The combining and individual fund schedules and the location reconciliation schedule can be found as listed in the table of contents.

The School District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with the budget. This schedule can be found as listed in the table of contents.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Major Features of Marion County School District's Government-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds) including the School District's blended component unit	The activities of the School District that are not proprietary or fiduciary	Instances in which the School District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund and the Private-Purpose Trust Fund
Required Financial Statements	Statement of Net Position; Statement of Activities	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, liabilities, and deferred outflows / inflows of resources, both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources (if any) that are expected to be used and liabilities and deferred inflows of resources (if any) that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the School District's funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets and deferred outflows of resources were exceeded by its liabilities and deferred inflows of resources by approximately \$6.3 million at the close of the most recent fiscal year.

A summary of the School District's net position as of June 30, 2015 compared to June 30, 2014 is presented below:

	2015 *	2014
<b>Assets</b>		
Current and Other Assets	\$ 17,055,356	\$ 17,374,096
Capital Assets (Net)	35,324,630	35,696,369
Total Assets	<u>52,379,986</u>	<u>53,070,465</u>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Charges	4,298,991	-
Total Deferred Outflows of Resources	<u>4,298,991</u>	<u>-</u>
<b>Liabilities</b>		
Other Liabilities	6,048,663	5,357,016
Net Pension Liability	50,866,006	-
Long Term Liabilities	1,765,000	2,665,133
Total Liabilities	<u>58,679,669</u>	<u>8,022,149</u>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Credits	4,288,375	-
Total Deferred Inflows of Resources	<u>4,288,375</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in Capital Assets	33,559,630	33,324,830
Restricted	3,941,124	4,249,493
Unrestricted	(43,789,821)	7,473,993
Total Net Position	<u>\$ (6,289,067)</u>	<u>\$ 45,048,316</u>

\* The District implemented GASB #68/71 in FY2015.

Total net position of the School District's governmental activities decreased from approximately \$45.0 million at June 30, 2014 to a deficit of approximately \$6.3 million at June 30, 2015 or a decrease of approximately \$51.3 million. This decrease in total net position is primarily due to implementing GASB #68/71 as discussed earlier in the Financial Highlights section, with a total impact of approximately \$50.1 million. The decrease in total assets is primarily due to a decrease in capital assets of approximately \$0.4 million, due to depreciation expense of approximately \$1.9, partially offset by net additions of approximately \$1.5 million. The increase in deferred outflows of resources is due to recognizing deferred pension charges as required by GASB 68. Total liabilities increased by approximately \$50.6 million over the prior year primarily due to the net pension liability of approximately \$50.9 million at June 30, 2015, partially offset by a decrease in outstanding indebtedness due to current year principal payments.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The increase in deferred inflows of resources is due to recognizing deferred pension credits as required by GASB #68/71. Excluding the impact of GASB #68/71, total net position increased approximately \$1.4 million. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was a deficit of \$43.8 million at June 30, 2015, due primarily due to the School District implementing GASB #68/71.

The following table shows the changes in net position for fiscal year 2015 compared to 2014:

	<b>Changes in Net Position</b>	
	2015	2014
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 209,137	\$ 389,659
Operating Grants	32,463,700	33,198,126
General Revenues:		
Property Taxes	9,250,318	8,902,096
Other	5,649,872	5,716,364
Total Revenues	<u>47,573,027</u>	<u>48,206,245</u>
<b>Program Activities</b>		
Instruction	27,812,816	27,182,941
Support Services	21,577,057	22,193,543
Community Services	3,756	3,231
Intergovernmental	130,516	305,841
Interest and Other Charges	112,965	178,443
Total Expenses	<u>49,637,110</u>	<u>49,863,999</u>
Change in Net Position	<u>(2,064,083)</u>	<u>(1,657,754)</u>
Net Position, Beginning of Year	45,048,316	46,690,211
Adjustment for Implementation of GASB #68/71	(50,149,269)	-
Prior Period Adjustment	875,969	15,859
Net Position, Beginning of Year, as Adjusted	<u>(4,224,984)</u>	<u>46,706,070</u>
Net Position, End of Year	<u>\$ (6,289,067)</u>	<u>\$ 45,048,316</u>

Overall, the School District's financial condition decreased in fiscal year 2015, as revenues were exceeded by program expenses by approximately \$2.1 million, compared to an approximately \$1.7 million decrease in the prior year. Total revenues decreased approximately \$0.6 million (1.3%) from 2014 to 2015 due mainly to a decrease in state funding and federal grants (approximately \$0.7 million) partially offset by an increase in property taxes (approximately \$0.3 million). Program expenses increased approximately \$0.2 million from 2014 to 2015 (.5%).



**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

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

**Governmental Funds**

The analysis of governmental funds serves the purpose of 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, 2015, the School District's governmental funds reported a *combined* fund balance of approximately \$10.5 million as compared to approximately \$12.5 million for the prior year (after considering the prior period adjustments of approximately \$0.4 million).

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was approximately \$3.8 million. The School District's General Fund balance was approximately \$4.2 million at the beginning of the current fiscal year (after recognizing a prior period adjustment of approximately \$0.6 million), decreasing approximately \$0.4 million (6.1%) during the current fiscal year, as revenues and net transfers in of approximately \$34.3 million were exceeded by expenditures and transfers out totaling approximately \$34.7 million. This decrease is due primarily to local and state tax collections being less than projected.

The School District's special revenue funds (Special Revenue, EIA and Food Service) are used to account for revenues derived from the state of South Carolina and the federal government. The Special Revenue Fund-EIA does not have a fund balance as revenues should be expended, deferred, or returned to the grantor. The fund balance for the Special Revenue Fund-Food Service decreased by approximately \$141,000 (6.4%) due to increased expenses for food due to dietary requirements by USDA.

The School District's Debt Service fund balance at the end of the current fiscal year was approximately \$1.8 million. The fund balance decreased by approximately \$.05 million as current year property tax revenues were exceeded by debt service expenditures. The School District's debt millage rate is 8 mills, which is no change from the prior year.

The School District's capital projects fund decreased by approximately \$1.2 million during the 2015 fiscal year to approximately \$2.5 million at June 30, 2015, due to planned expenditures of approximately \$1,192,000. The planned expenditures included the Easterling Roof Replacement, ACT/Adult Education Renovation, Mullins High School roof, Palmetto Middle School Gum HVAC, ACT Alarm System and the purchase of two activity buses.

**General Fund Budgetary Highlights**

The School District's General Fund budget is prepared according to South Carolina law and is consistent with U.S. generally accepted accounting principles. The Board of Trustees adopted a balanced budget that reflected total revenue sources and annual appropriations of approximately \$35.1 million. During the course of FY2015, one amendment was made to the General Fund budget, with an increase of approximately \$6,000.

At the end of FY2015, the General Fund had a negative total budget vs. actual variance of \$0.4 million. This negative variance is due to actual revenues being exceeded by budget by \$0.8 million (due to much lower actual property taxes and lower actual state allocations), partially offset by actual expenditures being exceeded by budget by \$0.4 million (1.1%). Revenue projections were based on a rate of collections that was higher than actual and will need to be monitored closely in the current fiscal year and analyzed to update the current forecasted revenues for budget adjustments to be made if necessary.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of FY2015, the School District had approximately \$35.3 million invested in capital assets, net of depreciation.

The net decrease in the School District's investment in capital assets was approximately \$0.4 million or 1.0%. The decrease was due to depreciation expense of approximately \$1.9 million, partially offset by current year net additions of approximately \$1.5 million. Additional information on the School District's capital assets can be found in Note III.F in the Notes to the Financial Statements.

The additions were new electrical upgrades in the server room at the district annex, equipment for automotive courses at ACT, two used activity buses, roof at Easterling Primary, roof at Mullins High School, Palmetto Middle School gym HVAC, fire alarm replacement at ACT, renovations at ACT for Adult Education, and kitchen renovations at Marion High School, Mullins High School, Palmetto Middle School, North Mullins Primary School, Mullins Early Childhood Center, and Brittons Neck Elementary School.

The following table shows fiscal year end 2015 capital asset balances compared to 2014:

	<b>Capital Assets</b>	
	<b>(Net of Depreciation)</b>	
	Governmental Activities	
	2015	2014
<b>Capital Assets</b>		
Land	\$ 2,168,458	\$ 2,168,458
Construction in Progress	1,364,318	-
Buildings, Improvements, and Construction in Progress	30,629,041	32,152,844
Furniture and Equipment	1,162,813	1,375,067
Capital Assets, Net	<u>\$ 35,324,630</u>	<u>\$ 35,696,369</u>

***Debt Administration***

At the end of the current fiscal year, the School District had approximately \$1.8 million in outstanding indebtedness, compared to approximately \$2.4 million at June 30, 2014. The decrease of approximately \$0.6 million is due to schedule principal payments made during the year. All required payments were made during the year.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

***Debt Administration (Continued)***

The following table shows fiscal year end 2015 outstanding debt compared to 2014:

	Governmental Activities	
	2015	2014
Capital Lease	\$ 1,765,000	\$ 2,340,000
Energy Loans	-	16,473
Total	<u>\$ 1,765,000</u>	<u>\$ 2,356,473</u>

The state limits the amount of general obligation debt that school districts can issue to 8 percent of the assessed value of all taxable property within the School District's corporate limits. The School District is authorized by state statute to exceed the legal debt margin of 8%, if citizens of the School District approve such additional debt through a district-wide referendum. None of the approximately \$1.8 million of the outstanding debt is subject to this limit as of June 30, 2015.

Additional detailed information about the School District's long-term obligations is presented in Note III.G in the Notes to the Financial Statements.

**ECONOMIC FACTORS**

Marion County School District is the largest single employer in the county with over 880 employees. The government sector, of which the School District is a part, is the largest employment sector within the county.

Marion County continues to experience a stale economy which will affect tax revenues in the future. Although the tax base continues to rise slightly, the actual collections are not rising at the rate needed to compensate for the rise in expenses imposed by health insurance costs and retirement rates which are a large part of the employment expenses.

**FY 2016 GENERAL FUND BUDGET**

In June 2015, the Board of Trustees adopted a balanced General Fund budget for FY2016 that reflected total revenues and total appropriations of \$35.2 million. The FY2016 General Fund original budget represents a 0.197% increase from the FY2015 General Fund amended budget of \$35.1 million. This increase of \$69,350 consists primarily of State EFA increases, as tax projections were decreased for FY 2016.

The FY2016 General Fund budget includes a \$19 increase to the EFA base student cost of \$2,120 per student. The EFA base student rate is then computed on the state's weight per EFA category and 135<sup>th</sup> day Average Daily Membership of the prior year in each category to arrive at the actual allocation. For FY16 the state moved EIA funds to EFA funding and also decreased several allocations to arrive at the increase over FY15.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide those interested with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at Marion County School District, 719 N. Main Street, Marion, SC 29571. In addition, the Annual Financial Report may be found on the School District's website at <http://www.marion.k12.sc.us>.

# **BASIC FINANCIAL STATEMENTS**

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2015**

	<b>PRIMARY GOVERNMENT Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 8,417,785
Cash and Investments, Restricted	2,478,232
Property Taxes Receivable, Net	525,245
Accounts Receivable, Net	41,042
Due from Other Governments	5,547,276
Inventories and Prepaid Items	45,776
Capital Assets:	
Non-Depreciable	3,532,776
Depreciable, Net	31,791,854
<b>TOTAL ASSETS</b>	<b>52,379,986</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Charges	4,298,991
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,298,991</b>
Accounts Payable	907,116
Accrued Salaries, Fringe & Benefits	3,699,372
Other Accruals	292,008
Accrued Interest Payable	11,031
Due to Other Governments	6,354
Unearned Revenue	1,132,782
Net Pension Liability	50,866,006
Non-Current Liabilities:	
Due Within One Year	620,000
Due in More than One Year	1,145,000
<b>TOTAL LIABILITIES</b>	<b>58,679,669</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Credits	4,288,375
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,288,375</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	33,559,630
Restricted For:	
Debt Service	1,829,687
Marion High Library	39,080
Food Service	2,072,357
Unrestricted	(43,789,821)
<b>TOTAL NET POSITION</b>	<b>\$ (6,289,067)</b>

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

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS		PROGRAM REVENUES			(EXPENSE) REVENUE AND CHANGE IN NET POSITION
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>PRIMARY GOVERNMENT:</b>	<b>Expenses</b>				
Governmental Activities:					
Instruction	\$ 27,812,816	157,747	19,902,955	-	\$ (7,752,114)
Support Services	21,577,057	51,390	12,560,745	-	(8,964,922)
Community Services	3,756	-	-	-	(3,756)
Intergovernmental	130,516	-	-	-	(130,516)
Interest and Other Charges	112,965	-	-	-	(112,965)
Total Governmental Activities	49,637,110	209,137	32,463,700	-	(16,964,273)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 49,637,110</b>	<b>209,137</b>	<b>32,463,700</b>	<b>-</b>	<b>(16,964,273)</b>
<b>GENERAL REVENUES:</b>					
Property Taxes Levied for General Purposes					8,677,636
Property Taxes Levied for Debt Service					572,682
State Revenue in Lieu of Taxes					5,533,302
Investment Earnings					23,428
Miscellaneous					93,142
<b>TOTAL GENERAL REVENUES</b>					<b>14,900,190</b>
<b>CHANGE IN NET POSITION</b>					<b>(2,064,083)</b>
NET POSITION - Beginning of Year, As Previously Reported					45,048,316
Cumulative Change in Accounting Principle - GASB #68 / GASB #71					(50,149,269)
Prior Period Adjustments					875,969
NET POSITION - Beginning of Year, As Adjusted					(4,224,984)
<b>NET POSITION - Ending of Year</b>					<b>\$ (6,289,067)</b>

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

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2015**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>ASSETS</b>		
Cash and Investments	\$ 7,808,050	-
Cash and Investments, Restricted	-	40,676
Receivables, Net:		
Taxes	501,371	-
Accounts	20,537	20,245
Due From:		
County Treasurer	473,928	-
State and Federal Agencies	148,369	4,255,149
Other Funds	3,575,406	-
Other Governments	-	140,131
Inventories	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,527,661</b>	<b>4,456,201</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 590,664	41,157
Accrued Salaries, Fringe & Benefits	3,699,372	-
Other Accruals	-	292,008
Due To:		
State Agencies	-	-
Other Funds	3,989,531	2,942,477
Unearned Revenue	-	837,662
<b>TOTAL LIABILITIES</b>	<b>8,279,567</b>	<b>4,113,304</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	452,279	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>8,731,846</b>	<b>4,113,304</b>
<b>FUND BALANCES:</b>		
Fund Balances		
Nonspendable:		
Inventories	-	-
Restricted for:		
Marion High Library	-	39,080
Debt Service	-	-
Food Service	-	-
Assigned for:		
Special Revenue Programs	-	303,817
Capital Projects	-	-
Unassigned	3,795,815	-
<b>TOTAL FUND BALANCES</b>	<b>3,795,815</b>	<b>342,897</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 12,527,661</b>	<b>4,456,201</b>

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



SPECIAL REVENUE - EIA	SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	-	-	609,735	\$ 8,417,785
-	-	2,437,556	-	2,478,232
-	-	23,874	-	525,245
-	260	-	-	41,042
-	-	12,188	-	486,116
149,044	368,158	29	-	4,920,749
135,852	1,888,361	-	1,965,318	7,564,937
-	280	-	-	140,411
-	45,776	-	-	45,776
<b>284,896</b>	<b>2,302,835</b>	<b>2,473,647</b>	<b>2,575,053</b>	<b>\$ 24,620,293</b>
-	213,900	-	61,395	\$ 907,116
-	-	-	-	3,699,372
-	-	-	-	292,008
6,354	-	-	-	6,354
-	-	632,929	-	7,564,937
278,542	16,578	-	-	1,132,782
<b>284,896</b>	<b>230,478</b>	<b>632,929</b>	<b>61,395</b>	<b>13,602,569</b>
-	-	23,874	-	476,153
<b>284,896</b>	<b>230,478</b>	<b>656,803</b>	<b>61,395</b>	<b>14,078,722</b>
-	45,776	-	-	45,776
-	-	-	-	39,080
-	-	1,816,844	-	1,816,844
-	2,026,581	-	-	2,026,581
-	-	-	-	303,817
-	-	-	2,513,658	2,513,658
-	-	-	-	3,795,815
-	2,072,357	1,816,844	2,513,658	10,541,571
<b>284,896</b>	<b>2,302,835</b>	<b>2,473,647</b>	<b>2,575,053</b>	<b>\$ 24,620,293</b>

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2015**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 10,541,571</b>
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Amounts reported for the governmental activities in the Statement of Net Position are different because:

Property taxes and other revenues that will be collected in the future, but are not available soon enough to pay for the current year's expenditures are therefore unavailable in the funds.	476,153
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these capital assets was \$75,024,763 and the accumulated depreciation was \$39,700,133.	35,324,630
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Interest is recorded as an expenditure in the governmental funds when it is due and payable. Interest is recorded in the government-wide statements as it accrues regardless of when it is due and payable. This is the amount of interest that is accrued but unpaid at year end.	(11,031)
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The School District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(50,855,390)
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Long-term liabilities, including capital lease payable, are not due and payable in the current year and therefore are not reported as liabilities in the funds.	(1,765,000)
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<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (6,289,067)</u></b>
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The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

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**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2015**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>REVENUES</b>		
Local Sources:		
Taxes	\$ 8,637,861	-
Investment Earnings	17,241	175
Other Local Sources	248,279	747,882
State Sources	24,181,808	908,145
Federal Sources	-	5,813,674
<b>TOTAL REVENUE ALL SOURCES</b>	<b>33,085,189</b>	<b>7,469,876</b>
<b>EXPENDITURES</b>		
Current:		
Instruction	19,319,397	4,941,434
Support Services	15,360,983	2,328,754
Community Services	1,967	1,789
Intergovernmental	4,064	126,452
Capital Outlay	-	70,174
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
<b>TOTAL EXPENDITURES</b>	<b>34,686,411</b>	<b>7,468,603</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,601,222)</b>	<b>1,273</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	1,210,767	-
Transfers Out	(16,473)	(145,940)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,194,294</b>	<b>(145,940)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(406,928)</b>	<b>(144,667)</b>
FUND BALANCES, Beginning of Year, As Originally Reported	3,576,687	668,368
PRIOR PERIOD ADJUSTMENTS	626,056	(180,804)
FUND BALANCE, Beginning of Year, As Adjusted	4,202,743	487,564
<b>FUND BALANCES, End of Year</b>	<b>\$ 3,795,815</b>	<b>342,897</b>

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

SPECIAL REVENUE - EIA	SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	-	567,021	-	\$ 9,204,882
-	6,012	-	-	23,428
-	52,476	-	-	1,048,637
3,106,286	254	73,650	-	28,270,143
-	3,166,827	-	-	8,980,501
<b>3,106,286</b>	<b>3,225,569</b>	<b>640,671</b>	<b>-</b>	<b>47,527,591</b>
2,051,506	-	-	-	26,312,337
178,377	2,869,287	-	77,961	20,815,362
-	-	-	-	3,756
-	-	-	-	130,516
-	309,032	-	1,113,768	1,492,974
-	-	591,473	-	591,473
-	-	117,000	-	117,000
2,229,883	3,178,319	708,473	1,191,729	49,463,418
<b>876,403</b>	<b>47,250</b>	<b>(67,802)</b>	<b>(1,191,729)</b>	<b>(1,935,827)</b>
-	-	16,473	-	1,227,240
(876,403)	(188,424)	-	-	(1,227,240)
(876,403)	(188,424)	16,473	-	-
-	<b>(141,174)</b>	<b>(51,329)</b>	<b>(1,191,729)</b>	<b>(1,935,827)</b>
-	2,213,531	1,868,173	3,705,387	12,032,146
-	-	-	-	445,252
-	2,213,531	1,868,173	3,705,387	12,477,398
-	<b>2,072,357</b>	<b>1,816,844</b>	<b>2,513,658</b>	<b>\$ 10,541,571</b>

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2015**

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<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ (1,935,827)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	45,436
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Activities.	591,473
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due and payable and thus requires the use of current financial resources. However, in the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due and payable. This is the change in accrued interest for the year.	4,035
Changes in the School District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(706,121)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	308,660
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions (\$1,512,971) was exceeded by depreciation expense (\$1,884,710) in the current year.	(371,739)

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (2,064,083)</b>
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The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2015**

	<b>PRIVATE-PURPOSE TRUST FUND</b>	<b>AGENCY FUND</b>
<b>ASSETS</b>		
Cash and Investments	\$ 118,012	\$ -
Receivables	-	200,684
<b>TOTAL ASSETS</b>	<b>118,012</b>	<b>200,684</b>
<b>LIABILITIES</b>		
Accounts Payable	-	3,212
Due to Student Organizations	-	197,472
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>\$ 200,684</b>
<b>NET POSITION</b>		
Held in Trust for Scholarships		
Nonexpendable	51,256	
Expendable	66,756	
<b>TOTAL NET POSITION</b>	<b>\$ 118,012</b>	

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

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**YEAR ENDED JUNE 30, 2015**

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	<b>PRIVATE-PURPOSE TRUST FUND</b>
<b>ADDITIONS</b>	
Interest Earnings	\$ 233
Contributions and Donations	2,165
<b>TOTAL ADDITIONS</b>	<b>2,398</b>
<b>DEDUCTIONS</b>	
Scholarships Awarded	4,000
<b>TOTAL DEDUCTIONS</b>	<b>4,000</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,602)</b>
Net Postion, Beginning of Year	119,614
<b>NET POSITION, END OF YEAR</b>	<b>\$ 118,012</b>

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



**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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*Marion County School District, South Carolina* (the "School District") was established by legislation (R168, H4632) to consolidate Marion School Districts One, Two and Seven into one single school district on January 18, 2012, and introduced in the South Carolina State Senate on March 1, 2012. The Governor of South Carolina signed the bill into law on April 23, 2012. The consolidation of the three previously separate districts into Marion County School District became effective July 1, 2012. The School District is controlled by the Marion County Board of Education (the "Board"), which has oversight responsibility over the public school educational activities in the School District. The School District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The School District is governed by a seven member Board.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**A. Reporting Entity**

The School District is controlled by a Board of Trustees (the "Board"), which has oversight responsibility over the public school education activities in the School District. The School District is not included in any other governmental "reporting entity" as defined in the GASB Sec. 2100.108 since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. For these reasons, the School District is recognized as a primary government in accordance with GAAP.

As required by GAAP, the financial statements must present the School District's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the School District both appoints a voting majority of the entity's governing body, and either 1) the School District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the School District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the School District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the School District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the School District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the School District; and (c) issue bonded debt without approval by the School District. An entity has a financial benefit or burden relationship with the School District if, for example, any one of the following conditions exists: (a) the School District is legally entitled to or can otherwise access the entity's resources, (b) the School District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the School District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the School District's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the School District. Based on the above criteria, the School District does not have any blended or discretely presented component units.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School District (the “Primary Government”) and its component units. 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, would be 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 School District.

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

The government-wide financial 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 reconciliation 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 sixty days of the end of the current fiscal period (thirty days for property taxes). 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, federal and state grant programs and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund financial statements report detailed information about the School District. The focus of Governmental Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

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

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following major funds and fund types are used by the School District.

**Governmental Fund Types** are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities 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 School District's major governmental fund types:

The **General Fund, a major fund**, is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned 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.

**Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The School District has the following major Special Revenue Funds:

- i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for special education programs.
- ii) **The Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for the revenues from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by the EIA.
- iii) **The Food Service Fund, a major fund** and an unbudgeted fund, is used to account for the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

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

The **Capital Projects Fund - a major fund** and an unbudgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for the School District.

**Fiduciary Fund types** use the economic resources measurement focus and the accrual basis of accounting; they are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include agency funds. Fiduciary Fund Types include the following funds:

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

The *Agency 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 School District. This accounting reflects the agency relationship of the School District with the student activity organizations. Agency funds do not have a measurement focus.

The *Private-Purpose Trust Fund* is used to report donations received which much be expended according to the provisions of the donors. Donations are generally not expendable, while the related earnings are to be expended for scholarships to individuals. This fund is accounted for in essentially the same manner as proprietary funds.

***Significant New Accounting Standards Adopted – Change in Accounting Principle***

The School District implemented GASB Statement No. 68 “*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*” (“GASB 68”) and GASB Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*” (“GASB 71” and collectively “Statements”) in 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB’s intention that these Statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the School District’s financial obligations to current and former employees for past services rendered. In particular, these Statements require the School District to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System (“Plan”), a cost-sharing multiple-employer defined benefit pension plan, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the statement of net position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the School District’s governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority (“PEBA”) who administers the Plan. However, the adoption has resulted in the restatement of the School District’s net position as of July 1, 2014 for its government-wide financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for its qualified Plan in accordance with the provisions of these Statements. Net position of the School District’s government-wide wide financial statements as of July 1, 2014 was decreased by approximately \$50,149,000, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.A for more information regarding the School District’s retirement plans.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

***1. Cash and Investments***

The School District considers all highly liquid investments as cash and investments for financial reporting purposes. The School District’s investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the School District to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

***1. Cash and Investments (Continued)***

- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) 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; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

The School District currently or in the past year has used the following investments:

- Certificates of Deposit ("CD") are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be for more than one year, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is subject to a penalty.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**1. Cash and Investments (Continued)**

- South Carolina Local Government Investment Pool (“Pool”) investments are invested with the South Carolina State Treasurer’s Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but has a policy that it will operate in a manner consistent with the SEC’s Rule 2a 7 of the Investment Company Act of 1940. 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 total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

**2. Interfund Receivables and Payables**

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the statement of net position.

**3. Inventories and Other Assets**

***Inventories***

Inventories in the Special Revenue - Food Service Fund are accounted for using the consumption method (expensed when used). The School District also includes an amount for commodities received from the USDA, recorded at fair market value at the time of receipt, which have not been consumed as of year-end.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. An 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.

**4. Capital Assets**

Capital assets 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. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School 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 not capitalized for governmental activities as required by GAAP. The School District does not maintain ownership of any public domain (“infrastructure”) general capital assets.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. *Capital Assets (Continued)*

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are completed and placed in service, at which time the complete costs of the project are transferred to the appropriate capital 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>Capital Asset Category</u>	<u>Useful Life Range</u>
Buildings and Improvements	10–50 years
Machinery and Equipment	3–10 years

5. *Compensated Absences*

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16 “*Accounting for Compensated Absences*.” Employees may accumulate sick leave up to a maximum of ninety days. However, if an employee leaves the School District other than by retirement, they are not paid for any unused days. Payments of unused sick leave for retirees have been inconsequential. All 12-month employees accrue vacation of ten days per year. However, unused leave is forfeited. Thus, no accrual is recorded for compensated absences.

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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. However, claims and judgments, compensated absences, contractually required retirement contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, 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 and payable.

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

In the fund financial statements, governmental fund types recognize 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.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

7. *Deferred Outflows / Inflows of Resources*

In addition to assets, the statement of net position (government-wide) and the balance sheet (governmental funds) 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 School District currently has one type of deferred outflows of resources: (1) The School District reports *deferred pension charges* in its government-wide statement of net position in connection with its net pension liability for its participation in the South Carolina Retirement System. 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 method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of net position (government-wide) and the balance sheet (governmental funds) 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 School District currently has two types of deferred inflows of resources: (1) The School District reports *unavailable revenue – property taxes* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The School District also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

8. *Fund Balance*

In accordance with GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” (“GASB #54”), the School District classifies its governmental fund balances as follows:

**Nonspendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

**Restricted** – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (The Board) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the School District consist of amounts approved by a majority vote of the Board Members (a) in the annual budget or (b) in subsequent requests made throughout the year.

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Board has formally granted the Superintendent the right to make assignments of fund balance for the School District.



MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

8. *Fund Balance (Continued)*

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of 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, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The School District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the School District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

9. *Net Position*

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. 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 their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

10. *Accounting Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

11. *Pensions*

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. See Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information. The School District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the School District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the School District's fiscal year-end. Changes in the net pension liability 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 net pension liability 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.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**11. Pensions (Continued)**

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.

**12. Other Postemployment Benefits**

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.B), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

**Budgetary Practices** – The General Fund budget is presented as required supplementary information. The budget is presented on the modified accrual basis of accounting, which is consistent with GAAP.

The 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. The School District's policies do not allow funds to be transferred between functions without Board approval. The legal level of control is at the function level. All annual appropriations lapse at fiscal year end. During the year, the Board revised the budget by \$6,200.

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedule:

- (1) In the spring the School District begins its budget process for the next succeeding fiscal year. The School District's leadership team reviews all requests and allocation requirements and related revenue.
- (2) The Finance Director then presents a proposed budget to the Board of Trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- (3) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

**A. Deposits and Investments**

**Deposits**

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2015, approximately \$9,000 of the School District's total bank balances of approximately \$7,038,000 (with a carrying value of approximately \$6,505,000) were exposed to custodial credit risk as this amount was not collateralized.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

*Investments*

As of June 30, 2015, the School District had the following investments and maturities:

Investment Type	Credit Rating *	Fair Value	Matures in Less than One Year
South Carolina Local Government Investment Pool	Unrated ^	\$ 4,509,189	\$ 4,509,189
Total		<u>\$ 4,509,189</u>	<u>\$ 4,509,189</u>

\* Credit Ratings are from Standard & Poors and Moody's, respectively

^ Investments in 2a-7 like funds are not required to disclose interest rate risk.

**Interest Rate Risk:** The School District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**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 School District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2015, none of the School District's investments were exposed to custodial credit risk.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

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

B. Property Taxes and Other Receivables

Real and personal property taxes (excluding vehicles) are levied on October 1 for the assessed valuations of property located in Marion County as of the preceding January 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 15 of the following year, and property taxes attach as an enforceable lien if not paid by March 16 of the following year.

Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	3% of Tax
February 2 through March 16	10% of Tax
March 17 and Thereafter	15 % of Tax Plus Collection Costs

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**B. Property Taxes and Other Receivables (Continued)**

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and is due by the end of the month. Property taxes are billed and collected by the County. Property tax revenue is recognized when collected by the County Treasurer's Office. Real property taxes collected by the County within 30 days after fiscal year end are also recognized as revenue for the year.

For the year ended June 30, 2015, the operating and debt service millage rates were 168 mills (168 mills in the prior year) and 8 mills (8 mills in the prior year), respectively, based on an assessed value of approximately \$74.8 million for the School District.

On the government-wide and fund financial statements, taxes receivable are approximately \$525,000 (net of an allowance for uncollectible property taxes of approximately \$523,000) at June 30, 2015. Allowances for uncollectible balances were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$49,000 have been recognized as revenue at June 30, 2015, because they were collected within thirty days after year end and are considered measurable and available.

**C. Deferred Inflows of Resources for Governmental Funds and Unearned Revenues**

Governmental funds report deferred inflows of resources and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Also, both the government-wide financial statements and governmental funds do not recognize revenue in connection with resources that have been received but not yet earned. At June 30, 2015, the various components of deferred inflows of resources for governmental funds and unearned revenues for both the government-wide financial statements and governmental funds were as follows:

Deferred Inflows:

Delinquent Property Taxes Receivable (General Fund)	\$ 452,279
Delinquent Property Taxes Receivable (Debt Service Fund)	23,874
Total Deferred Inflows for Governmental Funds	<u>\$ 476,153</u>

Unearned Revenues:

Revenue Collected, but Unearned - Special Revenue Fund	\$ 837,662
Revenue Collected, but Unearned - EIA Fund	278,542
Revenue Collected, but Unearned - Food Service Fund	16,578
Total Unearned Revenues for both Government-wide Financial Statements and Governmental Funds	<u>\$ 1,132,782</u>

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**D. Interfund Receivables and Payables**

Interfund receivables and payables at June 30, 2015 (all of which are expected to be repaid within one year), are summarized as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
<u>Governmental Funds:</u>		
General Fund	\$ 3,575,406	\$ 3,989,531
Special Revenue Fund	-	2,942,477
Special Revenue - EIA Fund	135,852	-
Special Revenue - Food Service Fund	1,888,361	-
Debt Service Fund	-	632,929
Capital Projects Fund	1,965,318	-
Total	<u>\$ 7,564,937</u>	<u>\$ 7,564,937</u>

All cash activities are recorded in the General Fund, and as a result, receivable and payables exist at year end that are either due to or due from the General Fund in the other funds. The payable from the Special Revenue Fund to the General Fund is for payments not received from the State Department of Education until after the fiscal year.

**E. Transfers In and (Out)**

Transfers from (to) other funds for the year ended June 30, 2015 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 1,210,767	\$ 16,473
Special Revenue Fund	-	145,940
Special Revenue - EIA Fund	-	876,403
Special Revenue - Food Service	-	188,424
Debt Service Fund	16,473	-
Totals	<u>\$ 1,227,240</u>	<u>\$ 1,227,240</u>

The funds transferred from the Special Revenue Funds to the General Fund were to cover indirect costs and state-mandated EIA teacher salary supplements and related benefits. The funds transferred from the General Fund to the Debt Service Fund were to fund the final payments on the SC Energy Grants/Loans. In addition, approximately \$162,000 was transferred from the General Fund to the pupil activity funds as approved by the Board. These transfers are not reflected in the table above; they are accounted for as expenditures on the governmental funds financial statements as required by GAAP.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**F. Capital Assets**

Capital asset activity for the School District for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Non-Depreciable:				
Land	\$ 2,168,458	-	-	\$ 2,168,458
Construction in Progress	-	1,364,318	-	1,364,318
Total Capital Assets, Non-Depreciable	<u>2,168,458</u>	<u>1,364,318</u>	<u>-</u>	<u>3,532,776</u>
Capital Assets, Depreciable:				
Buildings and Improvements	59,247,896	53,469	(100,431)	59,200,934
Machinery and Equipment	12,195,869	95,184	-	12,291,053
Total Capital Assets, Depreciable	<u>71,443,765</u>	<u>148,653</u>	<u>(100,431)</u>	<u>71,491,987</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	27,095,052	1,476,841	-	28,571,893
Machinery and Equipment	10,820,802	407,869	(100,431)	11,128,240
Total Accumulated Depreciation	<u>37,915,854</u>	<u>1,884,710</u>	<u>(100,431)</u>	<u>39,700,133</u>
Total Capital Assets, Depreciable, Net	<u>33,527,911</u>	<u>(1,736,057)</u>	<u>-</u>	<u>31,791,854</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,696,369</u>	<u>(371,739)</u>	<u>-</u>	<u>\$ 35,324,630</u>

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

<b>Governmental Activities:</b>	
Instruction	\$ 1,051,526
Support Services	833,184
Total Depreciation Expense - Governmental Activities	<u>\$ 1,884,710</u>

At June 30, 2015 the School District had outstanding construction commitments totaling approximately \$876,000.

**G. Long-Term Obligations**

In May 2002, the School District executed a Ground Lease Agreement with BB&T for BB&T to lease the real property and all improvements at Creek Bridge High School, with the School District receiving \$6,500,000 to fund the improvements at the school, with a termination date of May 2032. The School District and BB&T simultaneously executed a Lease Agreement, with BB&T leasing the property back to the School District and requiring the School District to make scheduled annual payments to BB&T with interest at 5%. The last scheduled payment is due in May 2017. If these required payments are not made, then the property and all improvements are to be delivered back to BB&T. When all required payments have been made, the Ground Lease Agreement will terminate and the School District will own the property. These obligations are reported as a capital lease. The book value of these improvements recorded under the capital lease, net of related accumulated amortization of approximately \$2,070,000, was approximately \$4,937,000 as of June 30, 2015. Amortization has been included with depreciation expense.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**G. Long-Term Obligations (Continued)**

The obligations of the School District under this Lease Agreement do not constitute a pledge of the full faith, credit, or taxing power of the School District within the meaning of any constitutional or statutory provisions.

In prior years, the School District obtained no-interest loans totaling approximately \$66,000 from the South Carolina Energy Office as part of an ARRA award for HVAC improvements at certain School District facilities. The School District made the final scheduled payments totaling approximately \$16,000 on these loans during the year ended June 30, 2015.

The following is a summary of changes in the School District's long-term obligations for the year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Capital Lease	\$ 2,340,000	-	(575,000)	1,765,000	\$ 620,000
Energy Loans	16,473	-	(16,473)	-	-
Total Governmental Activities	<u>\$ 2,356,473</u>	<u>-</u>	<u>(591,473)</u>	<u>1,765,000</u>	<u>\$ 620,000</u>

The Debt Service Fund has primarily been used to service all long-term obligations.

The governmental activities annual debt service requirements to maturity for its outstanding debt are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 620,000	88,250	\$ 708,250
2017	1,145,000	57,250	1,202,250
Total	<u>\$ 1,765,000</u>	<u>145,500</u>	<u>\$ 1,910,500</u>

The School District has authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the School District. The debt limitation does not apply to certain certificates of participation, debt approved through a district-wide referendum, and original or refunding debt for obligations issued on or before November 30, 1982. The School District's constitutional debt limit at June 30, 2015 was approximately \$5,985,000, all of which was available.

**IV. OTHER INFORMATION**

**A. South Carolina Retirement System Retirement Plan**

The School District participates in the State of South Carolina's retirement plan, which is administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and 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 Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. South Carolina Retirement System Retirement Plan (Continued)**

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. 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 ("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.

*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 Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8%) and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75%) and an incidental death benefit contribution (0.15%), if applicable, which is retained by SCRS.



**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. South Carolina Retirement System Retirement Plan (Continued)**

*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.

*Plan Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS. An increase in the contribution rates adopted by the 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 board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. South Carolina Retirement System Retirement Plan (Continued)**

*Plan Contributions (Continued)*

As noted above, both employees and the School District are required to contribute to the Plans at rates established and as amended by the PEBA. The School District's contributions are actuarially determined, but are communicated to and paid by the School District as a percentage of the employees' annual eligible compensation as follows for the past three years:

	SCRS and State ORP Rates		
	2013	2014	2015
Employer Rate:			
Retirement *	10.45%	10.45%	10.75%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%
	<u>10.60%</u>	<u>10.60%</u>	<u>10.90%</u>
Employee Rate	<u>7.00%</u>	<u>7.50%</u>	<u>8.00%</u>

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

The required contributions and percentages of amounts contributed by the School District to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions	
	Required	% Contributed	Required	% Contributed
2015	\$ 2,838,710	100%	\$ 18,952	100%
2014	2,833,233	100%	10,861	100%
2013	\$ 2,636,603	100%	\$ 11,771	100%

Eligible payrolls of the School District covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	Total Payroll
2015	\$ 26,043,212	321,215	\$ 26,364,427
2014	26,728,613	193,951	26,922,564
2013	\$ 24,875,609	210,205	\$ 25,085,814

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. South Carolina Retirement System Retirement Plan (Continued)**

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

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. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for the SCRS are as follows:

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	\$ 42,955,205,796	25,738,521,026	\$ 17,216,684,770	59.92%

At June 30, 2015, the School District reported a liability of approximately \$50,866,000 for its proportionate share of the net pension liabilities for the SCRS Plan. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities for the Plan used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2013 that was projected forward to the measurement date. The School District's proportion of the net pension liabilities were based on a projection of the School District's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2014, the School District's proportion was 0.295446 percent, which was equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense on its government-wide financial statements of approximately \$3,565,000. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,441,329	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,288,375
District's Contributions Subsequent to the Measurement Date	2,857,662	-
Total SCRS	<u>\$ 4,298,991</u>	<u>\$ 4,288,375</u>

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. South Carolina Retirement System Retirement Plan (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

Approximately \$2,858,000 reported as deferred outflows of resources related to the School District's contributions subsequent to the measurement date to the SCRS will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS
2016	\$ (626,276)
2017	(626,276)
2018	(626,276)
2019	(968,218)
Total	<u>\$ (2,847,046)</u>

*Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Salary Increases	Levels off at 3.5%
Includes Inflation at	2.75%
Benefit Adjustments	Lesser of 1% or \$500

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. South Carolina Retirement System Retirement Plan (Continued)**

*Actuarial Assumptions and Methods (Continued)*

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.

Former Job Class	Males	Females
Educators and Judges	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%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. South Carolina Retirement System Retirement Plan (Continued)**

*Actuarial Assumptions and Methods (Continued)*

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.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5%		
Cash	2%	0.30%	0.01%
Short Duration	3%	0.60%	0.02%
Domestic Fixed Income	13%		
Core Fixed Income	7%	1.10%	0.08%
High Yield	2%	3.50%	0.07%
Bank Loans	4%	2.80%	0.11%
Global Fixed Income	9%		
Global Fixed Income	3%	0.80%	0.02%
Emerging Markets Debt	6%	4.10%	0.25%
Global Public Equity	31%	7.80%	2.42%
Global Tactical Asset Allocation	10%	5.10%	0.51%
Alternatives	32%		
Hedge Funds (Low Beta)	8%	4.00%	0.32%
Private Debt	7%	10.20%	0.71%
Private Equity	9%	10.20%	0.92%
Real Estate (Broad Market)	5%	5.90%	0.29%
Commodities	3%	5.10%	0.15%
Total Expected Real Return	100%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. South Carolina Retirement System Retirement Plan (Continued)**

*Discount Rate (Continued)*

The following table presents the sensitivity of the School District's proportionate share of the net pension liability of the Plan as of June 30, 2014 to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability of the SCRS	\$ 65,823,760	50,866,006	\$ 38,386,950

*Plans Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

*Payable to the Plan*

The School District reported a payable of approximately \$620,000 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015 for the SCRS. This amount is included in Accrued Salaries, Fringe and Benefits on the financial statements and was paid in July 2015.

**B. Other Postemployment Benefits**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina ("State") provides health, dental, and long-term disability benefits ("OPEB Plan") to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program ("EIP"), a part of the State of South Carolina.

Generally, retirees are eligible for the health and dental benefits if they have established 10 years of retirement service credit. For new hires on or after May 2, 2008, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 – 24 years of service for 50% employer funding. Benefits become effective when the former employee retires under a state retirement system (i.e., SCRS). Basic long-term disability benefits are provided to active state, school district and participating local government employees approved for disability. Complete financial statements for the OPEB plans may be obtained by writing to the PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits (Continued)**

The Code of Laws of the State, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriation by the General Assembly for active employees to the EIP and participating retirees to the State of South Carolina except for the portion funded through the pension surcharge (retiree surcharge) who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The School District has no liability beyond the payment of monthly contributions.

The required employer contribution surcharge percentages were 5.00%, 4.92%, and 4.55% for the years ended June 30, 2015, 2014, and 2013, respectively. The actual required employer contribution surcharge amounts were approximately \$1,318,000, \$1,324,000, and \$1,141,000 for the years ended June 30, 2015, 2014, and 2013, respectively. The actual contribution rates and amounts were 100% of the required employer contribution surcharge percentages and amounts for the OPEB Plan for all years presented.

**C. Risk Management**

The School 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 School District has chosen to participate with other school districts in South Carolina in the South Carolina School Boards Insurance Trust/Workers' Compensation Pool ("SCSBIT/WCP"), as well as in its Property and Casualty Pool ("SCSBIT/PCP"). These public entity risk pools operate as a common risk management and insurance program for member school districts.

The School District pays annual premiums to the public entity risk pools for its workers' compensation and property liability insurance coverage based upon the total payroll of the School District for each plan year. The agreement for formation of the public entity risk pools provides that SCSBIT/WCP and SCSBIT/PCP will be self-sustaining through member premiums and any deficiencies can be charged back to the member school districts in the event that a fund deficit arises. As of the latest available audited financial statements at June 30, 2014, the SCSBIT/WCP had net position of approximately \$45,367,000 and the SCSBIT/PCP had net position of approximately \$17,028,000. There were no reductions in insurance coverage as compared to the previous year. There were no insurance settlements that exceeded insurance coverage in any of the past three years.

**D. Commitments and Contingencies**

The School District participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District expects such amounts, if any, would not have a material adverse effect on the financial condition of the School District.

Various claims and lawsuits are pending against the School District. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School District's management and legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the School District.



**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Prior Period Adjustments**

During the year ended June 30, 2015, the School District determined that it had been inappropriately recognizing revenues received in excess of expenditures as unearned revenues in the E-Rate program and the RBHS Medicaid program in the Special Revenue Fund, without considering whether or not the revenues were earned at year end. Accordingly, the School District corrected this error by recording a prior period adjustment to increase beginning fund balance and decrease unearned revenues in the Special Revenue Fund by approximately \$445,000, which was the balance in unearned revenues at June 30, 2014 of approximately \$737,000 as originally reported for these two programs, less approximately \$292,000 for overclaimed reimbursements under the RBHS Medicaid program.

Also during the year ended June 30, 2015, the School District determined that certain cash balances totaling approximately \$626,000 that had been reported in the Special Revenue Fund as restricted or committed fund balance was inappropriately reflected; these balances should have been recorded in the General Fund. Accordingly, the School District corrected this error by reclassifying these cash balances in the General Fund and recording a prior period adjustment to increase beginning fund balance for the General Fund and decrease beginning fund balance for the Special Revenue Fund by approximately \$626,000, with no impact to the total fund balance for all governmental funds.

Also during the year ended June 30, 2015, the School District discovered that it had understated property taxes receivable and related unavailable (deferred) property taxes totaling approximately \$431,000 as of June 30, 2014. Accordingly, the School District corrected this error by recording an increase to property taxes receivable and unavailable (deferred) property taxes for the General Fund and the Debt Service Fund. This correction had no net impact on the financial statements for the governmental funds, as these amounts were not available under the modified accrual basis of accounting. However, on the government-wide financial statements, which is accounted for under the accrual basis of accounting, this error resulted in an understatement of net position as of the beginning of the year. The School District corrected this error by recording a prior period adjustment on the government-wide financial statements.

The total impact of these corrections resulted in an increase to fund balance for the General Fund of approximately \$626,000, a net decrease to fund balance for the Special Revenue Fund of approximately \$181,000, and an increase to Governmental Activities' unrestricted net position of approximately \$876,000.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL**

**YEAR ENDED JUNE 30, 2015**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL (BUDGETARY BASIS)</b>	<b>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 9,104,697	9,104,697	8,637,861	\$ (466,836)
Investment Earnings	18,000	18,000	17,241	(759)
Other Local Sources	259,300	265,500	248,279	(17,221)
State Sources	24,526,280	24,526,280	24,181,808	(344,472)
Federal Sources	9,499	9,499	-	(9,499)
<b>TOTAL REVENUE ALL SOURCES</b>	<b>33,917,776</b>	<b>33,923,976</b>	<b>33,085,189</b>	<b>(838,787)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	19,044,292	19,044,292	19,319,397	(275,105)
Support Services	15,981,798	15,987,998	15,360,983	627,015
Community Services	-	-	1,967	(1,967)
Intergovernmental	10,000	10,000	4,064	5,936
Capital Outlay	40,869	40,869	-	40,869
<b>TOTAL EXPENDITURES</b>	<b>35,076,959</b>	<b>35,083,159</b>	<b>34,686,411</b>	<b>396,748</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,159,183)</b>	<b>(1,159,183)</b>	<b>(1,601,222)</b>	<b>(442,039)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,159,301	1,159,301	1,210,767	51,466
Transfers Out	(118)	(118)	(16,473)	(16,355)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,159,183</b>	<b>1,159,183</b>	<b>1,194,294</b>	<b>35,111</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(406,928)</b>	<b>(406,928)</b>
FUND BALANCE, Beginning of Year, As Originally Reported	3,576,687	3,576,687	3,576,687	-
PRIOR PERIOD ADJUSTMENT	626,056	626,056	626,056	-
FUND BALANCE, Beginning of Year, As Adjusted	4,202,743	4,202,743	4,202,743	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 4,202,743</b>	<b>4,202,743</b>	<b>3,795,815</b>	<b>\$ (406,928)</b>

**Note to the Required Supplementary Information:**

The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
School District's Proportion of the Net Pension Liability (Asset)	0.295446%	0.295446%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 50,866,006	\$ 52,992,473
School District's Covered-Employee Payroll	\$ 26,364,427	\$ 26,922,564
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	192.93%	196.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.92%	56.39%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST TWO FISCAL YEARS**

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	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 2,857,662	\$ 2,843,204
Contributions in Relation to the Contractually Required Contribution:	2,857,662	2,843,204
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 26,364,427	\$ 26,922,564
Contributions as a Percentage of Covered-Employee Payroll:	10.84%	10.56%

# **SUPPLEMENTARY INFORMATION**

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule A-1**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2015**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 8,761,215	8,438,421	\$ (322,794)
1140 Penalties & Interest on Taxes (Independent)	174,369	-	(174,369)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	169,113	199,440	30,327
1300 Tuition:			
1310 From Patrons for Regular Day School	210,500	156,251	(54,249)
1500 Earnings on Investments:			
1510 Interest on Investments	18,000	17,241	(759)
1900 Other Revenue from Local Sources:			
1910 Rentals	50,000	50,640	640
1950 Refund of Prior Year's Expenditures	-	5,396	5,396
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	5,000	35,992	30,992
Total Revenue from Local Sources	<u>9,388,197</u>	<u>8,903,381</u>	<u>(484,816)</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	655	655
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	319,681	398,751	79,070
3162 Transportation Workers' Compensation	32,430	32,307	(123)
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	4,878,318	5,263,786	385,468
3181 Retiree Insurance (No Carryover Provision)	1,083,605	1,153,961	70,356
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	717,539	646,758	(70,781)
3312 Primary	1,826,501	1,856,758	30,257
3313 Elementary	2,643,162	2,534,112	(109,050)
3314 High School	1,117,712	1,314,545	196,833
3315 Trainable Mentally Handicapped	101,322	103,459	2,137
3316 Speech Handicapped (Part-Time Program)	702,713	664,334	(38,379)
3317 Homebound	15,552	10,777	(4,775)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	26,270	29,772	3,502
3322 Educable Mentally Handicapped	150,960	114,762	(36,198)
3323 Learning Disabilities	1,188,140	1,239,124	50,984
3324 Hearing Handicapped	12,155	16,262	4,107
3325 Visually Handicapped	43,474	31,525	(11,949)
3326 Orthopedically Handicapped	14,454	6,904	(7,550)
3327 Vocational	\$ 1,325,132	909,208	\$ (415,924)

(Continued)



**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule A-1**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2015**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
3330 Other EFA Programs:			
3331 Autism	\$ 184,367	218,291	\$ 33,924
3332 High Achieving	106,164	84,376	(21,788)
3334 Limited English Proficiency	28,895	37,150	8,255
3351 Academic Assistance	359,090	363,000	3,910
3352 Pupils in Poverty	1,592,237	1,633,894	41,657
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	1,866,169	1,866,170	1
3820 Homestead Exemption (Tier 2)	790,010	748,244	(41,766)
3825 Reimbursement for Property Tax Relief (Tier 3)	2,377,559	2,484,157	106,598
3827 \$2.5 Million Bonus	348,630	15,843	(332,787)
3830 Merchant's Inventory Tax	145,997	145,998	1
3840 Manufacturers Depreciation Reimbursement	277,073	64,602	(212,471)
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	195,311	134,638	(60,673)
3900 Other State Revenue:			
3991 ADEPT (Assisting, Developing, and Evaluating Professional			
3999 Revenue from Other State Sources	55,658	57,685	2,027
Total Revenue from State Sources	<u>24,526,280</u>	<u>24,181,808</u>	<u>(344,472)</u>
4000 Revenue from Federal Sources:			
4100 Federally Impacted Areas:			
4110 Maintenance & Operations (P.L. 874)	9,499	-	(9,499)
Total Revenue from Federal Sources	<u>9,499</u>	<u>-</u>	<u>(9,499)</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>33,923,976</u></b>	<b><u>33,085,189</u></b>	<b><u>(838,787)</u></b>
<b>EXPENDITURES</b>			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	714,691	719,034	(4,343)
200 Employee Benefits	264,893	274,854	(9,961)
300 Purchased Services	4,390	58,537	(54,147)
400 Supplies and Materials	16,732	15,036	1,696
600 Other Objects	300	300	-
112 Primary Programs:			
100 Salaries	2,061,397	1,983,987	77,410
200 Employee Benefits	862,166	794,617	67,549
300 Purchased Services	18,760	99,860	(81,100)
400 Supplies and Materials	50,449	48,572	1,877
600 Other Objects	4,229	2,341	1,888
113 Elementary Programs:			
100 Salaries	3,871,643	3,743,902	127,741
200 Employee Benefits	1,530,327	1,422,877	107,450
300 Purchased Services	35,938	182,158	(146,220)
400 Supplies and Materials	92,557	87,379	5,178
600 Other Objects	\$ 4,183	3,744	\$ 439

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015

	FINAL BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 3,414,719	3,534,825	\$ (120,106)
200 Employee Benefits	1,329,198	1,285,894	43,304
300 Purchased Services	27,739	139,084	(111,345)
400 Supplies and Materials	76,982	55,298	21,684
600 Other Objects	5,500	2,589	2,911
115 Career and Technology Education Program:			
100 Salaries	749,436	763,272	(13,836)
200 Employee Benefits	296,535	314,439	(17,904)
300 Purchased Services - Other Than Tuition	20,882	26,382	(5,500)
400 Supplies and Materials	84,500	77,191	7,309
600 Other Objects	2,500	230	2,270
117 Driver Education Program:			
100 Salaries	47,766	47,766	-
200 Employee Benefits	20,744	15,840	4,904
300 Purchased Services	1,200	1,290	(90)
400 Supplies and Materials	1,700	5,039	(3,339)
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	299,380	331,051	(31,671)
200 Employee Benefits	136,312	147,575	(11,263)
300 Purchased Services	128,718	179,999	(51,281)
400 Supplies and Materials	7,011	6,963	48
122 Trainable Mentally Handicapped:			
100 Salaries	200,503	343,830	(143,327)
200 Employee Benefits	91,307	108,898	(17,591)
300 Purchased Services	-	2,809	(2,809)
400 Supplies and Materials	1,269	1,695	(426)
123 Orthopedically Handicapped:			
100 Salaries	6,103	6,103	-
200 Employee Benefits	1,019	1,335	(316)
400 Supplies and Materials	1,100	800	300
124 Visually Handicapped:			
100 Salaries	5,434	5,434	-
200 Employee Benefits	2,587	2,257	330
300 Purchased Services	-	75,953	(75,953)
125 Hearing Handicapped:			
300 Purchased Services	-	26,409	(26,409)
400 Supplies and Materials	-	1,254	(1,254)
126 Speech Handicapped:			
100 Salaries	190,861	158,829	32,032
200 Employee Benefits	63,370	50,952	12,418
400 Supplies and Materials	4,328	2,577	1,751
127 Learning Disabilities:			
100 Salaries	1,053,863	871,601	182,262
200 Employee Benefits	420,054	307,009	113,045
300 Purchased Services	555	10,087	(9,532)
400 Supplies and Materials	\$ 4,656	4,380	\$ 276

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule A-1**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2015**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
128 Emotionally Handicapped:			
100 Salaries	\$ 18,782	11,759	\$ 7,023
200 Employee Benefits	4,681	3,825	856
400 Supplies and Materials	900	315	585
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	49,449	114,669	(65,220)
200 Employee Benefits	23,754	61,142	(37,388)
300 Purchased Services	-	2,037	(2,037)
139 Early Childhood Programs:			
100 Salaries	31,022	-	31,022
200 Employee Benefits	16,681	-	16,681
400 Supplies and Materials	2,596	4,873	(2,277)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	112,907	112,175	732
200 Employee Benefits	40,579	43,895	(3,316)
300 Purchased Services	825	1,371	(546)
400 Supplies and Materials	400	433	(33)
143 Advanced Placement:			
100 Salaries	19,379	18,822	557
200 Employee Benefits	5,901	6,006	(105)
400 Supplies and Materials	1,392	1,392	-
145 Homebound:			
100 Salaries	62,877	32,863	30,014
200 Employee Benefits	15,557	9,749	5,808
300 Purchased Services	20,020	8,009	12,011
400 Supplies and Materials	400	-	400
147 CDEPP:			
100 Salaries	54,225	77,547	(23,322)
200 Employee Benefits	24,062	32,298	(8,236)
300 Purchased Services	1,330	51,969	(50,639)
400 Supplies and Materials	12,500	7,714	4,786
148 Gifted and Talented - Artistic:			
100 Salaries	7,704	7,709	(5)
200 Employee Benefits	3,160	3,574	(414)
149 Other Special Programs:			
100 Salaries	-	2,325	(2,325)
200 Employee Benefits	-	1,005	(1,005)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	136,581	165,363	(28,782)
200 Employee Benefits	40,592	77,995	(37,403)
300 Purchased Services	5,000	8,514	(3,514)
400 Supplies and Materials	\$ 2,135	500	\$ 1,635

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015

	FINAL BUDGET	ACTUAL	VARIANCE
170 Summer School Programs:			
172 Elementary Summer School:			
200 Employee Benefits	\$ 592	-	\$ 592
300 Purchased Services	4,875	-	4,875
400 Supplies and Materials	6,704	-	6,704
175 Instructional Programs Beyond Regular School Day:			
100 Salaries	2,000	39,781	(37,781)
200 Employee Benefits	467	8,937	(8,470)
300 Purchased Services	-	6,991	(6,991)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
300 Purchased Services	1,200	42	1,158
400 Supplies and Materials	5,500	5,786	(286)
182 Adult Secondary Education Programs:			
300 Purchased Services	1,500	524	976
400 Supplies and Materials	5,500	4,402	1,098
188 Parenting/Family Literacy:			
100 Salaries	800	703	97
300 Purchased Services	500	-	500
400 Supplies and Materials	3,452	-	3,452
190 Instructional Pupil Activity:			
100 Salaries	57,450	19,493	37,957
200 Employee Benefits	7,875	8,753	(878)
Total Instruction	19,044,292	19,319,397	(275,105)
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	207,105	214,670	(7,565)
200 Employee Benefits	86,260	84,678	1,582
300 Purchased Services	10,800	11,079	(279)
212 Guidance Services:			
100 Salaries	722,526	735,844	(13,318)
200 Employee Benefits	258,822	258,076	746
300 Purchased Services	8,100	6,351	1,749
400 Supplies and Materials	7,130	5,455	1,675
600 Other Objects	400	325	75
213 Health Services:			
100 Salaries	240,042	273,172	(33,130)
200 Employee Benefits	113,601	114,315	(714)
300 Purchased Services	6,405	37,588	(31,183)
400 Supplies and Materials	12,380	9,428	2,952
214 Psychological Services:			
100 Salaries	33,765	2,413	31,352
200 Employee Benefits	22,891	588	22,303
300 Purchased Services	-	88,614	(88,614)
215 Exceptional Program Services:			
300 Purchased Services	\$ -	32,163	\$ (32,163)

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015

	FINAL BUDGET	ACTUAL	VARIANCE
216 Vocational Placement Services:			
100 Salaries	\$ 51,133	34,709	\$ 16,424
200 Employee Benefits	21,858	18,308	3,550
300 Purchased Services	4,500	1,631	2,869
400 Supplies and Materials	1,500	1,450	50
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	342,346	285,419	56,927
200 Employee Benefits	132,989	95,931	37,058
300 Purchased Services	19,000	6,497	12,503
400 Supplies and Materials	13,647	5,577	8,070
600 Other Objects	1,600	387	1,213
222 Library and Media Services:			
100 Salaries	567,374	478,611	88,763
200 Employee Benefits	203,767	168,163	35,604
300 Purchased Services	27,012	21,941	5,071
400 Supplies and Materials	50,690	32,522	18,168
223 Supervision of Special Programs:			
100 Salaries	87,057	66,440	20,617
200 Employee Benefits	39,823	31,757	8,066
300 Purchased Services	5,335	24,317	(18,982)
400 Supplies and Materials	6,300	8,706	(2,406)
500 Capital Outlay	2,300	-	2,300
600 Other Objects	1,655	955	700
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	5,600	200	5,400
200 Employee Benefits	2,263	47	2,216
300 Purchased Services	17,007	9,989	7,018
400 Supplies and Materials	8,476	891	7,585
600 Other Objects	1,345	1,345	-
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	76,488	79,547	(3,059)
200 Employee Benefits	21,429	21,001	428
300 Purchased Services	128,200	144,599	(16,399)
318 Audit Services	75,000	64,440	10,560
400 Supplies and Materials	17,400	13,597	3,803
600 Other Objects	36,500	32,021	4,479
232 Office of Superintendent:			
100 Salaries	285,234	282,286	2,948
200 Employee Benefits	90,682	80,585	10,097
300 Purchased Services	36,165	12,906	23,259
400 Supplies and Materials	19,600	12,571	7,029
600 Other Objects	\$ 7,100	4,790	\$ 2,310

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015

	FINAL BUDGET	ACTUAL	VARIANCE
233 School Administration:			
100 Salaries	\$ 2,107,258	1,982,445	\$ 124,813
200 Employee Benefits	795,264	710,549	84,715
300 Purchased Services	87,917	85,530	2,387
400 Supplies and Materials	77,865	53,661	24,204
600 Other Objects	6,962	5,734	1,228
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
100 Salaries	8,306	44,548	(36,242)
200 Employee Benefits	6,068	7,190	(1,122)
300 Purchased Services	-	4,157	(4,157)
600 Other Objects	-	(765)	765
252 Fiscal Services:			
100 Salaries	264,957	259,851	5,106
200 Employee Benefits	109,463	102,447	7,016
300 Purchased Services	51,300	48,297	3,003
400 Supplies and Materials	30,844	13,409	17,435
500 Capital Outlay	4,500	-	4,500
600 Other Objects	11,420	3,222	8,198
253 Facilities Acquisition and Construction:			
300 Purchased Services	6,800	-	6,800
254 Operation and Maintenance of Plant:			
100 Salaries	1,055,613	1,012,271	43,342
200 Employee Benefits	535,785	478,503	57,282
300 Purchased Services	1,291,234	1,166,639	124,595
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	116,308	84,634	31,674
400 Supplies and Materials	372,756	509,341	(136,585)
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,343,446	1,297,881	45,565
500 Capital Outlay	26,601	-	26,601
600 Other Objects	4,450	754	3,696
255 Student Transportation (State Mandated):			
100 Salaries	835,537	889,200	(53,663)
200 Employee Benefits	233,670	278,273	(44,603)
300 Purchased Services	119,446	49,458	69,988
400 Supplies and Materials	39,600	4,609	34,991
600 Other Objects	2,790	4,270	(1,480)
256 Food Service:			
100 Salaries	-	2,984	(2,984)
200 Employee Benefits	557,266	356,787	200,479
257 Internal Services:			
300 Purchased Services	24,711	14,640	10,071
400 Supplies and Materials	6,037	86	5,951
500 Capital Outlay	7,468	-	7,468
600 Other Objects	600	-	600
258 Security:			
300 Purchased Services	328,762	340,903	(12,141)
400 Supplies and Materials	\$ 14,800	8,424	\$ 6,376

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015

	FINAL BUDGET	ACTUAL	VARIANCE
260 Central Support Services:			
263 Information Services:			
100 Salaries	\$ 26,955	5,467	\$ 21,488
200 Employee Benefits	11,118	1,576	9,542
300 Purchased Services	9,855	2,841	7,014
400 Supplies and Materials	4,600	3,086	1,514
264 Staff Services:			
100 Salaries	197,982	198,709	(727)
200 Employee Benefits	69,544	65,468	4,076
300 Purchased Services	39,000	60,818	(21,818)
400 Supplies and Materials	7,800	6,514	1,286
600 Other Objects	3,900	450	3,450
266 Technology and Data Processing Services:			
100 Salaries	304,200	337,381	(33,181)
200 Employee Benefits	115,015	124,466	(9,451)
300 Purchased Services	136,965	116,253	20,712
400 Supplies and Materials	49,850	47,531	2,319
600 Other Objects	-	351	(351)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	260,972	310,830	(49,858)
200 Employee Benefits (Optional)	52,761	80,193	(27,432)
300 Purchased Services (Optional)	36,422	33,333	3,089
400 Supplies and Materials (Optional)	22,622	20,567	2,055
660 Pupil Activity	54,900	44,369	10,531
Total Support Services	16,028,867	15,199,030	829,837
300 Community Services:			
360 Welfare Services:			
400 Supplies and Materials	-	1,967	(1,967)
Total Community Services	-	1,967	(1,967)
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	10,000	-	10,000
412 Payments to Other Governmental Units			
720 Transits	-	4,064	(4,064)
Total Intergovernmental Expenditures	10,000	4,064	5,936
<b>TOTAL EXPENDITURES</b>	<b>\$ 35,083,159</b>	<b>34,524,458</b>	<b>\$ 558,701</b>

(Continued)

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

Schedule A-1

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2015

	FINAL BUDGET	ACTUAL	VARIANCE
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 924,101	876,403	\$ (47,698)
5280 Transfer from Other Funds Indirect Costs	235,200	334,364	99,164
423-710 Transfer to Debt Service Fund	-	(16,473)	(16,473)
426-710 Transfer to Pupil Activity Fund	(118)	(161,953)	(161,835)
TOTAL OTHER FINANCING SOURCES (USES)	1,159,183	1,032,341	(126,842)
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	(406,928)	(406,928)
FUND BALANCE, Beginning of Year, As Originally Reported	3,576,687	3,576,687	-
PRIOR PERIOD ADJUSTMENT	626,056	626,056	-
FUND BALANCE, Beginning of Year, As Adjusted	4,202,743	4,202,743	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 4,202,743</b>	<b>3,795,815</b>	<b>\$ (406,928)</b>



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**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2015**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
<b>REVENUES</b>		
1000 Revenue from Local Sources:		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ -	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	-	-
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3127 Student Health and Fitness - PE Teachers	-	-
3130 Special Programs:		
3135 Reading Coaches	-	-
3136 Student Health and Fitness - Nurses	-	-
3155 DSS SNAP and E&T Program	-	-
3177 Summer Reading Camp	-	-
3190 Miscellaneous Restricted State Grants:		
3194 Digital Instructional Materials	-	-
3198 Technology Professional Development	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement (Carryover Provision)	-	-
3610 K-5 Enhancement (Carryover Provision)	-	-
3620 Digital Instructional Materials	-	-
3630 K-12 Technology Initiative	-	-
Total Revenue from State Sources	-	-
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	2,928,660	-
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	\$ -	-

<b>Preschool Handicapped (CG Projects) (205 / 206)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (EA Projects) (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s/900s)</b>	<b>Totals</b>
-	-	-	-	175	\$ 175
-	-	-	-	48,053	48,053
-	-	-	-	586,596	586,596
-	-	-	-	113,233	113,233
-	-	-	-	748,057	748,057
-	-	-	123,247	-	123,247
-	-	-	48,991	-	48,991
-	-	-	173,205	-	173,205
-	-	-	168,512	-	168,512
-	-	-	14,423	-	14,423
-	-	-	33,476	-	33,476
-	-	-	81,291	-	81,291
-	-	-	2,680	-	2,680
-	-	-	-	2,481	2,481
-	-	-	19,825	-	19,825
-	-	-	175,330	-	175,330
-	-	-	27,745	-	27,745
-	-	-	36,939	-	36,939
-	-	-	905,664	2,481	908,145
-	108,014	-	-	-	108,014
-	-	-	-	159,629	3,088,289
-	-	-	-	629	\$ 629

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2015**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	\$ -	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4490 Other Adult Education	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,395,729
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4924 21st Century Community Learning Center Program (Title IV)	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>2,928,660</u>	<u>1,395,729</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>2,928,660</b></u>	<u><b>1,395,729</b></u>
<b>EXPENDITURES</b>		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	102,402	-
200 Employee Benefits	44,558	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	366,686	-
200 Employee Benefits	150,711	-
300 Purchased Services	45,151	-
400 Supplies and Materials	49,176	-
113 Elementary Programs:		
100 Salaries	301,304	-
200 Employee Benefits	122,314	-
300 Purchased Services	68,483	-
400 Supplies and Materials	84,023	-
114 High School Programs:		
100 Salaries	189,328	-
200 Employee Benefits	88,101	-
300 Purchased Services	77,154	-
400 Supplies and Materials	\$ 71,647	-

<b>Preschool Handicapped (CG Projects) (205 / 206)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (EA Projects) (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s/900s)</b>	<b>Totals</b>
-	-	-	-	21,823	\$ 21,823
-	-	-	-	428,808	428,808
-	-	66,562	-	-	66,562
-	-	-	-	129,755	129,755
-	-	-	-	6,862	1,402,591
38,987	-	-	-	-	38,987
-	-	-	-	93,683	93,683
-	-	-	-	434,533	434,533
<u>38,987</u>	<u>108,014</u>	<u>66,562</u>	<u>-</u>	<u>1,275,722</u>	<u>5,813,674</u>
<b>38,987</b>	<b>108,014</b>	<b>66,562</b>	<b>905,664</b>	<b>2,026,260</b>	<b>7,469,876</b>
-	-	-	90,874	64,277	257,553
-	-	-	28,621	23,292	96,471
-	-	-	2,262	-	2,262
-	-	-	18,199	268,739	653,624
-	-	-	6,872	120,476	278,059
-	-	-	-	-	45,151
-	-	-	41,733	1,677	92,586
-	-	-	174,693	206,544	682,541
-	-	-	59,858	80,955	263,127
-	-	-	560	20,813	89,856
-	-	-	102,715	42,684	229,422
-	-	-	-	267,365	456,693
-	-	-	-	72,494	160,595
-	-	-	-	35,668	112,822
-	-	-	-	49,132	\$ 120,779

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2015**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
115 Career and Technology Education Program:		
300 Purchased Services - Other Than Tuition	\$ -	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
600 Other Objects	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
300 Purchased Services	-	4,785
400 Supplies and Materials	-	8,056
122 Trainable Mentally Handicapped:		
300 Purchased Services	-	1,076
400 Supplies and Materials	-	9,717
124 Visually Handicapped:		
300 Purchased Services	-	72,420
125 Hearing Handicapped:		
300 Purchased Services	-	24,150
126 Speech Handicapped:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	2,273
400 Supplies and Materials	-	1,746
127 Learning Disabilities:		
100 Salaries	-	273,859
200 Employee Benefits	-	96,921
300 Purchased Services	-	2,295
400 Supplies and Materials	-	17,939
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	5,159
200 Employee Benefits	-	1,266
400 Supplies and Materials	-	984
140 Special Programs:		
145 Homebound:		
100 Salaries	-	10,000
149 Other Special Programs:		
100 Salaries	-	19,697
200 Employee Benefits	-	8,142
300 Purchased Services	\$ -	131

Preschool Handicapped (CG Projects) (205 / 206)	CATE (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	23,574	-	-	-	\$ 23,574
-	49,815	-	-	-	49,815
-	22,628	-	-	-	22,628
-	-	-	-	129,590	129,590
-	-	-	-	-	4,785
-	-	-	-	-	8,056
-	-	-	-	2,481	3,557
-	-	-	-	1,130	10,847
-	-	-	-	-	72,420
-	-	-	-	-	24,150
-	-	-	-	4,625	4,625
-	-	-	-	1,119	1,119
-	-	-	-	253,629	255,902
-	-	-	-	-	1,746
-	-	-	-	-	273,859
-	-	-	-	-	96,921
-	-	-	-	-	2,295
-	-	-	-	-	17,939
31,335	-	-	-	-	36,494
7,652	-	-	-	-	8,918
-	-	-	-	-	984
-	-	-	-	-	10,000
-	-	-	-	-	19,697
-	-	-	-	-	8,142
-	-	-	-	-	\$ 131

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2015**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	19,193
400 Supplies and Materials	-	3,460
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
172 Elementary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
173 High School Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
100 Salaries	56,195	-
200 Employee Benefits	28,494	-
300 Purchased Services	728	-
400 Supplies and Materials	6,952	-
Total Instruction	<u>\$ 1,853,407</u>	<u>583,269</u>



Preschool Handicapped (CG Projects) (205 / 206)	CATE (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	-	900	\$ 900
-	-	-	-	219	219
-	-	-	-	-	19,193
-	-	-	-	-	3,460
-	-	-	18,925	1,290	20,215
-	-	-	4,610	357	4,967
-	-	-	5,607	-	5,607
-	-	-	-	18,780	18,780
-	-	-	-	4,524	4,524
-	-	-	-	94	94
-	-	-	-	21,277	21,277
-	-	-	-	4,464	4,464
-	-	-	-	38,231	38,231
-	-	-	-	9,012	9,012
-	-	-	-	1,873	1,873
-	-	-	-	8,235	8,235
-	-	22,999	-	-	22,999
-	-	5,966	-	-	5,966
-	-	30,146	13,310	-	43,456
-	-	7,343	1,113	-	8,456
-	-	-	-	30	30
-	-	-	-	-	56,195
-	-	-	-	-	28,494
-	-	-	-	-	728
-	-	-	-	-	6,952
38,987	96,017	66,454	569,952	1,755,976	\$ 4,964,062

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2015**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
100 Salaries	\$ 22,588	-
200 Employee Benefits	7,044	-
300 Purchased Services	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
214 Psychological Services:		
100 Salaries	-	159,257
200 Employee Benefits	-	65,488
300 Purchased Services	-	2,890
400 Supplies and Materials	-	9,648
215 Exceptional Program Services:		
100 Salaries	-	166,632
200 Employee Benefits	-	59,173
300 Purchased Services	-	114,110
217 Career Specialists Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	445,623	-
200 Employee Benefits	141,091	-
300 Purchased Services	15,000	-
400 Supplies and Materials	491	-
222 Library and Media:		
100 Salaries	27,653	-
200 Employee Benefits	8,863	-
400 Supplies and Materials	999	-
223 Supervision of Special Programs:		
100 Salaries	88,067	105,358
200 Employee Benefits	33,609	32,744
300 Purchased Services	4,587	7,676
400 Supplies and Materials	2,357	12,556
224 Improvement of Instruction - Inservice and Staff Training:		
300 Purchased Services	144,470	474
400 Supplies and Materials	3,790	767
600 Other Objects	\$ 9,079	-

Preschool Handicapped (CG Projects) (205 / 206)	CATE (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	-	-	\$ 22,588
-	-	-	-	-	7,044
-	-	-	-	5,963	5,963
-	-	-	122,606	26,361	148,967
-	-	-	45,906	12,088	57,994
-	-	-	-	-	159,257
-	-	-	-	-	65,488
-	-	-	-	-	2,890
-	-	-	-	-	9,648
-	-	-	-	-	166,632
-	-	-	-	-	59,173
-	-	-	-	-	114,110
-	-	-	87,057	-	87,057
-	-	-	36,189	-	36,189
-	-	-	-	600	446,223
-	-	-	-	143	141,234
-	-	-	-	6,483	21,483
-	-	-	-	-	491
-	-	-	-	-	27,653
-	-	-	-	-	8,863
-	-	-	-	-	999
-	-	-	-	27,684	221,109
-	-	-	-	14,680	81,033
-	-	108	-	6,193	18,564
-	-	-	-	550	15,463
-	9,702	-	2,680	42,379	199,705
-	-	-	-	3,393	7,950
-	-	-	-	1,475	\$ 10,554

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2015**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
230 General Administration Services:		
233 School Administration:		
400 Supplies and Materials	\$ 5,862	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	4,946	14,362
200 Employee Benefits	1,180	15,561
300 Purchased Services	6,899	-
600 Other Objects	-	182
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
500 Capital Outlay:		
540 Equipment	-	-
254 Operation and Maintenance of Plant:		
400 Supplies and Materials	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
260 Central Support Services:		
266 Technology and Data Processing Services:		
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries (Optional)	-	-
200 Employee Benefits (Optional)	-	-
300 Purchased Services (Optional)	-	-
400 Supplies and Materials (Optional)	-	-
600 Other Objects (Optional)	-	-
Total Support Services	974,198	766,878
300 Community Services:		
360 Welfare Services:		
400 Supplies and Materials	697	-
390 Other Community Services:		
300 Purchased Services	-	-
Total Community Services	697	-
410 Intergovernmental Expenditures:		
411 Payments to SDE		
720 Transits	\$ -	-

Preschool Handicapped (CG Projects) (205 / 206)	CATE (VA Projects) (207)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	-	-	\$ 5,862
-	-	-	3,486	16,245	39,039
-	-	-	849	3,852	21,442
-	-	-	-	30,677	37,576
-	-	-	-	-	182
-	-	-	-	7,025	7,025
-	-	-	-	14,077	14,077
-	-	-	-	5,000	5,000
-	-	-	-	23,361	23,361
-	-	-	36,939	2,841	39,780
-	-	-	-	33,469	33,469
-	-	-	-	647	647
-	-	-	-	155	155
-	2,295	-	-	1,636	3,931
-	-	-	-	4,955	4,955
-	-	-	-	(21)	(21)
-	11,997	108	335,712	291,911	2,380,804
-	-	-	-	-	697
-	-	-	-	1,092	1,092
-	-	-	-	1,092	1,789
-	-	-	-	111,034	\$ 111,034

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2015**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
412 Payments to Other Governmental Units		
720 Transits	\$ -	-
Total Intergovernmental Expenditures	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,828,302</b>	<b>1,350,147</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund Transfers, From (To) Other Funds:		
5270 Transfer from Pupil Activity Fund	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(100,358)	(45,582)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(100,358)</b>	<b>(45,582)</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>
FUND BALANCES, Beginning of Year, As Originally Reported	-	-
PRIOR PERIOD ADJUSTMENTS	-	-
FUND BALANCE, Beginning of Year, As Adjusted	-	-
<b>FUND BALANCES, End of Year</b>	<b>\$ -</b>	<b>-</b>

<b>Preschool Handicapped (CG Projects) (205 / 206)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (EA Projects) (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s/900s)</b>	<b>Totals</b>
-	-	-	-	15,418	\$ 15,418
-	-	-	-	126,452	126,452
<b>38,987</b>	<b>108,014</b>	<b>66,562</b>	<b>905,664</b>	<b>2,175,431</b>	<b>7,473,107</b>
-	-	-	-	4,504	4,504
-	-	-	-	-	(145,940)
-	-	-	-	4,504	(141,436)
-	-	-	-	<b>(144,667)</b>	<b>(144,667)</b>
-	-	-	-	668,368	668,368
-	-	-	-	(180,804)	(180,804)
-	-	-	-	487,564	487,564
-	-	-	-	<b>342,897</b>	<b>\$ 342,897</b>

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule B-2**

**SPECIAL REVENUE FUND**

**SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES**

**YEAR ENDED JUNE 30, 2015**

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**OTHER DESIGNATED  
RESTRICTED STATE GRANTS**

914	Digital Instructional Materials
918	Technology Professional Development
919	Education License Plates
926	Summer Reading Camps
928	EEDA Career Specialists
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
955	DSS SNAP and E&T Program
960	K-5 Enhancement (Carryover Provision)
963	K-12 Technology Initiative
965	Digital Instructional Materials
967	6-8 Enhancement (Carryover Provision)

**OTHER SPECIAL REVENUE  
PROGRAMS**

212	Extended School Year - IDEA
224	21st Century Grant
237	Title I School Improvement
251	Rural and Low Income Schools
264	Title III
267	Improving Teacher Quality
296	JROTC - Army
297	JROTC - Marine Corps
814	Beneteau Corporation Grant
816	Donation
817	SC Teen Pregnancy Prevention Grant
820	Pell Grant
821	SC GEAR UP Grant
824	Monsanto Grant
829	HEAP Program
830	PMD
839	McLeod Health Grant
840	Teacher Tuition
849	Health Grant
852	NET LEAD Grant
856	Other Adult Education
862	Jobs for America's Graduates
867	SCSBIT Risk Control
879	E-Rate
890	Knights of Columbus
968	Medicaid
970	RBHS Medicaid



SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2015

SUBFUND	REVENUE CODE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS IN (OUT)	UNEARNED
914	3194	Digital Instructional Materials	\$ 81,291	81,291	-	-	\$ 231
918	3198	Technology Professional Development	2,680	2,680	-	-	24,483
919	3193	Education License Plates	-	-	-	-	2,859
926	3177	Summer Reading Camps	33,476	33,476	-	-	30,743
928	3118	EEDA Career Specialists	123,247	123,247	-	-	46,293
935	3135	Reading Coaches	173,205	173,205	-	-	14,985
936	3136	Student Health and Fitness - Nurses	168,512	168,512	-	-	-
937	3127	Student Health and Fitness - PE Teachers	48,991	48,991	-	-	-
955	3155	DSS SNAP and E&T Program	14,423	14,423	-	-	27,029
960	3610	K-5 Enhancement (Carryover Provision)	175,330	175,330	-	-	217,043
963	3630	K-12 Technology Initiative	36,939	36,939	-	-	308,013
965	3620	Digital Instructional Materials	27,745	27,745	-	-	-
967	3607	6-8 Enhancement (Carryover Provision)	19,825	19,825	-	-	6,677
<b>Totals</b>			<b>\$ 905,664</b>	<b>905,664</b>	<b>-</b>	<b>-</b>	<b>\$ 678,356</b>

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2015**

	<b>ACTUAL</b>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 8,627
3509 Arts in Education	14,986
3511 Professional Development	8,464
3518 Formative Assessment	11,225
3525 Career and Technology Education Equipment	54,998
3526 Refurbishment of K-8 Science Kits	27,113
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	37,065
3533 Teacher of the Year Award	1,077
3538 Students at Risk of School Failure	723,200
3541 CDEPP (Child Development Education Pilot Program)	828,790
3550 Teacher Salary Increase (No Carryover Provision)	747,143
3555 School Employer Contributions (No Carryover Provision)	129,260
3556 Adult Education	145,111
3558 Reading	35,949
3577 Teacher Supplies (No Carryover Provision)	86,500
3578 High Schools That Work/Making Middle Grades Work	26,380
3592 Work-Based Learning	21,363
3594 EEDA At Risk Supplemental Programs	89,180
3595 EEDA - Supplies and Materials - Career Awareness	3,524
3597 Aid to Districts	106,331
Total Revenue from State Sources	<u>3,106,286</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>3,106,286</b></u>
<b>EXPENDITURES</b>	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	14,646
200 Employee Benefits	11,580
400 Supplies and Materials	4,740
112 Primary Programs:	
100 Salaries	91,446
200 Employee Benefits	21,222
300 Purchased Services	305
400 Supplies and Materials	25,716
113 Elementary Programs:	
100 Salaries	218,733
200 Employee Benefits	85,496
300 Purchased Services	17,554
400 Supplies and Materials	69,721
600 Other Objects	\$ 545

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2015**

	<b>ACTUAL</b>
114 High School Programs:	
100 Salaries	\$ 295,627
200 Employee Benefits	103,588
300 Purchased Services	36,287
400 Supplies and Materials	25,907
600 Other Objects	600
115 Career and Technology Education Program:	
100 Salaries	7,500
200 Employee Benefits	1,809
400 Supplies and Materials	57,873
117 Driver Education Program:	
400 Supplies and Materials	250
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	1,375
122 Trainable Mentally Handicapped:	
100 Salaries	54,099
200 Employee Benefits	6,026
400 Supplies and Materials	1,500
126 Speech Handicapped:	
400 Supplies and Materials	1,250
127 Learning Disabilities:	
100 Salaries	8,000
200 Employee Benefits	1,945
400 Supplies and Materials	5,125
130 Pre-School Programs:	
137 Preschool Handicapped Self Contained (3 & 4 Yr. Olds):	
400 Supplies and Materials	750
140 Special Programs:	
141 Gifted and Talented - Academic:	
400 Supplies and Materials	250
147 CDEPP:	
100 Salaries	580,978
200 Employee Benefits	247,438
400 Supplies and Materials	2,874
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	16,415
200 Employee Benefits	3,497
300 Purchased Services	\$ 9,038

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2015**

	<b>ACTUAL</b>
182 Adult Secondary Education Programs:	
100 Salaries	\$ 8,595
200 Employee Benefits	2,093
300 Purchased Services	9,113
Total Instruction	<u>2,051,506</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	3,750
216 Vocational Placement Services:	
100 Salaries	17,091
200 Employee Benefits	4,272
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
400 Supplies and Materials	1,065
222 Library and Media:	
400 Supplies and Materials	9,453
223 Supervision of Special Programs:	
100 Salaries	70,775
200 Employee Benefits	25,585
224 Improvement of Instruction - In-service and Staff Training:	
100 Salaries	7,760
200 Employee Benefits	1,847
300 Purchased Services	19,359
400 Supplies and Materials	8,984
600 Other Objects	145
250 Finance and Operations Services:	
251 Student Transportation (Federal/District Mandated):	
100 Salaries	2,855
200 Employee Benefits	701
300 Purchased Services	2,311
255 Student Transportation (State Mandated):	
100 Salaries	1,949
200 Employee Benefits	475
Total Support Services	<u>178,377</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$ 2,229,883</b></u>

(Continued)

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2015**

---

	<u><b>ACTUAL</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	\$ (876,403)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(876,403)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-
<b>FUND BALANCES, Beginning of Year</b>	<u>-</u>
<b>FUND BALANCES, End of Year</b>	<u><u>\$ -</u></u>

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

Schedule B-5

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2015

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 8,627	8,627	-	-	\$ 7,771
3504 Level Data Implementation	-	-	-	-	3,000
3505 Technology Support	-	-	-	-	22,315
3509 Arts in Education	14,986	14,986	-	-	8,745
3511 Professional Development	8,464	8,464	-	-	19,962
3518 Formative Assessment	11,225	11,225	-	-	24,235
3525 Career and Technology Education Equipment	54,998	54,998	-	-	3,844
3526 Refurbishment of K-8 Science Kits	27,113	27,113	-	-	1,723
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	37,065	37,065	-	-	-
3533 Teacher of the Year Award	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	723,200	723,200	-	-	-
3541 CDEPP (Child Development Education Pilot Program)	828,790	828,790	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	747,143	-	-	(747,143)	-
3555 School Employer Contributions (No Carryover Provision)	129,260	-	-	(129,260)	-
3556 Adult Education	145,111	145,111	-	-	11,718
3558 Reading	35,949	35,949	-	-	9,731
3577 Teacher Supplies (No Carryover Provision)	86,500	86,500	-	-	-
3578 High Schools That Work / Making Middle Grades Work	26,380	26,380	-	-	7,838
3592 Work-Based Learning	21,363	21,363	-	-	-
3594 EEDA At Risk Supplemental Programs	89,180	89,180	-	-	546
3595 EEDA - Supplies and Materials - Career Awareness	3,524	3,524	-	-	5,086
3597 Aid to Districts	106,331	106,331	-	-	152,028
<b>Totals</b>	<b>\$ 3,106,286</b>	<b>2,229,883</b>	<b>-</b>	<b>(876,403)</b>	<b>\$ 278,542</b>

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

Schedule B-6

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

YEAR ENDED JUNE 30, 2015

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<b>Program</b>	<b>Project/Grant Number</b>	<b>Revenue &amp; Subfund Code</b>	<b>Description</b>	<b>Amount Due to State Department of Education or Federal Government</b>	<b>Status of Amount Due to Grantors</b>
Adult Education	EIA	3556 / 356	Overclaimed Cost	\$ 6,354	Paid subsequent to year-end

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**Schedule C-1**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2015**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes - Including Delinquent (Fiscally Independent LEA)	\$ 552,135
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	14,886
Total Revenue from Local Sources	<u>567,021</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	43,427
3830 Merchant's Inventory Tax	20,736
3840 Manufacturers Depreciation Reimbursement	3,076
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	6,411
Total Revenue from State Sources	<u>73,650</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>640,671</u></b>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	591,473
620 Interest	117,000
Total Debt Service	<u>708,473</u>
<b>TOTAL EXPENDITURES</b>	<b><u>708,473</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund	16,473
TOTAL OTHER FINANCING SOURCES (USES)	<u>16,473</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(51,329)</b>
FUND BALANCE, Beginning of Year	<u>1,868,173</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 1,816,844</u></b>



MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

Schedule D-1

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2015

	ACTUAL
REVENUES	
TOTAL REVENUE ALL SOURCES	\$ -
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	61,050
500 Capital Outlay:	
520 Construction Services	963,681
540 Equipment	14,077
253 Operations and Maintenance of Plant:	
300 Purchased Services	16,911
500 Capital Outlay	63,450
270 Support Services Pupil Activity:	
271 Pupil Services Activities:	
500 Capital Outlay	72,560
Total Support Services	1,191,729
TOTAL EXPENDITURES	1,191,729
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,191,729)
FUND BALANCE, Beginning of Year	3,705,387
FUND BALANCE, End of Year	\$ 2,513,658

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

Schedule E-1

SPECIAL REVENUE - FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2015

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 6,012
1600 Food Service:	
1630 Special Sales to Pupils	6,637
1640 Lunch Sales to Adults	42,035
1650 Breakfast Sales to Adults	205
1660 Special Sales to Adults	2,514
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	1,085
Total Revenue from Local Sources	<u>58,488</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	254
Total Revenue from State Sources	<u>254</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	2,167,950
4830 School Breakfast Program	785,369
4860 Fresh Fruit and Vegetable Program (FFVP) (Carryover Provision)	39,518
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	173,990
Total Revenue from Federal Sources	<u>3,166,827</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>3,225,569</b></u>
<b>EXPENSES</b>	
256 Food Service:	
100 Salaries	924,736
200 Employee Benefits	127,523
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	212,315
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,599,814
500 Capital Outlay	309,032
600 Other Objects	4,899
Total Food Service Expenses	<u>3,178,319</u>
<b>TOTAL EXPENSES</b>	<u><b>3,178,319</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(188,424)
TOTAL OTHER FINANCING SOURCES (USES)	<u><b>(188,424)</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(141,174)</b>
FUND NET ASSETS, Beginning of Year	<u>2,213,531</u>
<b>FUND NET ASSETS, End of Year</b>	<u><b>\$ 2,072,357</b></u>

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

Schedule F-1

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2015

	ACTUAL
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 127,905
1730 Pupil Organization Membership Dues and Fees	4,075
1740 Student Fees	8,174
1790 Other	497,352
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	10,660
Total Receipts from Local Sources	648,166
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b>648,166</b>
<b>DISBURSEMENTS</b>	
270 Support Services Pupil Activity:	
272 Enterprise Activities:	
100 Salaries (Optional)	46,423
200 Employee Benefits (Optional)	10,899
660 Pupil Activity	692,314
Total Pupil Activity Expenditures	749,636
<b>TOTAL DISBURSEMENTS</b>	<b>749,636</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	161,953
421-710 Transfer to Special Revenue Fund	(4,504)
TOTAL OTHER FINANCING SOURCES (USES)	<b>157,449</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>55,979</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	141,493
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<b>\$ 197,472</b>

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**LOCATION RECONCILIATION SCHEDULE**

**YEAR ENDED JUNE 30, 2015**

<b>Location ID</b>	<b>Location Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
000	DISTRICT WIDE	NON-SCHOOLS	CENTRAL	\$ 815,640
001	SPRING BRANCH PROPERTY	NON-SCHOOLS	CENTRAL	6,875
002	MARION HIGH SCHOOL	HIGH SCHOOL	SCHOOL	5,667,353
003	EASTERLING ELEMENTARY SCHOOL	ELEMENTARY	SCHOOL	5,585,441
004	MARION INTERMEDIATE SCHOOL	ELEMENTARY	SCHOOL	3,878,621
007	JOHNAKIN MIDDLE SCHOOL	MIDDLE SCHOOL	SCHOOL	4,342,461
008	MULLINS HIGH SCHOOL	HIGH SCHOOL	SCHOOL	4,902,679
009	PALMETTO MIDDLE SCHOOL	MIDDLE SCHOOL	SCHOOL	3,295,880
010	McCORMICK ELEMENTARY SCHOOL	ELEMENTARY	SCHOOL	2,568,842
012	FOX FIELD	NON-SCHOOLS	CENTRAL	33,580
013	NORTH MULLINS PRIMARY SCHOOL	ELEMENTARY	SCHOOL	2,711,267
014	MULLINS EARLY CHILDHOOD CENTER	ELEMENTARY	SCHOOL	897,243
022	ACTIVITY BUS	NON-SCHOOLS	CENTRAL	29,548
023	BRITTONS NECK ELEMENTARY SCHOOL	ELEMENTARY	SCHOOL	2,780,025
024	CREEK BRIDGE HIGH SCHOOL	HIGH SCHOOL	SCHOOL	3,653,515
030	ADULT EDUCATION	OTHER SCHOOL	SCHOOL	417,655
031	SUCCESS ACADEMY/PALMETTO ED CTR	ALTERNATIVE SCHL	SCHOOL	1,095,180
032	ATHLETIC COMPLEX - MARION	HIGH SCHOOL	CENTRAL	25,969
907	COMMUNITY CENTER - CENTENARY	NON-SCHOOLS	CENTRAL	9,037
908	SAFFOLD BUILDING	NON-SCHOOLS	CENTRAL	6,592
910	MARION COUNTY SCHS-DISTRICT OFC	NON-SCHOOLS	CENTRAL	4,244,364
913	MARION COUNTY SCHS-ANNEX OFC	NON-SCHOOLS	CENTRAL	742,414
922	SUPERINTENDENT'S HOUSE-CENTENARY	NON-SCHOOLS	CENTRAL	1,248
925	MAINTENANCE DEPARTMENT	NON-SCHOOLS	CENTRAL	309,227
926	STORAGE	NON-SCHOOLS	CENTRAL	1,107
927	OLD RED BRICK SCHOOL	NON-SCHOOLS	CENTRAL	3,309
928	OLD RAINS CENTENARY ELEMENTARY	NON-SCHOOLS	CENTRAL	29,995
929	RAINS DO-HOUSE	NON-SCHOOLS	CENTRAL	5,597
933	SOUTHSIDE	NON-SCHOOLS	CENTRAL	13,669
940	BUS DRIVER	NON-SCHOOLS	CENTRAL	87,562
995	ACADEMY FOR CAREERS/TECHNOLOGY	HIGH SCHOOL	SCHOOL	1,893,710
				<u><u>\$ 50,055,605</u></u>

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

<b>Fund</b>	<b>Amount</b>
General Fund	\$ 34,524,458
Special Revenue Fund	7,473,107
Special Revenue - EIA Fund	2,229,883
Special Revenue - Food Service Fund	3,178,319
Debt Service Fund	708,473
Capital Projects Fund	1,191,729
Pupil Activity Fund	749,636
	<u><u>\$ 50,055,605</u></u>

# **COMPLIANCE SECTION**

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<b>US DEPARTMENT OF AGRICULTURE</b>				
Pass-through State Department of Education:				
600	National School Breakfast Program	10.553	N/A	\$ 785,369
600	National School Lunch Program	10.555	N/A	2,167,950
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	173,990
Total 10.553 and 10.555 Cluster				3,127,309
600	Fresh Fruit and Vegetable Program	10.582	15FV097	39,518
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>				<b>3,166,827</b>
<b>US DEPARTMENT OF LABOR</b>				
Pass-through SC Department of Employment and Workforce:				
862	Jobs for America's Graduates	17.259	14JAG104	81,788
<b>TOTAL US DEPARTMENT OF LABOR</b>				<b>81,788</b>
<b>US DEPARTMENT OF EDUCATION</b>				
Pass-through State Department of Education:				
201	Title I Grants to LEA's	84.010	15-BA097	2,928,660
237	School Improvement	84.010	15-BM097	159,629
Total 84.010				3,088,289
Individuals with Disabilities Education Act:				
203	IDEA	84.027	15-CA-097	981,362
204	IDEA	84.027	14-CA-097	414,367
205	Handicapped Preschool Grants	84.173	15-CG-097	38,987
212	Extended School Year	84.173	N/A	6,862
Total 84.027A & 84.173				1,441,578
207	Occupational Education - WBL Activities	84.048	15-VA097	108,014
243	Adult Education	84.002	15-AE097	66,562
224	21st Century Community Learning Centers Grants, Title IV	84.287	15-CL097	93,683
251	Rural and Low Income Schools	84.358	N/A	629
264	Language Instruction - Title III	84.365	14-BP097	21,823
267	Improving Teacher Quality - Title II	84.367	15-TQ097	428,808
820	PELL	84.063	N/A	129,755
Total Pass-through State Department of Education:				5,379,141
Pass-through the SC Commission on Higher Education:				
821	SC GEAR UP	84.334S	P3345110019	159,988
829	HEAP	84.378A	N/A	708
Total Pass-through the SC Commissionon Higher Education:				160,696
<b>TOTAL US DEPARTMENT OF EDUCATION</b>				<b>\$ 5,539,837</b>

(Continued)

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<b>US DEPARTMENT OF DEFENSE</b>				
	Direct Program:			
296	JROTC - Army	12.000	N/A	\$ 57,933
297	JROTC - Marine Corps	12.000	N/A	67,767
		Total 12.000		125,700
	<b>TOTAL US DEPARTMENT OF DEFENSE</b>			<b>125,700</b>
<b>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
	Pass-through SC Campaign to Prevent Teen Pregnancy:			
817	Keep It Real South Carolina Reducing Teen Pregnancy	93.297	T5 TP1AH000026-03-00	66,349
	<b>TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>66,349</b>
	<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>			<b>\$ 8,980,501</b>

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2015**

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**A – General**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Marion County School District, South Carolina (the “School District”) for the year ended June 30, 2015. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

**B – Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the School District’s financial statements.

**C – Relationship to Financial Statements**

Federal award expenditures are reported in the School District’s financial statements as expenditures in the Special Revenue Fund and in the Special Revenue – Food Service Fund.

**D – 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 expenditures made subsequent to the filing of the federal financial reports.



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

**INDEPENDENT AUDITOR'S REPORT**

Marion County Board of Education  
Marion County School District  
Marion, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion County School District, South Carolina (the "School District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 19, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as 2015-001 and 2015-002 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiency described as 2015-003 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

**Compliance and Other Matters**


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

### **School District's Response to the Findings**

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

### **Purpose of this Report**

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



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 19, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

Marion County Board of Education  
Marion County School District  
Marion, South Carolina

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

We have audited Marion County School District, South Carolina's (the "School District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-004 through 2015-009. Our opinion on each major federal program is not modified with respect to these matters.

The School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

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


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-006, 2015-007 and 2015-008 to be material weaknesses

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-004, 2015-005 and 2015-009 to be significant deficiencies.

The School District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 19, 2015

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2015**

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**2014-001: Significant Deficiency – no specific compliance requirement was identified – deficiency was applied to all major programs**

**Federal Agency:** U. S. Department of Education and U. S. Department of Agriculture

**Pass-Through Agency:** South Carolina Department of Education

**CFDA #'s:** 10.553, 10.555, 84.010, 84.027, 84.0173, and 84.367

**Pass-Through Grantor's Award Numbers and Years:** 12-BJ059, 13-BM097, 14-BSA097, 13-CG097, 14-CG097, 13-CA097, 14-CA097, 14-TG097, and 13-TQ097

**Condition, Criteria**

**Cause and Effect:** The School District does not prepare its annual financial statement and footnote disclosures. The School District staff work with the audit firm in the preparation and subsequently review and approve all statements and disclosures before issuance. Internal controls should be in place that provide reasonable assurance that financial statements are free of material misstatements and that the independent auditor is not part of this control system. The School District relies on the audit firm to prepare the financial statements and disclosures and reviews the final product.

**Status:** The School District works with its independent external auditor in the preparation of the annual financial statements. Appropriate management of the School District takes responsibility for the financial statements and reviews and approves them before they are issued to ensure that the independent external auditor is not part of this control system.

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**2014-002: Significant Deficiency – no specific compliance requirement was identified – deficiency was applied to all major programs**

**Federal Agency:** U. S. Department of Education and U. S. Department of Agriculture

**Pass-Through Agency:** South Carolina Department of Education

**CFDA #'s:** 10.553, 10.555, 84.010, 84.027, 84.0173, and 84.367

**Pass-Through Grantor's Award Numbers and Years:** 12-BJ059, 13-BM097, 14-BSA097, 13-CG097, 14-CG097, 13-CA097, 14-CA097, 14-TG097, and 13-TQ097

**Condition, Criteria**

**Cause and Effect:** Due to a small staff, the School District does not have complete segregation of duties. The ideal internal control system would not allow one person to perform a transaction from beginning to end. An error in financial reporting may not be detected in a timely manner or the misappropriation of assets could be concealed.

**Status:** The School District has adequate segregation of duties in its Finance department.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

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Section I - Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>    X    </u> Yes	<u>          </u> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<u>    X    </u> Yes	<u>          </u> None Reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>    X    </u> No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?	<u>    X    </u> Yes	<u>          </u> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<u>    X    </u> Yes	<u>          </u> None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u>    X    </u> Yes	<u>          </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	National School Breakfast and Lunch Cluster
84.010	Title I
84.027 and 84.173	IDEA Cluster including Preschool Handicapped
84.367	Improving Teacher Quality - Title II

Dollar threshold used to distinguish between type A and type B programs:	<u>    \$ 300,000    </u>
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Auditee qualified as low-risk auditee?	<u>    X    </u> Yes	<u>          </u> No
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**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2015**

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**Section II – Current Year Financial Statement Findings**

**2015-001: WEAKNESSES IN INTERNAL CONTROLS**

**Condition:** During our audit of the School District we noted the following issues in which the District's internal controls should be improved:

- Bank reconciliations: When we arrived to perform interim procedures in July 2015, the bank reconciliations were eight months behind. We also noted that the bank reconciliations did not include the date that the preparer or reviewer performed their procedures, and a few reconciliations were not signed off by the Finance Director, so there is no evidence that they were reviewed.
- Journal entries: There was no evidence that they were reviewed/approved prior to being posted to the general ledger.
- Cash received at the School District Office: not all deposits and supporting documentation were reviewed before they were posted to the general ledger. We also noted one deposit that was tested that was not deposited on the same day that it was collected.
- Payroll: The semi-monthly payroll reports were not being reviewed prior to being finalized for disbursing. We also noted that the payroll clerk has the ability to make changes to employees' pay rates, and there is not an audit trail or process in place to ensure that only authorized changes are being made.
- Credit card statements: The School District's procedure is to attach charge slips or other appropriate supporting documentation behind the monthly credit card statement. However, there is no signature/date of appropriate Finance staff to provide evidence that the monthly statements were reviewed/approved before they were paid.
- Several balance sheet accounts were not reconciled or reviewed prior to our arrival for the audit.

**Criteria:** The School District should have appropriate internal controls in place to ensure that only authorized transactions are occurring and that these transactions are correctly recorded. A properly functioning review and monitoring process is a very important part of these controls. In addition, the assets of the School District should be adequately safeguarded.

**Context, Cause and Effect:** As a result of a lack of understanding of and inappropriate emphasis on the importance of having appropriate internal controls, the School District had multiple significant adjustments to its trial balance during the audit that should have been detected and corrected by the School District personnel.

**Recommendation:** We recommend that the School District develop and implement adequate internal controls for the items noted above. The School District's Finance Department should be performing various review functions on a daily, weekly, monthly, and/or quarterly basis as necessary to ensure that controls are in place and are working as designed.

**Response:** The School District concurs and will continue to review duties and monitor the review process as procedures are already in place for the 2016 fiscal year.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2015**

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**Section II – Current Year Financial Statement Findings (Continued)**

**2015-002: PRIOR PERIOD ADJUSTMENTS**

**Condition:** During our audit of the School District we noted three errors that materially impacted the financial statements as of June 30, 2014:

- The School District had failed to recognize approximately \$445,000 of revenue related to its Medicaid and E-Rate programs.
- The School District had approximately \$626,000 incorrectly recorded in special revenue funds that should have been recorded in the General Fund.
- The School District had failed to record approximately \$431,000 of outstanding property taxes and related unavailable property taxes. This error had no impact on the governmental funds' financial statements, but it resulted in an understatement of net position on the government-wide financial statements collected after year end on their government wide financial statements.

These errors were corrected in the current year financial statements as prior period adjustments.

**Criteria:** Transactions should be recorded accurately and in the proper period to ensure that the amounts reported in the financial statements are materially correct.

**Context, Cause and Effect:** A lack of understanding related to revenue recognition and what qualifies as a special revenue fund as required by Governmental Accounting Standards Board Statement No. 54.

**Recommendation:** We recommend that the School District personnel improve their understanding of revenue recognition for governmental accounting, including the reporting for special revenue funds, with additional training in these areas.

**Response:** The School District concurs and will review these types of transactions in the future.

**2015-003: BUDGETING**

**Condition:** During our audit of the School District, we noted significant budget-to-actual variances for revenues for the General Fund. Actual revenues were approximately \$839,000 under budget, primarily for property taxes of approximately \$467,000 and revenues from the state of approximately \$344,000.

**Criteria:** The School District needs to budget revenues more accurately so that management and those charged with governance will better be able to understand what funds will be available when determining what the School District can afford to expend.

**Context, Cause and Effect:** Poor budgeting contributed to the School District's loss in the General Fund in the year ended June 30, 2015.

**Recommendation:** We recommend that the School District personnel take the necessary steps to ensure that revenues are properly budgeted so that the School District does not commit to expenditures greater than actual revenues.

**Response:** The School District concurs and will make necessary changes in calculating and analyzing revenue and expense projections.



**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2015**

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**Section III – Current Year Federal Award Findings and Questioned Costs**

**Federal Agency: U.S. Department of Agriculture  
Pass-Through Agency: South Carolina Department of Education  
National School Breakfast and Lunch Cluster: CFDA #'s 10.553 and 10.555  
Pass-Through Grantor's Award Numbers and Years: Not applicable**

**2015-004: PROCUREMENT, SUSPENSION AND DISBARMENT**

**Questioned Costs**

**\$ - 0 -**

**Condition:** The School District did not have policies and procedures in place to determine that vendors used for this program were not suspended or disbarred. The School District did not verify that the entities with whom they purchased goods or services related to this program had not been suspended or disbarred.

**Criteria:** As required by 2 CFR section 180.300, the School District is to verify that entities with whom they are purchasing goods or services have not been suspended or disbarred.

**Context, Cause, and Effect:** In performing our compliance testing, we did not note any vendors used by the School District for this program that had been suspended or disbarred; thus, no questioned costs were reported. However, since the School District did not perform this verification prior to entering into transactions, they could be subject to claims or future funding could be limited or suspended by the funding agency for failure to comply with the requirements. The School District was not aware that they were required to verify that the vendors used for federal programs were not suspended or disbarred.

**Recommendation:** We recommend that the School District implement procedures and controls to verify that they will not enter into transactions with suspended or disbarred entities.

**Response:** The School District concurs and will implement procedures for reviewing vendors used by the School District.

**Federal Agency: U.S. Department of Agriculture  
Pass-Through Agency: South Carolina Department of Education  
National School Breakfast and Lunch Cluster: CFDA #'s 10.553 and 10.555  
Pass-Through Grantor's Award Numbers and Years: Not applicable**

**2015-005: REPORTING**

**Questioned Costs**

**\$ - 0 -**

**Condition:** The Food Services Director keys in the meals served for lunch and breakfast from the monthly totals received from each school into the State's claims system. The claims are not reviewed and signed off on by any one at the School District before they are submitted to the State.

**Criteria:** The School District should have adequate controls established to prevent, or correct and detect errors.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2015**

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**Section III – Current Year Federal Award Findings and Questioned Costs (Continued)**

**2015-005: REPORTING (Continued)**

**Context, Cause, and Effect:** In performing our compliance testing, we did not note any discrepancies in the sample we selected to test. However, the School District should have a process in place to ensure that they are not over-claiming for meals served.

**Recommendation:** We recommend that the School District implement a review / approval process of the monthly claims before they are submitted to lower the risk of inaccurate meals being claimed.

**Response:** The School District concurs and has implemented a closer review process for claiming meals.

**Federal Agency: U.S. Department of Education**  
**Pass-Through Agency: South Carolina Department of Education**  
**TITLE I Cluster: CFDA #'s 84.010**  
**Pass-Through Grantor's Award Numbers and Years: 15-BA080, 15BM097**

**2015-006: ALLOWABLE COSTS (INDIRECT COSTS)**

**Questioned Costs**  
**\$ - 0 -**

**Condition:** In calculating indirect costs for this program, the School District used the prior year rate. In addition, there was no review or approval of the amount that was charged before it was posted to the general ledger or claimed as a reimbursable expenditure.

**Criteria:** The School District should use the correct indirect cost rate when calculating the amount to be charged to this program. In addition, this transaction should be reviewed and approved by appropriate School District personnel before being claimed and posted to the general ledger.

**Context, Cause, and Effect:** This issue occurred due to an inappropriate review / monitoring function. In performing our compliance testing, we recalculated the indirect cost using the current year's rate and determined that the School District did not overcharge this program. In fact, the School District undercharged this program by approximately \$5,000.

**Recommendation:** We recommend that the District implement and utilize monitoring and review procedures and controls to ensure that indirect costs being charged to this program are accurate and proper.

**Response:** The School District concurs and will place additional reviews to monitor calculations of rates provided by the state.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

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Section III – Current Year Federal Award Findings and Questioned Costs (Continued)

Federal Agency: U.S. Department of Education  
Pass-Through Agency: South Carolina Department of Education  
IDEA Cluster: CFDA #'s 84.027 and 84.173  
Pass-Through Grantor's Award Numbers and Years: 14-CA-080, 15-CA-080, 15-CG-080

**2015-007: ALLOWABLE COSTS (TIME AND EFFORT CERTIFICATIONS AND PERSONNEL ACTIVITY REPORTS)**

**Questioned Costs**

\$ - 0 -

**Condition:** Policies and procedures were not developed for time and effort certification statements or for Personnel Activity Reports ("PARs"). In addition, these certification statements and PARs were not completed timely for the current year's audit.

**Criteria:** As part of the process to ensure that personnel are actually performing duties for this program, the School District is to have appropriate policies and procedures in place for time and effort certification statements and PARs.

**Context, Cause, and Effect:** Due to oversight, this area was not given the attention it should have received. Subsequent to June 30, 2015, the School District has a new management team in place for this program. They were able to obtain certification statements, PARs or other supporting documentation for all employees that were charged to this program for the year under audit.

**Recommendation:** We recommend that the School District implement and utilize policies and procedures for time and effort certification statements and PARs.

**Response:** The School District concurs. Procedures have been put into place for the fiscal 2016 year and monitoring and reviewing these procedures will continue to stay in place to ensure compliance.

Federal Agency: U.S. Department of Education  
Pass-Through Agency: South Carolina Department of Education  
IDEA Cluster: CFDA #'s 84.027 and 84.173  
Pass-Through Grantor's Award Numbers and Years: 14-CA-080, 15-CA-080, 15-CG-080

**2015-008: ALLOWABLE COSTS (NON-PAYROLL DISBURSEMENTS)**

**Questioned Costs**

\$ - 0 -

**Condition:** Certain expenditures for this program had not been approved by the IDEA Director and / or the Finance Director until after they had been submitted for reimbursement and the claim amount had been received by the School District.

**Criteria:** All expenditures for this program should be reviewed and approved by appropriate School District personnel prior to being claimed for reimbursement

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2015**

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**Section III – Current Year Federal Award Findings and Questioned Costs (Continued)**

**2015-008: ALLOWABLE COSTS (NON-PAYROLL DISBURSEMENTS) (Continued)**

**Context, Cause,  
and Effect:**

Due to oversight, this area was not given the attention it should have received. In performing our compliance testing, we noted one non-payroll disbursement that had not been approved by the IDEA Director until after the transaction had been submitted for reimbursement and the claim amount had been received. We also noted numerous journal entries that had not been approved by the IDEA Director and / or the Finance Director until after the claims had been submitted for reimbursement and the claim amounts had been received. All of these transactions appeared to be adequately supported and properly charged to this program, so no questioned costs were reported.

**Recommendation:**

We recommend that the School District implement procedures and controls to ensure that all expenditures for this program are reviewed and approved by appropriate School District personnel prior to being claimed for reimbursement.

**Response:**

The School District concurs. A new procedure for journal entries has been put in place to prevent this from continuing.

**Federal Agency: U.S. Department of Education**

**Pass-Through Agency: South Carolina Department of Education**

**IDEA Cluster: CFDA #'s 84.027 and 84.173**

**Pass-Through Grantor's Award Numbers and Years: 14-CA-080, 15-CA-080, 15-CG-080**

**2015-009: PROCUREMENT, SUSPENSION AND DISBARMENT**

**Questioned Costs**

\$ - 0 -

**Condition:**

The School District did not have policies and procedures in place to determine that vendors used for this program were not suspended or disbarred. The School District did not verify that the entities with whom they purchased goods or services related to this program had not been suspended or disbarred.

**Criteria:**

As required by 2 CFR section 180.300, the School District is to verify that entities with whom they are purchasing goods or services have not been suspended or disbarred.

**Context, Cause,  
and Effect:**

In performing our compliance testing, we did not note any vendors used by the School District for this program that had been suspended or disbarred; thus, no questioned costs were reported. However, since the School District did not perform this verification prior to entering into transactions, they could be subject to claims or future funding could be limited or suspended by the funding agency for failure to comply with the requirements. The School District was not aware that they were required to verify that the vendors used for federal programs were not suspended or disbarred.

**MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2015**

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**Section III – Current Year Federal Award Findings and Questioned Costs (Continued)**

**2015-009: PROCUREMENT, SUSPENSION AND DISBARMENT (Continued)**

**Recommendation:** We recommend that the School District implement procedures and controls to verify that they will not enter into transactions with suspended or disbarred entities.

**Response:** The School District concurs and will implement procedures for reviewing vendors used by the School District.