

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**



MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

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MARION, SOUTH CAROLINA**

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

**PRINCIPAL OFFICIALS**

**YEAR ENDED JUNE 30, 2018**

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**Marion County Board of Education**

**Cynthia H. Legette, Board Chair**

**Levant Davis, Board Vice-Chair**

**Cynthia V. Brown**

**Patricia Atkinson**

**Charles White**

**Linda O. Neal**

**Ogleretta D. White**

**Superintendent**

**Dr. Kandace Bethea**

**Director of Finance**

**Russell Causey**

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# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## 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, 2018, 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, 2018, 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.

### *Change in Accounting Principle*

As discussed in Note I.B. in the notes to the financial statements, for the year ended June 30, 2018 the School District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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## ***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, the pension plan schedules, and the other postemployment benefit 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 GASB 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 16, 2018 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.



Greene Finney, LLP  
Mauldin, South Carolina  
November 16, 2018



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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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, 2018. 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 2018 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 \$50.3 million. Unrestricted net position was a deficit of \$87.6 million. The deficit in net position is a result of pension accounting standards that were implemented in 2015 (net pension liability) and other postemployment benefit ("OPEB") plan accounting standards that were implemented in 2018 (net OPEB plan liability); the net pension liability at June 30, 2018 (including deferred outflows and inflows) was \$53.2 million and the net OPEB plan liability at June 30, 2018 (including deferred outflows and inflows) was \$41.9 million.
- The School District adopted Government Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB #75") for the year ended June 30, 2018. GASB #75 requires the School District to recognize a net OPEB liability and any related deferred outflows/inflows of resources for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund, cost-sharing multiple-employer defined benefit OPEB plans ("OPEB Plans"). The adoption of GASB #75 has resulted in the restatement of the School District's net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plan. Net position of the School District's government-wide financial statements as of July 1, 2017 was decreased by \$41.0 million, reflecting the cumulative change in accounting principle related to the adoption of GASB #75. See Note IV.B. in the notes to the financial statements for more information regarding the School District's OPEB Plan.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$10.7 million. 43% of the total amount, or \$4.6 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4.6 million, which is 13% of total General Fund expenditures for fiscal year 2018.
- The School District's fund balance for the General Fund increased by \$0.5 million.
- During the 2018 fiscal year, the School District's governmental fund revenues were \$54.2 million compared to \$50.7 million in the prior year, or an increase of \$3.5 million.
- During the 2018 fiscal year, the School District's governmental fund expenditures were \$53.8 million compared to \$50.8 million in the prior year, or an increase of \$3.0 million.
- On the government-wide basis, the School District's total net position increased by \$0.1 million, after the restatement of the beginning balance for the net OPEB liability as discussed above.
- The School District's net capital assets increased by \$0.4 million during the current fiscal year due to current year additions of \$2.0 million exceeding depreciation expense of \$1.6 million.
- The School District did not have any outstanding long-term obligations at June 30, 2018 or at June 30, 2017. The School District had \$0.6 million in outstanding short-term debt, issued in May 2018 that matures in March 2019.

**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.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

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OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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

**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.

Major Features of Marion County School District's Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	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, 2018**

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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 \$50.3 million at the close of the most recent fiscal year.

A summary of the School District's net position as of June 30, 2018 compared to June 30, 2017 is presented below:

	2018 *	2017
<b>Assets</b>		
Current and Other Assets	\$ 17,936,253	\$ 18,966,326
Capital Assets (Net)	33,678,060	33,234,036
Total Assets	<u>51,614,313</u>	<u>52,200,362</u>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Charges	10,163,502	11,474,978
Deferred Other Postemployment Benefit Plan Charges	1,519,225	-
Total Deferred Outflows of Resources	<u>11,682,727</u>	<u>11,474,978</u>
<b>Liabilities</b>		
Other Liabilities	6,756,833	8,153,372
Net Pension Liability	54,706,134	63,393,265
Net Other Postemployment Benefit Plan Liability	39,700,863	-
Total Liabilities	<u>101,163,830</u>	<u>71,546,637</u>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Credits	8,696,690	1,566,030
Deferred Other Postemployment Benefit Plan Credits	3,753,464	-
Total Deferred Inflows of Resources	<u>12,450,154</u>	<u>1,566,030</u>
<b>Net Position</b>		
Net Investment in Capital Assets	34,091,850	33,234,036
Restricted	3,196,650	3,307,106
Unrestricted	(87,605,444)	(45,978,469)
Total Net Position	<u>\$ (50,316,944)</u>	<u>\$ (9,437,327)</u>

\* The District implemented GASB #75 in FY2018. See Financial Highlights section on page 3 for more details.

Total assets decreased by \$0.6 million due to a decrease in current and other assets of \$1.0 million, partially offset by an increase in capital assets of \$0.4 million as current year additions exceeded current year depreciation expense. Total liabilities and deferred inflows of resources increased by \$40.5 million over the prior year primarily due to the implementation of GASB #75, which caused the School District to recognize a net other postemployment benefit plan liability and deferred inflows of resources totaling \$43.4 million, partially offset by a reduction in the net pension liability and deferred inflows of resources of \$1.6 million and a reduction of other liabilities of \$1.5 million.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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

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 \$87.6 million at June 30, 2018, due to the School District's proportionate share of the State of South Carolina's net pension and net other postemployment benefit plan liabilities.

The following table shows the changes in net position for fiscal year 2018 compared to 2017:

	<b>Changes in Net Position</b>	
	<u>2018 *</u>	<u>2017</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 271,081	\$ 281,238
Operating Grants and Contributions	36,306,838	34,966,486
Capital Grants and Contributions	1,436,445	-
General Revenues:		
Property Taxes	9,219,636	9,337,893
Other	6,303,476	6,171,075
Total Revenues	<u>53,537,476</u>	<u>50,756,692</u>
<b>Program Activities</b>		
Instruction	27,820,474	28,918,246
Support Services	25,362,778	24,352,346
Community Services	1,789	18,812
Intergovernmental	211,288	222,289
Interest and Other Charges	41,555	48,296
Total Expenses	<u>53,437,884</u>	<u>53,559,989</u>
Change in Net Position	99,592	(2,803,297)
Net Position, Beginning of Year, as Previously Reported	(9,437,327)	(6,634,030)
Cumulative Change in Accounting Principle - GASB #75	(40,979,209)	-
Net Position, Beginning of Year, as Restated	<u>(50,416,536)</u>	<u>(6,634,030)</u>
Net Position, End of Year	<u>\$ (50,316,944)</u>	<u>\$ (9,437,327)</u>

\* The School District implemented GASB #75 in FY 2018. See Financial Highlights section on page 3 for more details.

Overall, the School District's financial condition increased in fiscal year 2018, as revenues exceeded program expenses by \$0.1 million, compared to a decrease of \$2.8 million in the prior year. Total revenues increased \$2.8 million from 2017 primarily due to higher operating grants and contributions of \$1.3 million and higher capital grants and contributions of \$1.4 million. Program expenses decreased \$0.1 million from 2017.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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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, 2018, the School District's governmental funds reported a *combined* fund balance of \$10.7 million as compared to \$10.3 million for the prior year.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, total fund balance for the General Fund was \$5.2 million, increasing by \$0.5 million during the current fiscal year. The unassigned fund balance of the General Fund was \$4.6 million, increasing \$0.1 million during the current fiscal year.

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 \$0.2 million due primarily to increased capital outlay expenditures in 2018 to purchase needed food service equipment.

The School District's Debt Service fund balance at the end of the current fiscal year was \$0.6 million, remaining flat in 2018. The School District's debt millage rate is 8 mills, which did not change from the prior year.

The School District's capital projects fund increased by \$0.1 million during the 2018 fiscal year to \$2.5 million at June 30, 2018.

***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 \$37.2 million.

At June 30, 2018, the General Fund had a positive total budget vs. actual variance of \$0.5 million. This positive variance is due to actual expenditures being less than budgeted expenditures by \$1.8 million, while actual revenues were less than budgeted revenues by \$1.2 million, primarily due to State EFA revenues coming in under budget by \$1.4 million due to an decrease in the District's student count.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of FY2018, the School District had \$33.7 million in capital assets, net of depreciation.

The net increase in the School District's capital assets was \$0.4 million. The increase was due to current year additions of \$2.0 million exceeding depreciation expense of \$1.6 million.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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

***Capital Assets (Continued)***

The additions were for renovations at the Adult Education Center (\$0.7 million), security equipment for the schools (\$0.9 million) and new equipment at various locations.

The following table shows fiscal year end 2018 capital asset balances compared to 2017:

	<b>Capital Assets (Net of Depreciation)</b>	
	Governmental Activities	
	2018	2017
<b>Capital Assets</b>		
Land	\$ 2,168,458	\$ 2,168,458
Construction in Progress	-	15,418
Buildings and Improvements	29,889,381	30,615,897
Machinery and Equipment	1,620,221	434,263
Capital Assets, Net	<u>\$ 33,678,060</u>	<u>\$ 33,234,036</u>

Additional information on the School District's capital assets can be found in Note III.F in the Notes to the Financial Statements.

***Debt Administration***

At the end of the current fiscal year, the School District had no outstanding long-term indebtedness. In May 2017, the District issued a short-term General Obligation Bond in the amount of \$550,000; the District repaid this in March 2018 upon maturity, including interest of \$13,000. In May 2018, the School District issued a short-term General Obligation Bond in the amount of \$609,000. The proceeds will be used for various capital improvements for the School District's facilities. This indebtedness is scheduled to be repaid in full at its maturity in March 2019, with interest at 3%.

The following table shows fiscal year end 2018 total outstanding debt compared to 2017:

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$ 609,000	\$ 550,000
Total	<u>\$ 609,000</u>	<u>\$ 550,000</u>

The state limits the amount of general obligation debt that school districts can issue to 8 percent of the assessed value of all taxable property within the School District's corporate limits. The School District is authorized by state statute to exceed the legal debt margin of 8%, if citizens of the School District approve such additional debt through a district-wide referendum. All of the outstanding debt of \$0.6 million is subject to this limit as of June 30, 2018, leaving \$5.4 million available.

Additional detailed information about the School District's indebtedness is presented in Notes III. G. and H. in the Notes to the Financial Statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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**ECONOMIC FACTORS**

Marion County School District is the largest single employer in the county with approximately 860 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 salary increases, health insurance costs and retirement rates which constitute the majority of School District expenses.

**FY 2019 GENERAL FUND BUDGET**

The Board of Trustees adopted a balanced General Fund budget for FY2019 that reflected total revenues and total appropriations of \$38.2 million. The FY2019 General Fund original budget represents a 3% increase from the FY2018 General Fund budget of \$37.2 million.

The FY2019 General Fund budget includes an EFA base student cost of \$2,485 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. The School District has experienced a reduction in student membership for the past few years, so even with a higher base student cost allocation, actual EFA dollars have been decreasing.

**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, 2018**

	<b>PRIMARY GOVERNMENT Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 11,086,575
Cash and Investments, Restricted	1,284,093
Cash and Investments Held by County Treasurer	896,076
Property Taxes Receivable, Net	511,195
Accounts Receivable, Net	316,318
Due from Other Governments	3,278,914
Inventories and Prepaid Items	563,082
Capital Assets:	
Non-Depreciable	2,168,458
Depreciable, Net	31,509,602
<b>TOTAL ASSETS</b>	<b>51,614,313</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Charges	10,163,502
Deferred Other Postemployment Benefit Plan Charges	1,519,225
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>11,682,727</b>
Accounts Payable	851,560
Accrued Salaries, Fringe & Benefits	4,194,553
Other Accruals	116,730
Due to Other Governments	20,402
Unearned Revenue	964,588
Short-Term General Obligation Bond Payable	609,000
Non-Current Liabilities:	
Net Pension Liability	54,706,134
Net Other Postemployment Benefit Plan Liability	39,700,863
<b>TOTAL LIABILITIES</b>	<b>101,163,830</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Credits	8,696,690
Deferred Other Postemployment Benefit Plan Credits	3,753,464
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,450,154</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	34,091,850
Restricted For:	
Debt Service	1,267,233
Food Service	1,929,417
Unrestricted	(87,605,444)
<b>TOTAL NET POSITION</b>	<b>\$ (50,316,944)</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, 2018

FUNCTIONS/PROGRAMS		PROGRAM REVENUES			NET (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	\$ 27,820,474	185,985	20,160,610	380,334	\$ (7,093,545)
Support Services	25,362,778	85,096	16,146,228	1,056,111	(8,075,343)
Community Services	1,789	-	-	-	(1,789)
Intergovernmental	211,288	-	-	-	(211,288)
Interest and Other Charges	41,555	-	-	-	(41,555)
Total Governmental Activities	53,437,884	271,081	36,306,838	1,436,445	(15,423,520)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 53,437,884</b>	<b>271,081</b>	<b>36,306,838</b>	<b>1,436,445</b>	<b>(15,423,520)</b>
<b>GENERAL REVENUES:</b>					
General Revenue:					
Property Taxes Levied for General Purposes					8,651,012
Property Taxes Levied for Debt Service					568,624
State Revenue in Lieu of Taxes					5,855,127
Investment Earnings					164,470
Miscellaneous					283,879
<b>TOTAL GENERAL REVENUES</b>					<b>15,523,112</b>
<b>CHANGE IN NET POSITION</b>					<b>99,592</b>
NET POSITION - Beginning of Year, As Previously Reported					(9,437,327)
Cumulative Change in Accounting Principle - GASB #75					(40,979,209)
NET POSITION - Beginning of Year, as Restated					(50,416,536)
<b>NET POSITION - Ending of Year</b>					<b>\$ (50,316,944)</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, 2018**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>ASSETS</b>		
Cash and Investments	\$ 10,470,710	-
Cash and Investments, Restricted	-	581
Cash and Investments Held by County Treasurer	-	-
Receivables, Net:		
Taxes	487,950	-
Accounts	189,680	126,638
Due From:		
County Treasurer	146,855	-
State Agencies	350,638	2,115,767
Federal Agencies	-	282,111
Other Funds	1,693,311	-
Other Governments	4,902	171,979
Prepaid Items	381,337	-
Inventories	148,750	-
<b>TOTAL ASSETS</b>	<b>\$ 13,874,133</b>	<b>2,697,076</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 740,025	103,488
Accrued Salaries, Fringe & Benefits	4,194,553	-
Other Accruals	-	116,730
Due To:		
State Agencies	-	19,635
Other Funds	3,342,686	1,693,311
Unearned Revenue	-	230,074
Short-Term Debt - Bond Payable	-	-
<b>TOTAL LIABILITIES</b>	<b>8,277,264</b>	<b>2,163,238</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	422,964	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>8,700,228</b>	<b>2,163,238</b>
<b>FUND BALANCES:</b>		
Fund Balances		
Nonspendable:		
Prepaid Items	381,337	-
Inventories	148,750	-
Restricted for:		
Debt Service	-	-
Capital Projects	-	-
Food Service	-	-
Assigned for:		
Special Revenue Programs	-	533,838
Capital Projects	-	-
Unassigned	4,643,818	-
<b>TOTAL FUND BALANCES</b>	<b>5,173,905</b>	<b>533,838</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 13,874,133</b>	<b>2,697,076</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
-	-	-	615,865	\$ 11,086,575
-	-	260,722	1,022,790	1,284,093
-	-	896,076	-	896,076
-	-	23,245	-	511,195
-	-	-	-	316,318
-	-	-	-	146,855
132,450	73,768	-	-	2,672,623
-	-	-	-	282,111
597,957	1,835,131	87,190	822,408	5,035,997
-	444	-	-	177,325
-	-	-	-	381,337
-	32,995	-	-	181,745
<b>730,407</b>	<b>1,942,338</b>	<b>1,267,233</b>	<b>2,461,063</b>	<b>\$ 22,972,250</b>
4,658	3,389	-	-	\$ 851,560
-	-	-	-	4,194,553
-	-	-	-	116,730
767	-	-	-	20,402
-	-	-	-	5,035,997
724,982	9,532	-	-	964,588
-	-	609,000	-	609,000
<b>730,407</b>	<b>12,921</b>	<b>609,000</b>	<b>-</b>	<b>11,792,830</b>
-	-	23,245	-	446,209
<b>730,407</b>	<b>12,921</b>	<b>632,245</b>	<b>-</b>	<b>12,239,039</b>
-	-	-	-	381,337
-	32,995	-	-	181,745
-	-	634,988	-	634,988
-	-	-	1,022,790	1,022,790
-	1,896,422	-	-	1,896,422
-	-	-	-	533,838
-	-	-	1,438,273	1,438,273
-	-	-	-	4,643,818
<b>-</b>	<b>1,929,417</b>	<b>634,988</b>	<b>2,461,063</b>	<b>10,733,211</b>
<b>730,407</b>	<b>1,942,338</b>	<b>1,267,233</b>	<b>2,461,063</b>	<b>\$ 22,972,250</b>

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

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

**JUNE 30, 2018**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 10,733,211</b>
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.	446,209
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 \$78,553,748 and the accumulated depreciation was \$44,875,688.	33,678,060
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.	(53,239,322)
The School District's proportionate shares of the net other postemployment benefit plan 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.	(41,935,102)
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (50,316,944)</u></u></b>

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, 2018**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>REVENUES</b>		
Local Sources:		
Taxes	\$ 8,678,789	-
Investment Earnings	157,879	-
Other Local Sources	438,996	1,154,745
State Sources	25,330,932	2,903,375
Federal Sources	12,210	6,555,569
Intergovernmental Revenue	-	103,615
<b>TOTAL REVENUE ALL SOURCES</b>	<b>34,618,806</b>	<b>10,717,304</b>
<b>EXPENDITURES</b>		
Current:		
Instruction	19,232,179	5,000,757
Support Services	16,185,252	4,599,834
Community Services	-	1,789
Intergovernmental	10,722	514,040
Capital Outlay	21,323	545,121
Debt Service:		
Interest and Fiscal Charges	-	27,458
<b>TOTAL EXPENDITURES</b>	<b>35,449,476</b>	<b>10,688,999</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(830,670)</b>	<b>28,305</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Premium	-	-
Transfers In	1,364,493	-
Transfers Out	-	(114,218)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,364,493</b>	<b>(114,218)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>533,823</b>	<b>(85,913)</b>
FUND BALANCE, Beginning of Year	4,640,082	619,751
<b>FUND BALANCES, End of Year</b>	<b>\$ 5,173,905</b>	<b>533,838</b>

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



<b>SPECIAL REVENUE - EIA</b>	<b>SPECIAL REVENUE - FOOD SERVICE</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
-	-	559,330	-	\$ 9,238,119
-	3,750	1,304	1,537	164,470
-	85,150	-	-	1,678,891
4,885,174	250	63,046	-	33,182,777
-	3,216,724	-	-	9,784,503
-	18,375	-	-	121,990
<b>4,885,174</b>	<b>3,324,249</b>	<b>623,680</b>	<b>1,537</b>	<b>54,170,750</b>
2,304,553	-	-	-	26,537,489
517,559	3,125,055	-	175,534	24,603,234
-	-	-	-	1,789
-	-	-	-	524,762
1,051,945	132,735	-	319,944	2,071,068
-	-	19,761	-	47,219
<b>3,874,057</b>	<b>3,257,790</b>	<b>19,761</b>	<b>495,478</b>	<b>53,785,561</b>
<b>1,011,117</b>	<b>66,459</b>	<b>603,919</b>	<b>(493,941)</b>	<b>385,189</b>
-	-	5,664	-	5,664
-	-	-	607,932	1,972,425
(1,011,117)	(239,158)	(607,932)	-	(1,972,425)
<b>(1,011,117)</b>	<b>(239,158)</b>	<b>(602,268)</b>	<b>607,932</b>	<b>5,664</b>
-	<b>(172,699)</b>	<b>1,651</b>	<b>113,991</b>	<b>390,853</b>
-	2,102,116	633,337	2,347,072	10,342,358
-	<b>1,929,417</b>	<b>634,988</b>	<b>2,461,063</b>	<b>\$ 10,733,211</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, 2018**

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<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>390,853</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.	(24,387)
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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.	244,995
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Changes in the School District's proportionate share of the net other postemployment benefit plan 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.	(955,893)
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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 (\$2,042,235) exceeded depreciation expense (\$1,598,211) in the current year.	444,024
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>99,592</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, 2018**

	<b>PRIVATE-PURPOSE TRUST FUND</b>	<b>AGENCY FUND</b>
<b>ASSETS</b>		
Cash and Investments	\$ 112,950	\$ -
Receivables	-	230,344
Due from Other Funds	48	-
<b>TOTAL ASSETS</b>	<b>112,998</b>	<b>230,344</b>
<b>LIABILITIES</b>		
Accounts Payable	-	289
Due to Student Organizations	-	230,055
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>\$ 230,344</b>
<b>NET POSITION</b>		
Held in Trust for Scholarships		
Nonexpendable	56,068	
Expendable	56,930	
<b>TOTAL NET POSITION</b>	<b>\$ 112,998</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, 2018**

	<b>PRIVATE-PURPOSE TRUST FUND</b>
<b>ADDITIONS</b>	
Interest Earnings	\$ 286
Contributions and Donations	1,626
<b>TOTAL ADDITIONS</b>	<b>1,912</b>
<b>DEDUCTIONS</b>	
Scholarships Awarded	3,400
<b>TOTAL DEDUCTIONS</b>	<b>3,400</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,488)</b>
Net Position, Beginning of Year	114,486
<b>NET POSITION, END OF YEAR</b>	<b>\$ 112,998</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, 2018**

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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 the Marion County Board of Education (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 and thus is recognized as a primary government.

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, 2018

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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 School District does not report any business-type activities.

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 generally 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, 2018

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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, and a budgeted 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 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, 2018

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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.

***Change in Accounting Principle***

The School District adopted GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“GASB #75”) for the year ended June 30, 2018. The primary objective of GASB #75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (“OPEB”). It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple-employer plan will now be required to recognize its proportionate share of the net OPEB liability of that plan. It is GASB’s intention that GASB #75 will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District’s financial obligations to current and former employees for past services rendered.

In particular, GASB #75 requires the District to recognize a net OPEB liability, any related deferred outflows/inflows of resources, and a more comprehensive measure of OPEB expense for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund, cost-sharing multiple-employer defined benefit OPEB plans (“OPEB Plans”), 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 has resulted in the restatement of the District’s net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plans in accordance with the provisions of GASB #75. Net position of the District’s government-wide financial statements as of July 1, 2017 was decreased by approximately \$40,979,000 reflecting the cumulative change in accounting principle related to the adoption of GASB #75. See Note IV.B for more information regarding the District’s OPEB 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, 2018**

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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:

- Cash and investments held by the County Treasurer represents property taxes collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer presently holds these funds in an interest-bearing checking account.
- 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, 2018

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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 (“LGIP” or “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. 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 (a) quoted market prices for identical or similar investments or (b) observable inputs other than 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. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours’ notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

**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 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 estimated acquisition value (as estimated by the School District) at the date of donation. The School District maintains a capitalization threshold of \$5,000.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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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)*

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.

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.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Accrued Liabilities and Long-Term Obligations (Continued)*

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.

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 two types of deferred outflows of resources: (1) The School District reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (2) The School District reports *deferred OPEB charges* in its Statement(s) of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB 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 three 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 and South Carolina Police Officers Retirement System. (3) The School District reports *deferred OPEB credits* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB 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.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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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)*

**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.

**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.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

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

***11. Pensions and Other Postemployment Benefits***

In government-wide financial statements, pensions and other postemployment benefits (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The School District recognizes net pension and net OPEB liabilities (assets) for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified 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 and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities 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 plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a multi-year period beginning with the period in which the difference occurred.

***12. Fair Value***

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

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School District can access at the measurement date.
- Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:
  - Quoted prices for similar assets and liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted market prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:
  - Fair value is often based on developed models in which there are few, if any, observable inputs.

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

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*12. Fair Value (Continued)*

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

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 did not revise the budget.

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, 2018, none of the School District's total bank balances of approximately \$6,658,000 (with a carrying value of approximately \$5,334,000) was exposed to custodial credit.

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

A. Deposits and Investments (Continued)

*Investments*

As of June 30, 2018, the School District had the following investments and maturities:

Investment Type	Fair Value Level (1)	Credit Rating *	Fair Value	Matures in Less than One Year
SC Local Government Investment Pool	N/A	Unrated	\$ 7,149,424	\$ 7,149,424
Cash and Investments Held by County Treasurer	N/A	N/A	896,076	N/A
Total			<u>\$ 8,045,500</u>	<u>\$ 7,149,424</u>

(1) See Note I.C.12 for details of the School District's fair value hierarchy.

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

**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, 2018, 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

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.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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

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

For the year ended June 30, 2018, the operating and debt service millage rates were 168 mills (no change from prior year) and 8 mills (no change from prior year), respectively, based on an assessed value of approximately \$75.1 million for the School District.

On the government-wide and fund financial statements, taxes receivable are approximately \$511,000 (net of an allowance for uncollectible property taxes of approximately \$654,000) at June 30, 2018. Allowances for uncollectible balances were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$65,000 have been recognized as revenue at June 30, 2018, 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, 2018, 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)	\$	422,964
Delinquent Property Taxes Receivable (Debt Service Fund)		23,245
Total Deferred Inflows for Governmental Funds	\$	<u>446,209</u>

Unearned Revenues:

Revenue Collected, but Unearned - Special Revenue Fund	\$	230,074
Revenue Collected, but Unearned - EIA Fund		724,982
Revenue Collected, but Unearned - Food Service Fund		9,532
Total Unearned Revenues for both Government-wide Financial Statements and Governmental Funds	\$	<u>964,588</u>

**D. Interfund Receivables and Payables**

Interfund receivables and payables at June 30, 2018 (all of which are expected to be repaid within one year), are summarized as follows:

Fund	Receivables	Payables
<u>Governmental Funds:</u>		
General Fund	\$ 1,693,311	\$ 3,342,686
Special Revenue Fund	-	1,693,311
Special Revenue - EIA Fund	597,957	-
Special Revenue - Food Service Fund	1,835,131	-
Debt Service Fund	87,190	-
Capital Projects Fund	822,408	-
Total	<u>\$ 5,035,997</u>	<u>\$ 5,035,997</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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

**D. Interfund Receivables and Payables (Continued)**

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-end.

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

Transfers from (to) other funds for the year ended June 30, 2018 consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$ 1,364,493	\$ -
Special Revenue Fund	-	114,218
Special Revenue - EIA Fund	-	1,011,117
Special Revenue - Food Service	-	239,158
Debt Service Fund	-	607,932
Capital Projects Fund	607,932	-
Totals	<u>\$ 1,972,425</u>	<u>\$ 1,972,425</u>

Funds were 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. Funds were transferred from the Debt Service Fund to the Capital Projects Fund from short-term debt proceeds that will be used to fund future capital outlay needs.

**F. Capital Assets**

Capital asset activity for the School District for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 2,168,458	-	-	-	\$ 2,168,458
Construction in Progress	15,418	677,872	-	(693,290)	-
Total Capital Assets, Non-Depreciable	<u>2,183,876</u>	<u>677,872</u>	<u>-</u>	<u>(693,290)</u>	<u>2,168,458</u>
Capital Assets, Depreciable:					
Buildings and Improvements *	65,494,709	-	-	693,290	66,187,999
Machinery and Equipment *	8,832,928	1,364,363	-	-	10,197,291
Total Capital Assets, Depreciable	<u>74,327,637</u>	<u>1,364,363</u>	<u>-</u>	<u>693,290</u>	<u>76,385,290</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements *	34,878,812	1,419,806	-	-	36,298,618
Machinery and Equipment *	8,398,665	178,405	-	-	8,577,070
Total Accumulated Depreciation	<u>43,277,477</u>	<u>1,598,211</u>	<u>-</u>	<u>-</u>	<u>44,875,688</u>
Total Capital Assets, Depreciable, Net	<u>31,050,160</u>	<u>(233,848)</u>	<u>-</u>	<u>-</u>	<u>31,509,602</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,234,036</u>	<u>444,024</u>	<u>-</u>	<u>-</u>	<u>\$ 33,678,060</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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

**F. Capital Assets (Continued)**

\* The School District adjusted the beginning balances for the cost and accumulated depreciation of its two capital asset categories, increasing buildings and improvements' cost and accumulated depreciation by approximately \$4,321,000 and \$3,313,000, respectively, and decreasing machinery and equipment's cost and accumulated depreciation by the same amounts, with no net change in total cost and accumulated depreciation.

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

<b>Governmental Activities:</b>	
Instruction	\$ 829,329
Support Services	768,882
Total Depreciation Expense - Governmental Activities	<u>\$ 1,598,211</u>

**G. Long-Term Obligations**

The School District did not have any long-term obligations as of and for the year ended June 30, 2018.

**H. Short-Term Obligations**

In May 2017, the School District issued its Series 2017A General Obligation Bond ("2017A SCAGO") in the amount of \$550,000 at a rate of 3.0% to provide funds for future capital outlay. The School District repaid the 2017A SCAGO in March 2018 at its maturity, including interest of approximately \$13,000. In May 2018, the School District issued its Series 2018A General Obligation Bond ("2018A SCAGO") in the amount of \$609,000 at a rate of 3.0% to provide funds for future capital outlay. The School District expects to repay the 2018A SCAGO in March of 2019 at its maturity, including interest at 3%, or approximately \$14,000. As the 2018A SCAGO debt is short term, it is reflected on the School District's Balance Sheet as a liability as of June 30, 2018.

Short-term obligations for the School District for the year ended June 30, 2018 was as follows:

Short-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance
2017A SCAGO	\$ 550,000	-	550,000	\$ -
2018A SCAGO	-	609,000	-	609,000
Total	<u>\$ 550,000</u>	<u>-</u>	<u>550,000</u>	<u>\$ -</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, 2018 was approximately \$6,008,000, of which \$5,399,000 was available.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION**

**A. Retirement Plans**

The School District participates in the State of South Carolina's retirement plans, which are 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 ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission ("RSIC") as co-trustees of the Retirement Trust Funds.

The PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the System's Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on the 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, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

*Plan Description*

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

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

*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 the SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Membership (Continued)*

Contributions to the State ORP are at the same rates as the SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by the SCRS.

*Plan Benefits*

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. 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 percentage rate in the SCRS and PORS ("Plans") 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 total employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Contributions (Continued)*

Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act of 2017 increases employer contribution rates to 13.56 percent for the SCRS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent for the SCRS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eighty-five.

As noted earlier, 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. Required employer and employee contribution rates for the past three years are as follows:

	SCRS and State ORP Rates		
	2016	2017	2018
Employer Contribution Rate: <sup>^</sup>			
Retirement*	10.91%	11.41%	13.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%
	<u>11.06%</u>	<u>11.56%</u>	<u>13.56%</u>
Employee Contribution Rate	<u>8.16%</u>	<u>8.66%</u>	<u>9.00%</u>

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

\* 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
2018	\$ 3,517,924	100%	\$ 37,542	100%
2017	3,047,301	100%	30,085	100%
2016	\$ 2,941,570	100%	\$ 28,947	100%

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Contributions (Continued)*

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
2018	\$ 25,943,391	438,573	\$ 26,381,964
2017	26,358,656	458,623	26,817,279
2016	\$ 26,372,936	473,245	\$ 26,846,181

*Actuarial Assumptions and Methods*

Actuarial valuations of the ongoing plan 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 regarding the net pension liability 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. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS"), and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2016, valuations for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Actuarial Assumptions and Methods (Continued)*

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Long-Term Expected Rate of Return (Continued)*

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>45.0%</b>		
Global Public Equity	31.0%	6.72%	2.07%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
<b>Real Assets</b>	<b>8.0%</b>		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Commodities	1.0%	6.26%	0.06%
<b>Opportunistic</b>	<b>17.0%</b>		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

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

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2017 measurement date, for the SCRS, are presented in the following table:

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	\$ 48,244,437,494	25,732,829,268	\$ 22,511,608,226	53.3%

MARION COUNTY SCHOOL DISTRICT  
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

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

At June 30, 2018, the School District reported liabilities of approximately \$54,706,000 for its proportionate share of the net pension liabilities for the SCRS. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2016 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 Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2017 measurement date, the School District's SCRS proportion was 0.243013 percent, which was a decrease of 0.053774 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized pension expense of approximately \$3,086,000 SCRS. At June 30, 2018, the School District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 243,880	\$ 30,322
Change in Assumptions	3,202,457	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,527,139	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	1,634,560	8,666,368
Employer Contributions Subsequent to the Measurement Date	3,555,466	-
Total SCRS	<u>\$ 10,163,502</u>	<u>\$ 8,696,690</u>

Approximately \$3,555,000 that was 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 liabilities in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

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

Year Ended June 30,	SCRS
2019	\$ (981,455)
2020	415,105
2021	(912,903)
2022	(609,401)
Total	<u><u>\$ (2,088,654)</u></u>

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25 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 Code of Laws. Based on those assumptions, each 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.

*Sensitivity Analysis*

The following table presents the sensitivity of the School District's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability of the SCRS	\$ 70,508,693	54,706,134	\$ 45,117,695

*Plan Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR is publicly available through the Retirement Benefits' link on the 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, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to Plan*

The School District reported a payable of approximately \$960,000 to the PEBA as of June 30, 2018, representing required employer and employee contributions for the months of May and June 2018 for the SCRS. This amount is included in Accrued Salaries, Fringe & Benefits on the financial statements and was paid by August 2018.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plans**

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts, and retirement systems. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note IV.A for more details on the PEBA and the SFAA.

The PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB trust funds. This information is publicly available through the Insurance Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB trust fund financial information is also included in the comprehensive annual financial report of the state.

*Plan Descriptions*

The Other Postemployment Benefits Trust Funds ("OPEB Trusts" or "OPEB Plans"), collectively refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA, Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The PEBA Board has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

*Plan Benefits*

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, 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.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the District, no SCLTDITF OPEB amounts have been recorded in these financial statements and only limited note disclosures have been provided related to these benefits.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plans (Continued)**

*Plan Contributions and Funding Policies*

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

The covered payroll surcharge rates for the past three years were as follows:

	Year Ended June 30,		
	2016	2017	2018
Employer Contribution Rate <sup>^</sup>	5.33%	5.33%	5.50%

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

The required payroll surcharge, percentages of amounts contributed, and eligible payroll by the School District covered by the SCRHITF for the past three years were as follows:

Year Ended June 30,	Contributions		Eligible Payroll
	Required	% Contributed	
2018	\$ 1,451,008	100%	\$ 26,381,964
2017	1,429,661	100%	26,817,279
2016	\$ 1,430,901	100%	\$ 26,846,181

The State (via state appropriations) and the PEBA - Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the School District approximately \$232,000 for the year ended June 30, 2017 (measurement period) The contributions from these nonemployer contributing entities were approximately \$313,000 for the year ended June 30, 2018 and are recognized as state revenues and intergovernmental expenditures in the School District's governmental fund financial statements.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plans (Continued)**

*Plan Contributions and Funding Policies (continued)*

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

*Actuarial Assumptions and Methods*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability, net OPEB liability, and sensitivity information were determined by the consulting actuary and are based on the June 30, 2016 actuarial valuation. The total OPEB liability was rolled-forward from the valuation date to the OPEB plan's fiscal year ended June 30, 2017 using generally accepted actuarial principles.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plans (Continued)**

*Actuarial Assumptions and Methods (Continued)*

The following table provides a summary of the actuarial assumptions and methods used in the latest valuation for the SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of plan investment expense: including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement System for the five-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the based tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

*Long-Term Expected Rate of Return*

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the 4.00 percent assumed annual investment rate of return includes a 1.75 percent real rate of return and a 2.25 percent inflation component. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Conservative Fixed Income</b>	<b>100.0%</b>		
US Domestic Fixed Income	80.0%	2.09%	1.67%
Cash	20.0%	0.84%	0.17%
Total Expected Real Return	100.0%		1.84%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			4.09%
Investment Return Assumption			4.00%

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefit Plans (Continued)**

*Single Discount Rate*

The Single Discount Rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the SCRHITF's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

*OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB*

The net OPEB liability ("NOL") is calculated separately for each system and represents that particular system's total OPEB liability determined in accordance with GASB No. 74 less its fiduciary net position. NOL totals, as of the June 30, 2017 measurement date for the SCRHITF, are presented in the following table:

System	Total OPEB Liability	OPEB Plan Fiduciary Net Position	Employers' Net OPEB Liability (Asset)	OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 14,659,610,970	1,114,774,760	\$ 13,544,836,210	7.6%

The total OPEB liability is calculated by PEBA's actuary, and the fiduciary net position is reported in the PEBA's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the PEBA's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 are not applicable for other purposes, such as determining the OPEB Plans' funding requirements.

At June 30, 2018, the School District reported a liability of approximately \$39,701,000 for its proportionate share of the net OPEB liability for the SCRHITF. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability for the SCRHITF used to calculate the net OPEB liability was determined based on the most recent actuarial valuation report of June 30, 2016 that was projected forward to the measurement date. The School District's proportion of the net OPEB liability was based on a projection of the School District's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2017 measurement date, the School District's proportion was 0.293107 percent; there was no change from its proportion measured as of June 30, 2016.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

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

*OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)*

For the year ended June 30, 2018, the School District recognized OPEB expense of approximately \$2,416,000 for the SCRHITF. At June 30, 2018, the School District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 17,231
Change in Assumptions	-	3,735,667
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	68,217	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	-	566
Employer Contributions Subsequent to the Measurement Date	1,451,008	-
Total	<u>\$ 1,519,225</u>	<u>\$ 3,753,464</u>

Approximately \$1,451,000 that was reported as deferred outflows of resources related to the School District's contributions subsequent to the measurement date to the SCRHITF, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Increase (Decrease) OPEB Expense
2019	\$ (583,885)
2020	(583,885)
2021	(583,885)
2022	(583,885)
2023	(600,939)
Thereafter	(748,768)
Total	<u>\$ (3,685,247)</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following table presents the sensitivity of the School District's net OPEB liability for the SCRHITF to changes in the discount rate, calculated using the discount rate of 3.56%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.56%) or 1% point higher (4.56%) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB Liability	\$ 46,756,395	39,700,863	\$ 34,012,377

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following table presents the sensitivity of the School District's net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.15%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.15%) or 1% point higher (8.00% decreasing to 5.15%) than the current rate:

	1% Decrease (6.00% decreasing to 3.15%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.15%)	1% Increase (8.00% decreasing to 5.15%)
Net OPEB Liability	\$ 32,556,353	39,700,863	\$ 48,951,287

*OPEB Plans' Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the OPEB Plans administered by the PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Postemployment Benefits Trust Funds. This information is publicly available through the Insurance Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to SCRHITF*

The School District reported a payable of approximately \$390,000 to the PEBA as of June 30, 2018, representing required employer contributions for the months of May and June 2018 for the SCRHITF. This amount is included in Accrued Salaries, Fringe & Benefits on the financial statements and was paid by August 2018.

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, 2017, the SCSBIT/WCP had net position of approximately \$36,592,000 and the SCSBIT/PCP had net position of approximately \$25,376,000. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**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.

**E. Tax Abatements**

*School District's Tax Abatements*

The School District does not have any of its own tax abatement agreements.

*Marion County's Abatements*

The School District's property tax revenues were reduced by approximately \$350,000 under agreements entered into by Marion County, South Carolina.

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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 BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2018

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 8,710,000	8,710,000	8,678,789	\$ (31,211)
Investment Earnings	30,000	30,000	157,879	127,879
Other Local Sources	195,500	195,500	438,996	243,496
State Sources	26,900,583	26,900,583	25,330,932	(1,569,651)
Federal Sources	-	-	12,210	12,210
<b>TOTAL REVENUE ALL SOURCES</b>	<b>35,836,083</b>	<b>35,836,083</b>	<b>34,618,806</b>	<b>(1,217,277)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	20,352,232	20,352,232	19,232,179	1,120,053
Support Services	16,822,238	16,822,238	16,185,252	636,986
Intergovernmental	12,000	12,000	10,722	1,278
Capital Outlay	21,324	21,324	21,323	1
<b>TOTAL EXPENDITURES</b>	<b>37,207,794</b>	<b>37,207,794</b>	<b>35,449,476</b>	<b>1,758,318</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,371,711)</b>	<b>(1,371,711)</b>	<b>(830,670)</b>	<b>541,041</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,371,711	1,371,711	1,364,493	(7,218)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,371,711</b>	<b>1,371,711</b>	<b>1,364,493</b>	<b>(7,218)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>533,823</b>	<b>533,823</b>
FUND BALANCE, Beginning of Year	4,640,082	4,640,082	4,640,082	-
<b>FUND BALANCE, End of Year</b>	<b>\$ 4,640,082</b>	<b>4,640,082</b>	<b>5,173,905</b>	<b>\$ 533,823</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 SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST FIVE FISCAL YEARS**

	Year Ended June 30,				
	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.243013%	0.296787%	0.279607%	0.295446%	0.295446%
School District's Proportionate Share of the Net Pension Liability	\$ 54,706,134	63,393,265	53,028,816	50,866,006	\$ 52,992,473
School District's Covered Payroll	\$ 26,817,279	26,846,181	26,364,427	26,922,564	\$ 26,684,469
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	204.00%	236.14%	201.14%	188.93%	198.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.34%	52.91%	56.99%	59.92%	56.39%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.  
The School District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.  
The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST FIVE FISCAL YEARS**

	<b>Year Ended June 30,</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 3,555,466	3,077,386	2,970,517	2,857,662	\$ 2,844,094
Contributions in Relation to the Contractually Required Contribution	3,555,466	3,077,386	2,970,517	2,857,662	2,844,094
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll	\$ 26,381,964	26,817,279	26,846,181	26,364,427	\$ 26,922,564
Contributions as a Percentage of Covered Payroll	13.48%	11.48%	11.06%	10.84%	10.56%

**Notes to Schedule:**

The School District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.  
The contractually required contribution rate was increased from 11.56% to 13.56% of eligible payroll for the year ended June 30, 2018.



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

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES**

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

**LAST TWO FISCAL YEARS**

---

	Year Ended June 30,	
	2018	2017
School District's Proportion of the Net OPEB Liability	0.293107%	0.293107%
School District's Proportionate Share of the Net OPEB Liability	\$ 39,700,863	\$ 42,408,570
School District's Covered Payroll	\$ 26,817,279	\$ 26,846,181
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	148.0%	158.0%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.6%	6.6%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).  
The School District adopted GASB #75 during the year ended June 30, 2018. Information before 2017 is not available.  
The discount rate changed from 2.92% as of June 30, 2016 measurement date to 3.56% for the June 30, 2017 measurement date.

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

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES**

**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

**LAST TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
Contractually Required Contribution	\$ 1,451,008	\$ 1,429,361
Contributions in Relation to the Contractually Required Contribution	1,451,008	1,429,361
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 26,381,964	\$ 26,817,279
Contributions as a Percentage of Covered Payroll	5.50%	5.33%

**Notes to Schedule:**

The School District adopted GASB #75 during the year ended June 30, 2018. Information before 2017 is not available.

# **SUPPLEMENTARY INFORMATION**

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**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, 2018**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>			
1000 Revenue from Local Sources:			
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 8,530,000	8,503,587	\$ (26,413)
1280 Revenue in Lieu of Taxes (Independent and Dependent)	180,000	175,202	(4,798)
1300 Tuition:			
1310 From Patrons for Regular Day School	140,500	182,143	41,643
1500 Earnings on Investments:			
1510 Interest on Investments	30,000	157,879	127,879
1900 Other Revenue from Local Sources:			
1910 Rentals	50,000	38,494	(11,506)
1950 Refund of Prior Year's Expenditures	-	20,976	20,976
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	178,921	178,921
1999 Revenue from Other Local Sources	5,000	18,462	13,462
Total Revenue from Local Sources	<u>8,935,500</u>	<u>9,275,664</u>	<u>340,164</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	652	652
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	596,351	595,120	(1,231)
3162 Transportation Workers' Compensation	32,301	32,686	385
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	5,882,402	5,249,686	(632,716)
3181 Retiree Insurance (No Carryover Provision)	1,163,232	1,023,948	(139,284)
3199 Other Restricted State Grants	-	3,301	3,301
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	653,225	584,642	(68,583)
3312 Primary	1,993,323	1,810,830	(182,493)
3313 Elementary	2,963,215	2,854,528	(108,687)
3314 High School	1,598,954	1,863,808	264,854
3315 Trainable Mentally Handicapped	93,223	63,927	(29,296)
3316 Speech Handicapped (Part-Time)	813,644	648,826	(164,818)
3317 Homebound	2,727	5,831	3,104
3320 Part-Time Programs:			
3321 Emotionally Handicapped	31,041	28,046	(2,995)
3322 Educable Mentally Handicapped	97,735	93,381	(4,354)
3323 Learning Disabilities	1,178,276	1,126,123	(52,153)
3324 Hearing Handicapped	20,554	15,292	(5,262)
3325 Visually Handicapped	46,481	50,975	4,494
3326 Orthopedically Handicapped	5,113	35,980	30,867
3327 Vocational	\$ 813,042	406,521	\$ (406,521)

(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, 2018

	FINAL BUDGET	ACTUAL	VARIANCE
3330 Other EFA Programs:			
3331 Autism	\$ 216,285	252,572	\$ 36,287
3332 High Achieving	56,227	65,414	9,187
3334 Limited English Proficiency	40,305	38,876	(1,429)
3351 Academic Assistance	524,148	578,552	54,404
3352 Pupils in Poverty	1,752,174	1,658,957	(93,217)
3353 Dual Credit	10,969	17,375	6,406
3375 Education Foundation Supplement	-	67,272	67,272
3392 NBC Excess EFA Formula	-	47,250	47,250
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	1,886,350	1,866,170	(20,180)
3820 Homestead Exemption (Tier 2)	750,000	748,244	(1,756)
3825 Reimbursement for Property Tax Relief (Tier 3)	2,825,378	2,797,668	(27,710)
3827 \$2.5 Million Bonus	153,315	-	(153,315)
3830 Merchant's Inventory Tax	150,000	123,990	(26,010)
3840 Manufacturers Depreciation Reimbursement	62,000	64,378	2,378
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	137,521	197,536	60,015
3900 Other State Revenue:			
3993 PEBA On-Behalf	295,413	295,413	-
3999 Revenue from Other State Sources	55,659	17,162	(38,497)
Total Revenue from State Sources	26,900,583	25,330,932	(1,569,651)
4900 Other Federal Sources:			
4999 Revenue from Other Federal Sources	-	12,210	12,210
Total Revenue from Federal Sources	-	12,210	12,210
<b>TOTAL REVENUE ALL SOURCES</b>	<b>35,836,083</b>	<b>34,618,806</b>	<b>(1,217,277)</b>
<b>EXPENDITURES</b>			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	950,178	803,352	146,826
200 Employee Benefits	425,939	371,565	54,374
300 Purchased Services	51,638	56,289	(4,651)
400 Supplies and Materials	20,232	17,024	3,208
600 Other Objects	450	450	-
112 Primary Programs:			
100 Salaries	2,008,914	1,926,337	82,577
200 Employee Benefits	827,818	790,135	37,683
300 Purchased Services	76,367	79,897	(3,530)
400 Supplies and Materials	40,755	30,597	10,158
600 Other Objects	\$ 2,550	2,550	\$ -

(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, 2018**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
113 Elementary Programs:			
100 Salaries	\$ 4,063,709	3,734,668	\$ 329,041
200 Employee Benefits	1,648,003	1,522,803	125,200
300 Purchased Services	138,112	224,456	(86,344)
400 Supplies and Materials	65,976	54,107	11,869
600 Other Objects	3,806	3,686	120
114 High School Programs:			
100 Salaries	3,482,842	3,458,421	24,421
200 Employee Benefits	1,385,222	1,279,168	106,054
300 Purchased Services	143,811	154,311	(10,500)
400 Supplies and Materials	52,739	41,387	11,352
600 Other Objects	4,065	2,384	1,681
115 Career and Technology Education Program:			
100 Salaries	829,086	835,560	(6,474)
200 Employee Benefits	343,653	362,880	(19,227)
300 Purchased Services - Other Than Tuition	55,325	54,248	1,077
400 Supplies and Materials	33,736	27,734	6,002
600 Other Objects	1,677	1,650	27
117 Driver Education Program:			
100 Salaries	54,251	53,753	498
200 Employee Benefits	22,914	23,502	(588)
300 Purchased Services	850	1,435	(585)
400 Supplies and Materials	2,725	1,031	1,694
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	345,952	186,262	159,690
200 Employee Benefits	173,230	94,377	78,853
300 Purchased Services	65,278	3,592	61,686
400 Supplies and Materials	5,542	2,221	3,321
122 Trainable Mentally Handicapped:			
100 Salaries	336,419	289,921	46,498
200 Employee Benefits	170,021	138,288	31,733
300 Purchased Services	3,000	6,104	(3,104)
400 Supplies and Materials	1,108	862	246
123 Orthopedically Handicapped:			
100 Salaries	6,525	6,461	64
200 Employee Benefits	2,240	2,359	(119)
400 Supplies and Materials	850	13	837
124 Visually Handicapped:			
100 Salaries	4,373	4,373	-
200 Employee Benefits	1,680	1,879	(199)
125 Hearing Handicapped:			
400 Supplies and Materials	1,242	-	1,242
126 Speech Handicapped:			
100 Salaries	162,831	187,930	(25,099)
200 Employee Benefits	60,283	73,747	(13,464)
400 Supplies and Materials	\$ 2,800	1,079	\$ 1,721

(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, 2018

	FINAL BUDGET	ACTUAL	VARIANCE
127 Learning Disabilities:			
100 Salaries	\$ 831,509	896,202	\$ (64,693)
200 Employee Benefits	330,224	368,254	(38,030)
300 Purchased Services	6,720	15,782	(9,062)
400 Supplies and Materials	3,381	690	2,691
128 Emotionally Handicapped:			
100 Salaries	9,309	9,309	-
200 Employee Benefits	3,154	3,337	(183)
400 Supplies and Materials	500	-	500
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	73,648	73,138	510
200 Employee Benefits	53,532	46,858	6,674
300 Purchased Services	2,000	2,154	(154)
139 Early Childhood Programs:			
100 Salaries	-	350	(350)
200 Employee Benefits	-	27	(27)
400 Supplies and Materials	1,250	157	1,093
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	84,557	70,096	14,461
200 Employee Benefits	30,709	26,980	3,729
300 Purchased Services	825	-	825
400 Supplies and Materials	400	400	-
143 Advanced Placement:			
100 Salaries	19,363	10,599	8,764
200 Employee Benefits	6,494	3,333	3,161
400 Supplies and Materials	1,392	267	1,125
145 Homebound:			
100 Salaries	26,000	39,819	(13,819)
200 Employee Benefits	-	10,877	(10,877)
300 Purchased Services	10,895	9,265	1,630
400 Supplies and Materials	200	-	200
147 CDEPP:			
100 Salaries	337,471	300,962	36,509
200 Employee Benefits	124,384	114,111	10,273
300 Purchased Services	18,176	10,753	7,423
400 Supplies and Materials	21,074	20,664	410
148 Gifted and Talented - Artistic:			
100 Salaries	8,089	8,089	-
200 Employee Benefits	4,002	4,076	(74)
149 Other Special Programs:			
100 Salaries	-	18,731	(18,731)
200 Employee Benefits	-	5,103	(5,103)
300 Purchased Services	\$ -	2,007	\$ (2,007)

(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, 2018

	FINAL BUDGET	ACTUAL	VARIANCE
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	\$ 128,284	145,650	\$ (17,366)
200 Employee Benefits	60,701	65,692	(4,991)
300 Purchased Services	7,450	5,106	2,344
400 Supplies and Materials	1,450	238	1,212
172 Elementary Summer School:			
300 Purchased Services	500	-	500
400 Supplies and Materials	3,551	-	3,551
175 Instructional Programs Beyond Regular School Day:			
100 Salaries	5,000	550	4,450
200 Employee Benefits	3,000	151	2,849
300 Purchased Services	3,050	-	3,050
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
300 Purchased Services	400	109	291
400 Supplies and Materials	1,600	100	1,500
182 Adult Secondary Education Programs:			
300 Purchased Services	600	109	491
400 Supplies and Materials	400	89	311
183 Adult English Literacy (ESL):			
188 Parenting/Family Literacy:			
100 Salaries	-	172	(172)
300 Purchased Services	500	-	500
400 Supplies and Materials	3,800	-	3,800
190 Instructional Pupil Activity:			
100 Salaries	33,482	21,200	12,282
200 Employee Benefits	8,489	5,775	2,714
Total Instruction	20,352,232	19,232,179	1,120,053
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	184,148	184,699	(551)
200 Employee Benefits	84,017	80,668	3,349
300 Purchased Services	11,100	8,134	2,966
212 Guidance Services:			
100 Salaries	596,804	606,456	(9,652)
200 Employee Benefits	234,225	238,875	(4,650)
300 Purchased Services	7,800	1,594	6,206
400 Supplies and Materials	6,090	3,944	2,146
600 Other Objects	400	-	400
213 Health Services:			
100 Salaries	256,625	279,433	(22,808)
200 Employee Benefits	117,243	116,048	1,195
300 Purchased Services	33,625	2,268	31,357
400 Supplies and Materials	\$ 10,540	8,226	\$ 2,314

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	FINAL BUDGET	ACTUAL	VARIANCE
214 Psychological Services:			
100 Salaries	\$ 45,069	45,820	\$ (751)
200 Employee Benefits	22,915	23,276	(361)
216 Vocational Placement Services:			
100 Salaries	32,825	8,288	24,537
200 Employee Benefits	12,873	5,257	7,616
300 Purchased Services	2,000	1,055	945
400 Supplies and Materials	600	153	447
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	391,744	364,461	27,283
200 Employee Benefits	164,858	138,886	25,972
300 Purchased Services	53,100	38,788	14,312
400 Supplies and Materials	13,397	1,580	11,817
600 Other Objects	1,100	351	749
222 Library and Media Services:			
100 Salaries	503,936	478,864	25,072
200 Employee Benefits	226,545	202,827	23,718
300 Purchased Services	36,996	24,189	12,807
400 Supplies and Materials	38,895	25,005	13,890
223 Supervision of Special Programs:			
100 Salaries	110,206	110,729	(523)
200 Employee Benefits	54,401	45,713	8,688
300 Purchased Services	28,998	37,922	(8,924)
400 Supplies and Materials	5,252	1,893	3,359
600 Other Objects	1,555	1,112	443
224 Improvement of Instruction-Inservice and Staff Training:			
300 Purchased Services	15,385	1,127	14,258
400 Supplies and Materials	5,748	1,035	4,713
600 Other Objects	3,115	2,942	173
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	87,797	84,886	2,911
200 Employee Benefits	24,976	25,026	(50)
300 Purchased Services	163,500	98,554	64,946
318 Audit Services	51,000	52,994	(1,994)
400 Supplies and Materials	18,900	15,343	3,557
600 Other Objects	16,650	13,234	3,416
232 Office of Superintendent:			
100 Salaries	270,503	179,545	90,958
200 Employee Benefits	97,909	71,238	26,671
300 Purchased Services	26,778	16,084	10,694
400 Supplies and Materials	28,765	15,538	13,227
600 Other Objects	\$ 38,400	24,344	\$ 14,056

(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, 2018

	FINAL BUDGET	ACTUAL	VARIANCE
233 School Administration:			
100 Salaries	\$ 1,976,692	2,050,217	\$ (73,525)
200 Employee Benefits	815,126	824,888	(9,762)
300 Purchased Services	77,522	27,626	49,896
400 Supplies and Materials	48,361	32,342	16,019
600 Other Objects	8,503	4,981	3,522
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
200 Employee Benefits	-	2,369	(2,369)
252 Fiscal Services:			
100 Salaries	271,623	264,044	7,579
200 Employee Benefits	11,725	114,384	(102,659)
300 Purchased Services	165,100	126,845	38,255
400 Supplies and Materials	37,500	12,803	24,697
600 Other Objects	11,614	27,530	(15,916)
253 Facilities Acquisition and Construction:			
300 Purchased Services	6,300	-	6,300
254 Operation and Maintenance of Plant:			
100 Salaries	1,156,477	1,159,299	(2,822)
200 Employee Benefits	582,517	543,854	38,663
300 Purchased Services	1,232,997	1,380,330	(147,333)
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	109,488	110,087	(599)
400 Supplies and Materials	490,089	479,412	10,677
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,432,530	1,401,200	31,330
500 Capital Outlay	21,324	21,323	1
600 Other Objects	386	386	-
255 Student Transportation (State Mandated):			
100 Salaries	1,001,056	1,078,973	(77,917)
200 Employee Benefits	537,476	477,725	59,751
300 Purchased Services	88,875	20,444	68,431
400 Supplies and Materials	26,575	7,322	19,253
600 Other Objects	4,320	3,670	650
256 Food Service:			
200 Employee Benefits	514,232	300,170	214,062
257 Internal Services:			
300 Purchased Services	24,971	13,147	11,824
400 Supplies and Materials	1,620	-	1,620
600 Other Objects	600	-	600
258 Security:			
200 Employee Benefits	9,510	-	9,510
300 Purchased Services	301,492	291,901	9,591
400 Supplies and Materials	\$ 12,040	9,300	\$ 2,740

(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, 2018

	FINAL BUDGET	ACTUAL	VARIANCE
260 Central Support Services:			
263 Information Services:			
100 Salaries	\$ 73,731	74,468	\$ (737)
200 Employee Benefits	23,270	25,013	(1,743)
300 Purchased Services	10,000	5,882	4,118
400 Supplies and Materials	6,500	1,798	4,702
600 Other Objects	1,000	366	634
264 Staff Services:			
100 Salaries	251,185	253,680	(2,495)
200 Employee Benefits	79,283	92,274	(12,991)
300 Purchased Services	53,200	48,688	4,512
400 Supplies and Materials	12,300	6,486	5,814
600 Other Objects	3,000	1,227	1,773
266 Technology and Data Processing Services:			
100 Salaries	283,454	231,723	51,731
200 Employee Benefits	117,029	92,806	24,223
300 Purchased Services	83,045	219,516	(136,471)
400 Supplies and Materials	186,067	182,736	3,331
600 Other Objects	400	176	224
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	324,573	272,810	51,763
200 Employee Benefits (Optional)	6,677	67,771	(61,094)
300 Purchased Services (Optional)	153,520	105,498	48,022
400 Supplies and Materials (Optional)	47,045	39,754	7,291
600 Other Objects (Optional)	8,784	7,927	857
660 Pupil Activity	1,550	1,000	550
Total Support Services	16,843,562	16,206,575	636,987
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	2,000	10,722	(8,722)
Total Intergovernmental Expenditures	12,000	10,722	1,278
<b>TOTAL EXPENDITURES</b>	<b>\$ 37,207,794</b>	<b>35,449,476</b>	<b>\$ 1,758,318</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	1,046,711	1,011,117	(35,594)
5280 Transfer from Other Funds Indirect Costs	325,000	353,376	28,376
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,371,711	1,364,493	\$ (7,218)

(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, 2018

	FINAL BUDGET	ACTUAL	VARIANCE
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ -	533,823	\$ 533,823
FUND BALANCE, Beginning of Year	4,640,082	4,640,082	-
FUND BALANCES, End of Year	<u>\$ 4,640,082</u>	<u>5,173,905</u>	<u>\$ 533,823</u>

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

**SPECIAL REVENUE FUND**

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

**YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201 / 202)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
<b>REVENUES</b>		
1000 Revenue from Local Sources:		
1300 Tuition:		
1350 From Patrons for Summer School	\$ -	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
1990 Miscellaneous Local Revenue:		
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	-	-
2000 Intergovernmental Revenue:		
2100 Payments from Other Governmental Units	-	-
Total Intergovernmental Revenue	-	-
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3105 Technology Technical Assistance	-	-
3118 EEDA Career Specialist	-	-
3120 General Education:		
3127 Student Health and Fitness - PE Teachers	-	-
3130 Special Programs:		
3134 CDEP Expansion Full Day 4K	-	-
3135 Reading Coaches	-	-
3136 Student Health and Fitness - Nurses	-	-
3177 Summer Reading Camp	-	-
3183 Teacher Recruiting and Retention (Carryover Only)	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3199 Other State Grants	-	-
3600 Education Lottery Act Revenue:		
3630 K-12 Technology Initiative	-	-
3655 Classroom Libraries	-	-
3900 Other State Revenue:		
3994 PEBA Nonemployer Contributions	-	-
3999 Revenue from Other State Sources	-	-
Total Revenue from State Sources	\$ -	-

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
-	-	-	-	160	\$ 160
-	-	-	-	444,661	444,661
-	-	-	-	696,068	696,068
-	-	-	-	13,856	13,856
-	-	-	-	1,154,745	1,154,745
-	-	-	-	103,615	103,615
-	-	-	-	103,615	103,615
-	-	-	779,723	-	779,723
-	-	-	357,745	-	357,745
-	-	-	50,184	-	50,184
-	-	-	24,348	-	24,348
-	-	-	188,190	-	188,190
-	-	-	135,957	-	135,957
-	-	-	19,170	-	19,170
-	-	-	213,353	-	213,353
-	-	-	880	-	880
-	-	-	-	2,969	2,969
-	-	-	210,596	-	210,596
-	-	-	-	37,600	37,600
-	-	-	313,474	-	313,474
-	-	-	-	569,186	569,186
-	-	-	2,293,620	609,755	\$ 2,903,375

(Continued)

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

**SPECIAL REVENUE FUND**

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

**YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201 / 202)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
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)	3,023,686	-
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	-	-
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)	-	2,158,835
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4997 Title IV SSAE	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>3,023,686</u>	<u>2,158,835</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>3,023,686</u></b>	<b><u>2,158,835</u></b>

**EXPENDITURES**

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	52,711	-
200 Employee Benefits	25,311	-
300 Purchased Services	1,888	-
400 Supplies and Materials	2,825	-
112 Primary Programs:		
100 Salaries	300,848	-
200 Employee Benefits	117,483	-
300 Purchased Services	74,433	-
400 Supplies and Materials	100,439	-
113 Elementary Programs:		
100 Salaries	358,858	-
200 Employee Benefits	157,290	-
300 Purchased Services	81,095	-
400 Supplies and Materials	\$ 120,721	-



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
-	92,655	-	-	-	\$ 92,655
-	-	-	-	100,000	3,123,686
-	-	-	-	96,484	96,484
-	-	-	-	6,654	6,654
-	-	-	-	422,753	422,753
-	-	63,272	-	-	63,272
-	-	-	-	113,816	113,816
-	-	-	-	7,364	2,166,199
39,862	-	-	-	-	39,862
-	-	-	-	1,955	1,955
-	-	-	-	428,233	428,233
39,862	92,655	63,272	-	1,177,259	6,555,569
39,862	92,655	63,272	2,293,620	3,045,374	10,717,304
-	-	-	-	84,512	137,223
-	-	-	-	34,683	59,994
-	-	-	-	1,534	3,422
-	-	-	-	5,504	8,329
-	-	-	19,533	232,973	553,354
-	-	-	7,324	123,407	248,214
-	-	-	-	6,962	81,395
-	-	-	13,256	18,940	132,635
-	-	-	132,911	107,908	599,677
-	-	-	55,279	49,362	261,931
-	-	-	-	14,134	95,229
-	-	-	10,070	53,947	\$ 184,738

(Continued)

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

**SPECIAL REVENUE FUND**

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

**YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201 / 202)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
114 High School Programs:		
100 Salaries	\$ 184,606	-
200 Employee Benefits	78,805	-
300 Purchased Services	63,310	-
400 Supplies and Materials	34,232	-
600 Other Objects	100	-
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:		
100 Salaries	-	73,133
200 Employee Benefits	-	1,797
300 Purchased Services	-	28,061
400 Supplies and Materials	-	84,999
122 Trainable Mentally Handicapped:		
100 Salaries	-	28,494
200 Employee Benefits	-	14,223
300 Purchased Services	-	88,347
400 Supplies and Materials	-	47,888
123 Orthopedically Handicapped:		
100 Salaries	-	13,411
200 Employee Benefits	-	7,864
300 Purchased Services	-	401
124 Visually Handicapped:		
300 Purchased Services	-	147,941
400 Supplies and Materials	-	5,149
125 Hearing Handicapped:		
300 Purchased Services	-	71,558
126 Speech Handicapped:		
100 Salaries	-	44,690
200 Employee Benefits	-	19,889
300 Purchased Services	-	44,685
400 Supplies and Materials	-	6,977
127 Learning Disabilities:		
100 Salaries	-	214,233
200 Employee Benefits	-	47,739
300 Purchased Services	-	55,787
400 Supplies and Materials	\$ -	56,617

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
-	-	-	-	177,167	\$ 361,773
-	-	-	-	57,225	136,030
-	-	-	-	-	63,310
-	-	-	880	17,773	52,885
-	-	-	-	-	100
-	39,555	-	-	-	39,555
-	18,141	-	-	-	18,141
-	33,934	-	-	-	33,934
-	-	-	-	115,046	115,046
-	-	-	-	-	73,133
-	-	-	-	-	1,797
-	-	-	-	-	28,061
-	-	-	-	-	84,999
-	-	-	-	-	28,494
-	-	-	-	-	14,223
-	-	-	-	-	88,347
-	-	-	-	4,321	52,209
-	-	-	-	-	13,411
-	-	-	-	-	7,864
-	-	-	-	-	401
-	-	-	-	-	147,941
-	-	-	-	-	5,149
-	-	-	-	-	71,558
-	-	-	-	2,655	47,345
-	-	-	-	731	20,620
-	-	-	-	213,038	257,723
-	-	-	-	-	6,977
-	-	-	-	-	214,233
-	-	-	-	-	47,739
-	-	-	-	-	55,787
-	-	-	-	-	\$ 56,617

(Continued)

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

**SPECIAL REVENUE FUND**

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

**YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201 / 202)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
128 Emotionally Handicapped:		
100 Salaries	\$ -	1,947
200 Employee Benefits	-	972
400 Supplies and Materials	-	550
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	7,047
200 Employee Benefits	-	6,586
400 Supplies and Materials	-	10,771
140 Special Programs:		
147 CDEPP:		
400 Supplies and Materials	-	-
149 Other Special Programs:		
100 Salaries	-	17,159
200 Employee Benefits	-	5,908
300 Purchased Services	-	282
400 Supplies and Materials	-	260
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	62,048
200 Employee Benefits	-	23,604
300 Purchased Services	-	66,705
400 Supplies and Materials	-	54,934
170 Summer School Programs:		
171 Primary Summer School:		
400 Supplies and Materials	-	-
173 High School Summer School:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
600 Other Objects	\$ -	-

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
-	-	-	-	-	\$ 1,947
-	-	-	-	-	972
-	-	-	-	-	550
34,885	-	-	-	-	41,932
4,977	-	-	-	-	11,563
-	-	-	-	-	10,771
-	-	-	24,348	5,441	29,789
-	-	-	-	-	17,159
-	-	-	-	-	5,908
-	-	-	-	-	282
-	-	-	-	-	260
-	-	-	-	3,120	65,168
-	-	-	-	858	24,462
-	-	-	-	-	66,705
-	-	-	-	-	54,934
-	-	-	19,170	-	19,170
-	-	-	-	120	120
-	-	-	-	40	40
-	-	14,687	-	-	14,687
-	-	3,723	-	-	3,723
-	-	-	-	1,625	1,625
-	-	1,000	-	-	1,000
-	-	27,041	-	-	27,041
-	-	7,871	-	-	7,871
-	-	-	-	435	435
-	-	8,591	-	-	8,591
-	-	-	-	80	\$ 80

(Continued)

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

**SPECIAL REVENUE FUND**

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

**YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201 / 202)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
188 Parenting/Family Literacy:		
100 Salaries	\$ 64,054	-
200 Employee Benefits	33,609	-
300 Purchased Services	681	-
400 Supplies and Materials	8,019	-
Total Instruction	<u>1,861,318</u>	<u>1,362,656</u>
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
100 Salaries	19,070	-
200 Employee Benefits	7,400	-
213 Health Services:		
100 Salaries	-	15,913
200 Employee Benefits	-	6,998
400 Supplies and Materials	-	-
214 Psychological Services:		
100 Salaries	-	133,027
200 Employee Benefits	-	54,654
300 Purchased Services	-	10,283
400 Supplies and Materials	-	7,249
600 Other Objects	-	550
215 Exceptional Program Services:		
300 Purchased Services	-	186,388
217 Career Specialists Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	545,486	-
200 Employee Benefits	214,047	-
300 Purchased Services	4,152	8,165
400 Supplies and Materials	6	-
222 Library and Media:		
100 Salaries	23,085	-
200 Employee Benefits	8,630	-
400 Supplies and Materials	\$ -	-

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
-	-	-	-	-	\$ 64,054
-	-	-	-	-	33,609
-	-	-	-	-	681
-	-	-	-	-	8,019
39,862	91,630	62,913	282,771	1,333,541	5,034,691
-	-	-	-	-	19,070
-	-	-	-	-	7,400
-	-	-	95,897	-	111,810
-	-	-	40,061	87	47,146
-	-	-	-	6,470	6,470
-	-	-	-	-	133,027
-	-	-	-	-	54,654
-	-	-	-	-	10,283
-	-	-	-	-	7,249
-	-	-	-	-	550
-	-	-	-	-	186,388
-	-	-	249,309	-	249,309
-	-	-	108,435	-	108,435
-	-	-	-	15,036	560,522
-	-	-	-	3,837	217,884
-	-	-	-	34,058	46,375
-	-	243	-	49,961	50,210
-	-	-	-	-	23,085
-	-	-	-	-	8,630
-	-	-	-	4,999	\$ 4,999

(Continued)

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

**SPECIAL REVENUE FUND**

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

**YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201 / 202)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
223 Supervision of Special Programs:		
100 Salaries	\$ 94,407	197,380
200 Employee Benefits	39,280	82,428
300 Purchased Services	4,730	8,759
400 Supplies and Materials	3,566	8,790
600 Other Objects	-	230
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	130,814	11,935
400 Supplies and Materials	3,366	710
600 Other Objects	8,818	-
230 General Administration Services:		
231 Board of Education:		
400 Supplies and Materials	-	-
232 Office of the Superintendent:		
400 Supplies and Materials	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
500 Capital Outlay:		
540 Equipment	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
258 Security:		
400 Supplies and Materials	-	-
260 Central Support Services:		
263 Information Services:		
300 Purchased Services	-	-
264 Staff Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-



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
-	-	-	-	32,232	\$ 324,019
-	-	-	-	14,145	135,853
-	-	-	-	51,021	64,510
-	-	116	-	71	12,543
-	-	-	-	2,062	2,292
-	-	-	-	30,123	30,123
-	-	-	-	8,420	8,420
-	-	-	-	425,236	567,985
-	-	-	-	1,222	5,298
-	-	-	-	-	8,818
-	-	-	-	400	400
-	-	-	-	475	475
-	-	-	-	5,964	5,964
-	-	-	-	1,318	1,318
-	-	-	-	4,597	4,597
-	-	-	-	10,143	10,143
-	-	-	-	373,346	373,346
-	-	-	-	3,340	3,340
-	-	-	-	13,198	13,198
-	-	-	-	9,402	9,402
-	-	-	-	594	594
-	-	-	167,845	253,985	421,830
-	-	-	45,508	66,627	112,135
-	-	-	-	140,066	140,066
-	-	-	-	554	\$ 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, 2018**

	<b>Title I (BA Projects) (201 / 202)</b>	<b>IDEA (CA Projects) (203 / 204)</b>
266 Technology and Data Processing Services:		
300 Purchased Services	\$ -	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries (Optional)	-	956
200 Employee Benefits (Optional)	-	257
300 Purchased Services (Optional)	-	-
600 Other Objects (Optional)	-	1,011
Total Support Services	<u>1,106,857</u>	<u>735,683</u>
300 Community Services:		
360 Welfare Services:		
400 Supplies and Materials	1,789	-
Total Community Services	<u>1,789</u>	<u>-</u>
410 Intergovernmental Expenditures:		
411 Payments to SDE		
720 Transits	-	-
419 Payments from PEBA Nonemployer Contributions		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
500 Debt Service:		
620 Interest	-	-
Total Debt Service Expenditures	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>2,969,964</u></b>	<b><u>2,098,339</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>		
431-791 Special Revenue Fund Indirect Costs		
(Use Only for Transfer of Indirect Costs to General Fund)	(53,722)	(60,496)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(53,722)</u>	<u>(60,496)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	-
<b>FUND BALANCE, Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, End of Year</b>	<b><u>\$ -</u></b>	<b><u>-</u></b>

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
-	-	-	127,561	-	\$ 127,561
-	-	-	724,918	-	724,918
-	-	-	137,841	-	137,841
-	308	-	-	1,493	2,757
-	85	-	-	371	713
-	632	-	-	4,134	4,766
-	-	-	-	735	1,746
-	1,025	359	1,697,375	1,569,722	5,111,021
-	-	-	-	-	1,789
-	-	-	-	-	1,789
-	-	-	-	200,566	200,566
-	-	-	313,474	-	313,474
-	-	-	313,474	200,566	514,040
-	-	-	-	27,458	27,458
-	-	-	-	27,458	27,458
39,862	92,655	63,272	2,293,620	3,131,287	10,688,999
-	-	-	-	-	(114,218)
-	-	-	-	-	(114,218)
-	-	-	-	(85,913)	(85,913)
-	-	-	-	619,751	619,751
-	-	-	-	533,838	\$ 533,838

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES - STATE RESTRICTED GRANTS

YEAR ENDED JUNE 30, 2018

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OTHER DESIGNATED  
RESTRICTED STATE GRANTS

903	Teacher Recruitment and Retention (Carryover Only)
915	Technology Technical Assistance (Carryover Only)
919	Education License Plates
924	Child Early Reading Development and Education Program (CDEP) - Full Day 4K
926	Summer Reading Camps (Carryover Only)
928	EEDA Career Specialists
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
939	Capital Improvement Plan
956	Adult Education
963	K-12 Technology Initiative
994	PEBA Nonemployer Contributions

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

Schedule B-3

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2018

SUBFUND	REVENUE CODE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS IN (OUT)	UNEARNED
903	3183	Teacher Recruitment and Retention	\$ 213,353	213,353	-	-	\$ -
915	3105	Technology Technical Assistance	779,723	779,723	-	-	-
919	3193	Education License Plates	880	880	-	-	-
924	3134	CDEP Expansion Full Day 4K	24,348	24,348	-	-	-
926	3177	Summer Reading Camps	19,170	19,170	-	-	-
928	3118	EEDA Career Specialists	357,745	357,745	-	-	-
935	3135	Reading Coaches	188,190	188,190	-	-	-
936	3136	Student Health and Fitness - Nurses	135,957	135,957	-	-	-
937	3127	Student Health and Fitness - PE Teachers	50,184	50,184	-	-	-
939	3393	Capital Improvement Plan - Additional	-	-	-	-	163,101
956	3156	Adult Education	-	-	-	-	6,188
963	3630	K-12 Technology Initiative	210,596	210,596	-	-	-
994	3994	PEBA Nonemployer Contributions	313,474	313,474	-	-	-
<b>Totals</b>			<b>\$ 2,293,620</b>	<b>2,293,620</b>	<b>-</b>	<b>-</b>	<b>\$ 169,289</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, 2018**

	<b>ACTUAL</b>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 14,264
3507 Aid to District Technology	120,954
3511 Professional Development	50,516
3512 Technology Professional Development	11,798
3518 Adoption List of Formative Assessment	23,870
3519 Grade 10 Assessments	28,541
3525 Career and Technology Education Equipment	20,336
3526 Refurbishment of K-8 Science Kits	24,846
3527 Special CATE Equipment	139,893
3528 Industry Certificates	6,857
3529 Career and Technology Education	60,723
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	25,342
3533 Teacher of the Year Award	1,077
3538 Students at Risk of School Failure	654,115
3541 CDEPP (Child Development Education Pilot Program) - Full Day 4K	596,610
3550 Teacher Salary Increase (No Carryover Provision)	870,193
3555 Teacher Salary Fringe (No Carryover Provision)	140,924
3556 Adult Education	180,402
3557 Summer Reading Camps	56,556
3558 Reading	55,549
3571 Technical Assistance State Priority Schools	45,983
3577 Teacher Supplies (No Carryover Provision)	95,975
3578 High Schools That Work/Making Middle Grades Work	20,332
3587 Maintenance of State Financial Support (MES) Tier I	266,900
3589 Maintenance of State Financial Support (MES) Tier II	223,410
3593 Capital Improvement Plan	916,218
3594 EEDA At Risk Supplemental Programs	143,106
3595 EEDA - Supplies and Materials	9,906
3597 Aid to Districts	79,978
Total Revenue from State Sources	<u>4,885,174</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>\$ 4,885,174</u></b>

(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, 2018**

	<u>ACTUAL</u>
<b>EXPENDITURES</b>	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
400 Supplies and Materials	\$ 4,354
112 Primary Programs:	
100 Salaries	125,859
200 Employee Benefits	44,238
400 Supplies and Materials	16,317
113 Elementary Programs:	
100 Salaries	190,968
200 Employee Benefits	94,195
300 Purchased Services	24,289
400 Supplies and Materials	106,785
114 High School Programs:	
100 Salaries	198,396
200 Employee Benefits	73,779
300 Purchased Services	33,499
400 Supplies and Materials	109,447
115 Career and Technology Education Program:	
100 Salaries	1,000
200 Employee Benefits	77
300 Purchased Services - Other Than Tuition	6,484
400 Supplies and Materials	31,070
500 Capital Outlay	135,727
117 Driver Education Program:	
400 Supplies and Materials	550
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	825
122 Trainable Mentally Handicapped:	
100 Salaries	36,722
200 Employee Benefits	13,752
400 Supplies and Materials	1,375
126 Speech Handicapped:	
100 Salaries	28,703
200 Employee Benefits	10,257
400 Supplies and Materials	1,375
127 Learning Disabilities:	
100 Salaries	5,000
200 Employee Benefits	1,368
300 Purchased Services	22,900
400 Supplies and Materials	\$ 383,348

(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, 2018**

	<u>ACTUAL</u>
130 Pre-School Programs:	
137 Preschool Handicapped Self Contained (3 & 4 Yr. Olds):	
400 Supplies and Materials	\$ 550
140 Special Programs:	
141 Gifted and Talented - Academic:	
400 Supplies and Materials	275
147 CDEP:	
100 Salaries	388,028
200 Employee Benefits	208,317
400 Supplies and Materials	3,290
160 Other Exceptional Programs:	
161 Autism:	
400 Supplies and Materials	275
170 Summer School Programs:	
172 Elementary Summer School:	
100 Salaries	9,334
200 Employee Benefits	689
400 Supplies and Materials	46,533
173 High School Summer School:	
100 Salaries	13,663
200 Employee Benefits	1,384
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	9,730
200 Employee Benefits	2,683
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	31,478
200 Employee Benefits	4,210
400 Supplies and Materials	69
182 Adult Secondary Education Programs:	
100 Salaries	12,613
200 Employee Benefits	3,356
300 Purchased Services	144
400 Supplies and Materials	1,000
Total Instruction	<u>\$ 2,440,280</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, 2018**

	<u><b>ACTUAL</b></u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	\$ 16,577
200 Employee Benefits	6,920
300 Purchased Services	8,430
400 Supplies and Materials	3,850
600 Other Objects	1,476
220 Instructional Staff Services:	
222 Library and Media:	
400 Supplies and Materials	2,475
223 Supervision of Special Programs:	
100 Salaries	85,674
200 Employee Benefits	41,778
300 Purchased Services	986
224 Improvement of Instruction - In-service and Staff Training:	
100 Salaries	9,900
200 Employee Benefits	2,611
300 Purchased Services	182,597
400 Supplies and Materials	26,289
230 General Administration Services:	
250 Finance and Operations Services:	
251 Student Transportation (Federal/District Mandated):	
100 Salaries	2,820
200 Employee Benefits	776
300 Purchased Services	846
254 Operation and Maintenance of Plant:	
500 Capital Outlay	916,218
260 Central Support Services:	
266 Technology and Data Processing Services:	
400 Supplies and Materials	120,954
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
100 Salaries	1,125
200 Employee Benefits	309
300 Purchased Services	1,166
Total Support Services	<u>1,433,777</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$ 3,874,057</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, 2018

	<u>ACTUAL</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	\$ (1,011,117)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,011,117)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-
FUND BALANCES, Beginning of Year	<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, 2018

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 14,264	14,264	-	-	\$ -
3507 Aid to District Technology	120,954	120,954	-	-	-
3511 Professional Development	50,516	50,516	-	-	6,440
3512 Technology Professional Development	11,798	11,798	-	-	-
3518 Adoption List of Formative Assessment	23,870	23,870	-	-	26,683
3519 Grade 10 Assessments	28,541	28,541	-	-	-
3525 Career and Technology Education Equipment	20,336	20,336	-	-	-
3526 Refurbishment of K-8 Science Kits	24,846	24,846	-	-	-
3527 Special CATE Equipment	139,893	139,893	-	-	-
3528 Industry Certificates	6,857	6,857	-	-	22,997
3529 Career and Technology Education	60,723	60,723	-	-	15,529
3532 National Board Salary Supplement (No Carryover Provision)	25,342	25,342	-	-	-
3533 Teacher of the Year Award	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	654,115	654,115	-	-	-
3541 CDEPP (Child Development Education Pilot Program) - Full Day 4K	596,610	596,610	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	870,193	-	-	(870,193)	-
3555 Teacher Salary Fringe (No Carryover Provision)	140,924	-	-	(140,924)	-
3556 Adult Education	180,402	180,402	-	-	15,256
3557 Summer Reading Camps	56,556	56,556	-	-	70,736
3558 Reading	55,549	55,549	-	-	4,857
3571 Technical Assistance State Priority Schools	45,983	45,983	-	-	-
3577 Teacher Supplies (No Carryover Provision)	95,975	95,975	-	-	-
3578 High Schools That Work / Making Middle Grades Work	20,332	20,332	-	-	-
3587 Maintenance of State Financial Support (MES) Tier I	266,900	266,900	-	-	-
3589 Maintenance of State Financial Support (MES) Tier II	223,410	223,410	-	-	474,362
3593 Capital Improvement Plan	916,218	916,218	-	-	83,784
3594 EEDA At Risk Supplemental Programs	143,106	143,106	-	-	-
3595 EEDA - Supplies and Materials	9,906	9,906	-	-	4,338
3597 Aid to Districts	79,978	79,978	-	-	-
<b>Totals</b>	<b>\$ 4,885,174</b>	<b>3,874,057</b>	<b>-</b>	<b>(1,011,117)</b>	<b>\$ 724,982</b>

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

YEAR ENDED JUNE 30, 2018

Program	Project/Grant Number	Revenue & Subfund Code	Description	Amount Due to State Department of Education or Federal Government	Status of Amount Due to Grantors
Industry Certificates	EIA	3528 / 328	Unexpended funds	\$ 766.91	Will be repaid subsequent to year-end
Individuals with Disabilities Education Act	IDEA	4510 / 204	Unexpended funds	19,635.04	Will be repaid subsequent to year-end
				<u>\$ 20,401.95</u>	

**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, 2018**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1200 Revenue from Local Governmental Units Other than LEAs:	
1210 Ad Valorem Taxes - Including Delinquent (Fiscally Independent LEA)	\$ 547,844
1280 Revenue in Lieu of Taxes (Dependent and Independent)	11,486
1500 Earnings on Investments:	
1510 Interest on Investments	1,304
Total Revenue from Local Sources	<u>560,634</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	45,033
3830 Merchant's Inventory Tax	5,904
3840 Manufacturers Depreciation Reimbursement	3,066
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	9,043
Total Revenue from State Sources	<u>63,046</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>623,680</b></u>
<b>EXPENDITURES</b>	
500 Debt Service:	
620 Interest	13,017
690 Other Objects (Includes Fees for Servicing Bonds)	6,744
Total Debt Service	<u>19,761</u>
<b>TOTAL EXPENDITURES</b>	<u><b>19,761</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
5110 Premium on Bonds Sold	5,664
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Capital Projects Fund	(607,932)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>(602,268)</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>1,651</b>
FUND BALANCE, Beginning of Year	<u>633,337</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 634,988</b></u>

**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, 2018**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,537
Total Revenue from Local Sources	<u>1,537</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>1,537</u></b>
<b>EXPENDITURES</b>	
250 Finance and Operations Services:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	42,021
500 Capital Outlay:	
540 Equipment	319,944
254 Operations and Maintenance of Plant:	
300 Purchased Services	133,513
Total Support Services	<u>495,478</u>
<b>TOTAL EXPENDITURES</b>	<b><u>495,478</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	607,932
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>607,932</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>113,991</b>
<b>FUND BALANCE, Beginning of Year</b>	<b><u>2,347,072</u></b>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 2,461,063</u></b>

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, 2018

	ACTUAL
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 3,750
1600 Food Service:	
1630 Special Sales to Pupils	23,451
1640 Lunch Sales to Adults	58,111
1650 Breakfast Sales to Adults	605
1660 Special Sales to Adults	2,673
1900 Other Revenue from Local Sources:	
1950 Refund of Prior Year's Expenditures (Include Only if Expenditure Occurred Last Year and the Refund This Year)	310
Total Revenue from Local Sources	88,900
2000 Intergovernmental Revenue:	
2100 Payments from Other Governmental Units	18,375
Total Intergovernmental Revenue	18,375
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 School Lunch Program Aid	250
Total Revenue from State Sources	250
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	2,112,993
4830 School Breakfast Program	810,253
4860 Fresh Fruit and Vegetable Program (FFVP) (Carryover Provision)	101,494
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	191,984
Total Revenue from Federal Sources	3,216,724
<b>TOTAL REVENUE ALL SOURCES</b>	<b>3,324,249</b>
<b>EXPENSES</b>	
256 Food Service:	
100 Salaries	986,217
200 Employee Benefits	217,621
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	148,880
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,767,745
500 Capital Outlay	132,735
600 Other Objects	4,592
Total Food Service Expenses	3,257,790
<b>TOTAL EXPENSES</b>	<b>3,257,790</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(239,158)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(239,158)</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(172,699)</b>
FUND NET ASSETS, Beginning of Year	2,102,116
<b>FUND NET ASSETS, End of Year</b>	<b>\$ 1,929,417</b>

**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, 2018**

	<b>ACTUAL</b>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 133,629
1740 Student Fees	2,587
1790 Other	428,251
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	16,891
Total Receipts from Local Sources	<u>581,358</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b><u>581,358</u></b>
<b>DISBURSEMENTS</b>	
270 Support Services Pupil Activity:	
272 Enterprise Activities:	
100 Salaries (Optional)	34,995
200 Employee Benefits (Optional)	9,417
660 Pupil Activity	548,204
Total Pupil Activity Expenditures	<u>592,616</u>
<b>TOTAL DISBURSEMENTS</b>	<b><u>592,616</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Excludes Indirect Costs)	(149)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(149)</u></b>
<b>EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(11,407)</b>
<b>DUE TO STUDENT ORGANIZATIONS, Beginning of Year</b>	<b><u>241,462</u></b>
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<b><u>\$ 230,055</u></b>



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

**LOCATION RECONCILIATION SCHEDULE**

**YEAR ENDED JUNE 30, 2018**

<b>Location ID</b>	<b>Location Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
001	SPRING BRANCH PROPERTY	NON-SCHOOLS	CENTRAL	\$ 320,093
002	MARION HIGH SCHOOL	HIGH SCHOOL	SCHOOL	5,862,372
003	EASTERLING ELEMENTARY SCHOOL	ELEMENTARY	SCHOOL	4,803,120
004	MARION INTERMEDIATE SCHOOL	ELEMENTARY	SCHOOL	4,452,696
007	JOHNAKIN MIDDLE SCHOOL	MIDDLE SCHOOL	SCHOOL	4,487,267
008	MULLINS HIGH SCHOOL	HIGH SCHOOL	SCHOOL	4,694,677
009	PALMETTO MIDDLE SCHOOL	MIDDLE SCHOOL	SCHOOL	3,169,302
010	McCORMICK ELEMENTARY SCHOOL	ELEMENTARY	SCHOOL	2,968,046
012	FOX FIELD	NON-SCHOOLS	CENTRAL	22,485
013	NORTH MULLINS PRIMARY SCHOOL	ELEMENTARY	SCHOOL	2,740,134
014	MULLINS EARLY CHILDHOOD CENTER	ELEMENTARY	SCHOOL	1,734,046
022	ACTIVITY BUS	NON-SCHOOLS	CENTRAL	55,302
023	BRITTONS NECK ELEMENTARY SCHOOL	ELEMENTARY	SCHOOL	2,812,152
024	CREEK BRIDGE HIGH SCHOOL	HIGH SCHOOL	SCHOOL	3,465,021
030	ADULT EDUCATION	OTHER SCHOOL	SCHOOL	1,388,412
031	SUCCESS ACADEMY/PALMETTO ED CTR	ALTERNATIVE SCHL	SCHOOL	867,195
032	ATHLETIC COMPLEX - MARION	HIGH SCHOOL	CENTRAL	28,895
907	COMMUNITY CENTER - CENTENARY	NON-SCHOOLS	CENTRAL	12,082
908	SAFFOLD BUILDING	NON-SCHOOLS	CENTRAL	8,644
910	MARION COUNTY SCHS-DISTRICT OFC	NON-SCHOOLS	CENTRAL	6,548,043
913	MARION COUNTY SCHS-ANNEX OFC	NON-SCHOOLS	CENTRAL	1,308,855
922	SUPERINTENDENT'S HOUSE-CENTENARY	NON-SCHOOLS	CENTRAL	1,267
925	MAINTENANCE DEPARTMENT	NON-SCHOOLS	CENTRAL	567,945
926	STORAGE	NON-SCHOOLS	CENTRAL	731
927	OLD RED BRICK SCHOOL	NON-SCHOOLS	CENTRAL	3,377
928	OLD RAINS CENTENARY ELEMENTARY	NON-SCHOOLS	CENTRAL	28,982
929	RAINS DO-HOUSE	NON-SCHOOLS	CENTRAL	2,025
933	SOUTHSIDE	NON-SCHOOLS	CENTRAL	13,827
940	BUS DRIVER	NON-SCHOOLS	CENTRAL	103,418
995	ACADEMY FOR CAREERS/TECHNOLOGY	HIGH SCHOOL	SCHOOL	1,907,766
				<u><u>\$ 54,378,177</u></u>

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

<b>Fund</b>	<b>Amount</b>
General Fund	\$ 35,449,476
Special Revenue Fund	10,688,999
Special Revenue - EIA Fund	3,874,057
Special Revenue - Food Service Fund	3,257,790
Debt Service Fund	19,761
Capital Projects Fund	495,478
Pupil Activity Fund	592,616
	<u><u>\$ 54,378,177</u></u>

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# **COMPLIANCE SECTION**

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

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	\$ 810,253
600	National School Lunch Program	10.555	N/A	2,112,993
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	191,984
Total 10.553 & 10.555 Cluster				<u>3,115,230</u>
600	Fresh Fruit and Vegetable Program	10.582	N/A	101,494
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>				<u><b>3,216,724</b></u>
<b>US DEPARTMENT OF EDUCATION</b>				
Pass-through State Department of Education:				
201	Title I Grants to LEA's	84.010	H63010100117	3,023,686
237/238	School Improvement	84.010	N/A	100,000
Total 84.010				<u>3,123,686</u>
Individuals with Disabilities Education Act:				
203	IDEA	84.027	H63010100917	1,457,139
204	IDEA	84.027	H63010100916	701,696
205	Handicapped Preschool Grants	84.173	H63010100818	39,862
212	Extended School Year	84.173	N/A	7,364
Total 84.027 & 84.173 Cluster				<u>2,206,061</u>
207	Occupational Education - WBL Activities	84.048	N/A	92,655
210	Student Support and Academic Enrichment (SSAE)	84.424A	N/A	1,954
243	Adult Education	84.002	N/A	63,272
251	Rural and Low Income Schools	84.358	S358B170040	96,484
264/265	Language Instruction - Title III	84.365	18 Title III	6,654
267	Improving Teacher Quality - Title II	84.367	H63010006818	422,753
Total Pass-through State Department of Education:				<u>6,013,519</u>
Pass-through the SC Commission on Higher Education:				
821	SC GEAR UP	84.334S	N/A	12,924
Total Pass-through the SC Commission on Higher Education:				<u>12,924</u>
Pass-through Insight Education Group, Inc:				
836	Empowering Educators to Excel (E3) - TSL	84.374A	U374A170085-17A	280,156
Total Pass-through the SC Commission on Higher Education:				<u>280,156</u>
Direct Program:				
820	PELL	84.063	N/A	113,951
<b>TOTAL US DEPARTMENT OF EDUCATION</b>				<u><b>\$ 6,420,550</b></u>

(Continued)

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

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	\$ 55,376
297	JROTC - Marine Corps	12.000	N/A	79,643
		Total 12.000		<u>135,019</u>
	<b>TOTAL US DEPARTMENT OF DEFENSE</b>			<b><u>135,019</u></b>
<b>US DEPARTMENT OF HOMELAND SECURITY</b>				
	Pass-through SC Emergency Management Division:			
100	FEMA Disaster Grants - Public Assistance	97.036	FEMA 4286-PA-SC	12,210
	<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<b><u>12,210</u></b>
	<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>			<b><u>\$ 9,784,503</u></b>

Note: There were no expenditures to subrecipients for the year ended June 30, 2018.

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

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

**YEAR ENDED JUNE 30, 2018**

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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, 2018. 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 General Fund, the Special Revenue Fund and 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.

**E – Indirect Cost Rate**

The School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## 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, 2018, 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 16, 2018.

#### 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.

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

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

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## **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*.

## **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, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
November 16, 2018





# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### 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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2018.

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## 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
November 16, 2018

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2018**

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**2017-001: WEAKNESSES IN INTERNAL CONTROLS**

**Repeat Finding from the Prior Year? Yes**

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

- Bank reconciliations: When we arrived to perform year end procedures in mid-November 2017, we noted that the bank reconciliation for the main operating account for June 30, 2017 does not appear to have been completed timely, as it was signed off as being completed and reviewed in mid-October 2017. We also noted a few other bank accounts for which the reconciliations were signed and dated in November 2017. However, we also noted that the School District appears to be current with all bank reconciliations through October 2017 by the end of November 2017.
- We noted that the School District appears to have made progress in reconciling and analyzing balance sheet accounts during 2017. However, when we arrived for the audit, we had to propose several significant audit adjusting entries involving accounts payable, accrued liabilities and receivables. Also, a number of special revenue funds had not been closed out before we arrived on site in mid-November 2017. We also noted that beginning fund balance per the trial balance that was provided to us did not agree to the prior year financial statements for several funds. Also, interfund activities and balances did not net to zero.

**Criteria:** The School District should have appropriate internal controls in place to ensure that all transactions are being made and recorded accurately and on a timely basis. A properly functioning analysis, review and monitoring process is a very important control to ensure that reports to management, those charged with governance and third parties are accurate and can be relied upon.

**Context, Cause and Effect:** The School District did not place the proper emphasis on the importance of having appropriate internal controls, as there were several significant adjustments made to correct the trial balance during the audit. These adjustments should have been detected and corrected by the School District personnel prior to the audit.

**Status:** The School District has appropriately addressed this finding. Bank reconciliations are being completed and reviewed in a timely manner and balance sheet accounts are being analyzed much more consistently and appropriately during the current year.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2018**

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**2017-002: FAILURE TO INVENTORY OR TRACK CAPITAL ASSETS**

**Repeat Finding from the Prior Year? Yes**

**Condition:** During our audit we noted that the School District is not taking a regular or systematic inventory of its capital assets to ensure that the amounts recorded and reported are still owned or maintained by the School District, and is not using appropriate software to maintain capital asset records.

**Criteria:** An inventory of capital assets should be done at least annually to ensure and verify that the amounts recorded are still owned or maintained by the School District.

**Context, Cause and Effect:** School District finance staff has not taken the time to perform an inventory of capital assets, and the amounts recorded and reported may not accurately reflect the actual assets owned or maintained.

**Status:** The School District is now using appropriate software to maintain its capital asset records and is in the process of performing a capital asset inventory for the year ended June 30, 2019.

**2017-003: WIRE TRANSFERS**

**Repeat Finding from the Prior Year? No**

**Condition:** During our audit we noted the School District procedures state that the Finance Director initiates wire transfers and the Superintendent approves them. However, this is only a paper approval, as the Finance Director could initiate and complete a wire transfer without the Superintendent's knowledge or approval.

**Criteria:** Appropriate segregation of duties involving wire transfers should be maintained.

**Context, Cause and Effect:** The only transfers that we noted were between the School District's main operating bank account and the South Carolina Local Government Investment Pool ("SCLGIP").

**Recommendation:** We recommend that the School District implement procedures with their banks and the SCLGIP to require that electronic approval be obtained from the Superintendent or her designee before the wire transfer is completed.

**Status:** The School District has appropriately addressed this finding. Initiated wire transfers now generate an automatic email to a second party and require approval.

**NOTE: there were no Single Audit Findings for the 6/30/17 Fiscal Year.**

MARION COUNTY SCHOOL DISTRICT  
MARION, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

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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?	_____ Yes	_____ X	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ X	None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ X	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 2 CFR 200.516 (Uniform Guidance)?	_____ Yes	_____ X	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
84.027 and 84.173	IDEA Cluster including Preschool Handicapped

Dollar threshold used to distinguish between type A and type B programs:	_____ \$ 750,000
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Auditee qualified as low-risk auditee?	_____ Yes	_____ X	No
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Section II - Financial Statement Findings

NONE

Section III - Federal Awards Findings and Questioned Costs

NONE