

**MCCORMICK SCHOOL DISTRICT
NUMBER 1**

MCCORMICK, SOUTH CAROLINA

**ANNUAL FINANCIAL REPORT
June 30, 2017**

(With Independent Auditors' Report Thereon)

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MCCORMICK, SOUTH CAROLINA
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McCormick School District No. 1 as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of McCormick School District No. 1 as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Others Matters

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

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards, as required by the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements of McCormick School District No. 1. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2017, on our consideration of McCormick School District No. 1'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 and should be considered in assessing the results of our audit.

Martin Smith and Company CPAs PA

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This discussion and analysis of McCormick School District No. 1's ("the District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2017 are as follows:

- In the Statement of Net Position, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the 2017 fiscal year by \$8,209,392. Of this amount, \$15,049,785 represented an investment in capital assets, net of accumulated depreciation and related debt. The District also had \$1,547,781 restricted for debt service and capital projects. Therefore, the District reported a deficit balance in unrestricted net position of \$8,432,946. This deficit is entirely due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, last fiscal year. With the reporting change, the District is allocated its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense of the South Carolina Retirement System plan.
- In the Statement of Activities, the District's total net position increased by \$326,891 for the 2017 fiscal year, as compared to a decline of \$403,670 in the previous year. Included in expenses was \$1,030,013 of depreciation expense on the District's fixed assets.
- The District had \$13,736,508 in expenses related to governmental activities; of these expenses \$5,156,743 was offset by program specific operating grants and contributions. General revenues (primarily taxes) of \$8,877,846 provided the remaining funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,847,889, an increase of \$243,866. \$2,246,655 is unassigned and available for spending at the government's discretion. \$1,592,553 is restricted and \$8,681 is nonspendable. No fund balances are committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,246,655, which is 24 percent of total general fund expenditures.
- The District's total net investment in governmental capital assets decreased by \$1,030,013 during the current fiscal year, as capital additions were lower than depreciation expense.
- The District's long-term debt decreased by \$1,482,000, as the District borrowed \$925,000 and paid \$2,407,000 on its bonded indebtedness.
- During the 2017 fiscal year, the District's governmental fund type revenues were \$14,034,589 compared to \$12,182,026 in the prior year.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the government's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods.

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

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

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

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Projects Fund, EIA Fund, Debt Service Fund and the School Building Fund, all of which are considered major funds.

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

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

Budgets for the Special Revenue Funds-Special Projects Fund and Special Revenue Funds-EIA Fund are not legally adopted. Budgets for the School Building Fund and Debt Service Fund are legally adopted. Budgetary comparison schedules (to demonstrate compliance with their budgets) and the combining and individual fund financial schedules are included in the supplementary information section.

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

	Fund Financial Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods/services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$8,209,392 at the close of the most recent fiscal year.

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

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 6,998,742	\$ 5,536,990	\$ 244,041	\$ 199,603	\$ 7,242,783	\$ 5,736,593
Capital assets	<u>20,235,210</u>	<u>21,265,222</u>	<u>42,575</u>	<u>58,203</u>	<u>20,277,785</u>	<u>21,323,425</u>
Total assets	<u>27,233,952</u>	<u>26,802,212</u>	<u>286,616</u>	<u>257,806</u>	<u>27,520,568</u>	<u>27,060,018</u>
Deferred Outflows	<u>2,034,687</u>	<u>928,147</u>	<u>-</u>	<u>-</u>	<u>2,034,687</u>	<u>928,147</u>
Liabilities						
Long-term liabilities	5,228,000	5,227,000	-	-	5,228,000	5,227,000
Net pension liability	12,882,492	11,340,500	-	-	12,882,492	11,340,500
Other liabilities	<u>3,150,853</u>	<u>3,415,967</u>	<u>-</u>	<u>-</u>	<u>3,150,853</u>	<u>3,415,967</u>
Total liabilities	<u>21,261,345</u>	<u>19,983,467</u>	<u>-</u>	<u>-</u>	<u>21,261,345</u>	<u>19,983,467</u>
Deferred Inflows	<u>84,518</u>	<u>122,197</u>	<u>-</u>	<u>-</u>	<u>84,518</u>	<u>122,197</u>
Net Position						
Net investment in capital assets	15,007,210	14,555,222	42,575	58,203	15,049,785	14,613,425
Restricted	1,592,553	1,334,878	-	-	1,592,553	1,334,878
Unrestricted	<u>(8,676,987)</u>	<u>(8,265,405)</u>	<u>244,041</u>	<u>199,603</u>	<u>(8,432,946)</u>	<u>(8,065,802)</u>
Total net position	<u>\$ 7,922,776</u>	<u>\$ 7,624,695</u>	<u>\$ 286,616</u>	<u>\$ 257,806</u>	<u>\$ 8,209,392</u>	<u>\$ 7,882,501</u>

Government Activities - Net position of the District's governmental activities increased (\$7,922,776 compared to \$7,624,695). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements changed from (\$8,265,405) at June 2016 to (\$8,676,987) at June 2017.

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

Business-Type Activities - The net position of business-type activities increased \$28,810 (\$286,616 compared to \$257,806) for the year ended June 30, 2017. This increase in net position is due to improved control of expenses.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 28,539	\$ 40,410	\$ 28,539	\$ 40,410
Operating grants	5,156,743	4,002,233	665,162	564,376	5,821,905	4,566,609
Capital grants	-	-	-	-	-	-
General revenue:						
Property taxes	8,824,077	8,127,081	-	-	8,824,077	8,127,081
Other	53,769	52,712	23	23	53,792	52,735
Total revenues	14,034,589	12,182,026	693,724	604,809	14,728,313	12,786,835
Program Expenses						
Instruction	6,518,244	6,219,289	-	-	6,518,244	6,219,289
Support services	6,862,960	6,046,079	-	-	6,862,960	6,046,079
Community services	116,579	112,573	-	-	116,579	112,573
Intergovernmental	13,253	7,628	-	-	13,253	7,628
Interest and fiscal charges	225,472	162,309	-	-	225,472	162,309
Food service	-	-	664,914	642,627	664,914	642,627
Total expenses	13,736,508	12,547,878	664,914	642,627	14,401,422	13,190,505
Transfer (Food service)	-	50,000	-	(50,000)	-	-
Change in net position	\$ 298,081	\$ (315,852)	\$ 28,810	\$ (87,818)	\$ 326,891	\$ (403,670)

Changes in Net Position. Overall, the District's net position increased in 2017, as revenues exceeded expenses (including depreciation of \$1,030,013) by \$326,891. Total revenue increased by \$1,941,478 when comparing 2017 to 2016, Program revenues, which included Federal and State revenues, increased by \$1,243,425 due to higher allocations from the State of South Carolina in the Education Finance Act area, and an increase in the District's student enrollment. In addition, property taxes increased for the current year.

Instruction expenses increased \$298,955 and support services expenses increased \$816,881. The increase in instruction expenses reflected a "Step" raise (additional year of experience) for teachers, teacher certificate upgrades, an increase in State health insurance premium, and a rate increase in the employer portion of the State Retirement system rates. The net increase in support services expenses reflected a "Step" for non-teachers, the non-teacher portion of State health insurance and retirement premiums increases, and modification to the academic and athletic salary supplement schedules.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the 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, 2017, the District's governmental funds reported a combined fund balance of \$3,847,889, as compared to \$3,604,023 for the prior year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2017, the District's unassigned fund balance for all governmental funds was \$2,246,655 which solely represents the General Fund. The remainder includes funds restricted for capital projects of \$783,117 and restricted for debt service of \$764,664.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,246,655.

The District's General Fund balance decreased by \$13,809 during the current fiscal year, compared to a decrease of \$763,864 in the previous year. The District had an increase in revenues for the year, but also had an increase in expenses. The District continues to focus on careful cost management so as to improve its fund balance levels.

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

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

The District's Debt Service Fund balance has remained relatively stable, increasing by \$268,821. The fiscal year ended 2017 Debt Service Fund balance is \$764,664, all of which is reserved for the payment of debt service. The District's debt millage rate continues to be static.

The District's School Building Fund balance was \$783,117 at the end fiscal year 2017, all of which is restricted for capital projects. The fund balance decreased by \$11,146 in the current fiscal year.

Proprietary Funds

The District's only Proprietary Fund is the Food Service Fund. This program had a net income of \$28,810 for the fiscal year ended June 30, 2017.

General Fund Budgetary Highlights

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2017, substantial amendments to the District's general fund revenue budget were made. However, net differences between the original budget and the final amended budget for revenues were relatively minor.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had \$20,277,785 invested in capital assets, net of depreciation.

The following table shows fiscal 2017 balances compared to 2016:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land/land improvements	\$ 784,487	\$ 794,246	\$ -	\$ -	\$ 784,487	\$ 794,246
Buildings	19,336,336	20,265,197	-	-	19,336,336	20,265,197
Equipment	80,213	166,723	-	-	80,213	166,723
Vehicles	34,174	39,056	42,575	58,203	76,749	97,259
Totals	<u>\$ 20,235,210</u>	<u>\$ 21,265,222</u>	<u>\$ 42,575</u>	<u>\$ 58,203</u>	<u>\$ 20,277,785</u>	<u>\$ 21,323,425</u>

Long-term Debt and Capital Lease Obligations

At fiscal year-end, the District had \$1,311,000 in bonds outstanding versus \$918,000 in the prior year, an increase of \$393,000.

At fiscal year-end, the District also had \$226,000 in acquisition agreement debt outstanding versus \$333,000 in the prior year, a decrease of \$107,000.

McCormick County School Facilities Foundation (“the Foundation”) is a not-for-profit 501(c)(3) organization incorporated in 2008 for the specific charitable purpose of serving as a “support organization” for capital projects of the District. The Foundation issued facilities bonds in the amount of \$10,000,000 pursuant to a School Facilities Use and Occupancy Agreement (“the Facilities Agreement”) and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a base lease agreement between the District and the Foundation dated October 31, 2008. The bonds were issued to facilitate the construction of a new high school educational facility and related athletic facilities. The District will purchase the capital assets from the Foundation pursuant to the Facilities Agreement, which will obligate the District to make semi-annual installment payments to the Foundation in amounts calculated to be sufficient to enable the Foundation to pay the principal and interest on the outstanding bonds. The District’s obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments. However, the District would forfeit possession of the capital assets for the remainder of the lease term. At fiscal year-end, the Foundation had \$3,691,000 in bonds outstanding versus \$4,527,000 in the prior year:

Outstanding Debt, at Year End

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2017</u>	<u>2016</u>
District acquisition agreement debt	\$ 226,000	\$ 333,000
District Refunding Bonds 2014 Series	607,000	918,000
Foundation Facilities Bonds 2008 Series	3,691,000	4,527,000
General Obligation Bonds 2015 Series	704,000	932,000
Total	<u>\$ 5,228,000</u>	<u>\$ 6,710,000</u>

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Economic Factors

The District is located in McCormick County in western South Carolina and contains the small town of McCormick. The District has a population of approximately 9,000 and operates one high school, one middle school and one elementary school.

Textiles and forestry are the largest employment sectors in the District, followed by wholesale and retail. Wholesale and retail trade and services represent the fastest growing sectors of the District.

The District has shown slight growth over the past five years. Total property tax collections have historically been strong and slowly increasing. Difficulties with manufacturing and textiles specifically, have been a drag on continued growth within the District.

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

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$404,119.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$269,832. Tier one and two distributions are fixed and do not change.

Tier three distributions are state funded payments to school districts to replace revenues formerly derived from taxation by school districts of owner occupied residential property. For the fiscal year ended June 30, 2008, those distributions were expected to equal, dollar for dollar, the revenue that would have been collected by the school districts from property taxes for school operating purposes imposed by the school districts on owner occupied residential property for that fiscal year as if no reimbursed exemptions applied. Beginning with the 2008-2009 fiscal year, the tier three distributions will be the sum of the amount of the fiscal year 2007-2008 tier three distributions plus the tier three reimbursement increases. Act 388 requires the tier three reimbursements to be increased annually by (i) an inflation factor equal to the percentage increase in the previous year Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics, plus (ii) the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. The tier three increases are aggregated for the entire state and the amount going to any particular school district is equal to an amount that is the district's proportionate share of the aggregated funds based on the school district's weighted pupil units as a percentage of the statewide weighted pupil units as determined annually pursuant to the EFA, with an adjustment for certain poverty factors to provide programs for the affected students. There are provisions in the tier three reimbursement that could, in any given year, result in a minimum increase of four percent to the extent funds are available in the Homestead Exemption Fund. There are also provisions that require the total tier three reimbursements to the school districts in a county to be not less than \$2,500,000. If the amount of tier three distributions other than those dependent upon balances in the Homestead Exemption Fund exceed amounts in the Homestead Exemption Fund, the excess is required to be paid from the General Fund of the State. The District's reimbursement for fiscal year 2016 for tier three was \$2,500,000.

Act 388 requires that, to the extent revenues in the Homestead Exemption Fund are insufficient to pay all required reimbursements to a school district; the State will pay the difference from its general fund. However, there can be no assurances that such funds will be appropriated in the event there is such an insufficiency or that the change in funding sources resulting from Act 388 will not have an adverse effect on the District's operations. The District recognizes that Act 388 places increased reliance on state funds to fund the general fund. This increased reliance at the state level is being funded by the additional one penny sales tax, which in the District's opinion is not as stable as property tax revenue which the sales tax replaced.

In addition, Act 388 removes the authority of governing bodies of school districts to increase operating millage in any year to meet the required local EFA inflation factor and the per pupil maintenance of effort requirement.

**MCCORMICK SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REQUEST FOR INFORMATION

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Executive Director of Finance, at McCormick County School District Number One, 821 North Mine Street, McCormick, South Carolina 29835. In addition, this Comprehensive Annual Financial Report may be found on the District's website at <https://www.mccormick.k12.sc.us>.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Net Position
June 30, 2017

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,341,946	\$ 57	\$ 3,342,003
Cash with fiscal agent	1,393,340	-	1,393,340
Investments	708,609	-	708,609
Accounts receivable	2,026	-	2,026
Property taxes receivable	1,009,188	-	1,009,188
Due from governmental agencies	777,938	-	777,938
Internal balances	(242,986)	242,986	-
Prepaid expenses	8,681	998	9,679
Capital assets:			
Land and land improvements	882,080	-	882,080
Buildings	29,168,738	-	29,168,738
Equipment	780,374	158,922	939,296
Vehicles	188,666	-	188,666
Less accumulated depreciation	<u>(10,784,648)</u>	<u>(116,347)</u>	<u>(10,900,995)</u>
Total capital assets, net of depreciation	<u>20,235,210</u>	<u>42,575</u>	<u>20,277,785</u>
Total assets	<u>27,233,952</u>	<u>286,616</u>	<u>27,520,568</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>2,034,687</u>	-	<u>2,034,687</u>
Total deferred outflows of resources	<u>2,034,687</u>	-	<u>2,034,687</u>
<u>LIABILITIES</u>			
Accounts payable	1,808,770	-	1,808,770
Unearned income	1,295,973	-	1,295,973
Due to other governmental units	25,561	-	25,561
Other liabilities	20,549	-	20,549
Net pension liability	12,882,492	-	12,882,492
Long-term liabilities:			
Due within one year	1,512,000	-	1,512,000
Due in more than one year	<u>3,716,000</u>	-	<u>3,716,000</u>
Total liabilities	<u>21,261,345</u>	-	<u>21,261,345</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	<u>84,518</u>	-	<u>84,518</u>
Total deferred inflows of resources	<u>84,518</u>	-	<u>84,518</u>
<u>NET POSITION</u>			
Net investment in capital assets	15,007,210	42,575	15,049,785
Restricted for:			
Capital projects	783,117	-	783,117
Debt service	764,664	-	764,664
Other	44,772	-	44,772
Unrestricted net position	<u>(8,676,987)</u>	<u>244,041</u>	<u>(8,432,946)</u>
Total net position	<u>\$ 7,922,776</u>	<u>\$ 286,616</u>	<u>\$ 8,209,392</u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental activities:							
Instruction	\$ 6,518,244	\$ -	\$ 3,536,957	\$ -	\$ (2,981,287)		\$ (2,981,287)
Support services	6,862,960	-	1,556,941	-	(5,306,019)		(5,306,019)
Community services	116,579	-	59,545	-	(57,034)		(57,034)
Intergovernmental	13,253	-	3,300	-	(9,953)		(9,953)
Interest and other charges	225,472	-	-	-	(225,472)		(225,472)
Total governmental activities	<u>13,736,508</u>	<u>-</u>	<u>5,156,743</u>	<u>-</u>	<u>(8,579,765)</u>		<u>(8,579,765)</u>
Business-type activities:							
Food service	664,914	28,539	665,162	-	-	\$ 28,787	28,787
Total business-type activities	<u>664,914</u>	<u>28,539</u>	<u>665,162</u>	<u>-</u>	<u>-</u>	<u>28,787</u>	<u>28,787</u>
Total primary government	<u>\$ 14,401,422</u>	<u>\$ 28,539</u>	<u>\$ 5,821,905</u>	<u>\$ -0-</u>	<u>(8,579,765)</u>	<u>28,787</u>	<u>(8,550,978)</u>
General revenues:							
Property taxes levied for:							
General purposes					7,213,332	-	7,213,332
Debt service					1,610,745	-	1,610,745
Miscellaneous					53,216	-	53,216
Unrestricted investment earnings					553	23	576
Total general revenues, special, and extraordinary items					<u>8,877,846</u>	<u>23</u>	<u>8,877,869</u>
Change in net position					298,081	28,810	326,891
Net position, beginning of year					<u>7,624,695</u>	<u>257,806</u>	<u>7,882,501</u>
Net position, end of year					<u>\$ 7,922,776</u>	<u>\$ 286,616</u>	<u>\$ 8,209,392</u>

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

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Debt Service - District</u>	<u>Debt Service - Foundation</u>	<u>School Building - District</u>	<u>School Building - Foundation</u>	<u>Governmental Funds</u>
<u>ASSETS</u>								
Cash and cash equivalents	\$ 3,297,174	\$ 44,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,341,946
Cash with fiscal agent	743,085	-	-	438,393	-	211,862	-	1,393,340
Investments	708,609	-	-	-	-	-	-	708,609
Accounts receivable	2,026	-	-	-	-	-	-	2,026
Property taxes receivable	789,581	-	-	219,607	-	-	-	1,009,188
Due from governmental agencies	-	770,710	7,228	-	-	-	-	777,938
Due from other funds	223,562	-	327,402	186,904	-	571,255	-	1,309,123
Prepaid expenses	8,681	-	-	-	-	-	-	8,681
Total assets	<u>\$ 5,772,718</u>	<u>\$ 815,482</u>	<u>\$ 334,630</u>	<u>\$ 844,904</u>	<u>\$ -0-</u>	<u>\$ 783,117</u>	<u>\$ -0-</u>	<u>\$ 8,550,851</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 1,651,732	\$ 157,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,808,770
Due to other funds	1,527,198	45,460	-	-	-	-	-	1,572,658
Due to other governmental units	-	-	25,561	-	-	-	-	25,561
Unearned income	338,452	568,212	309,069	80,240	-	-	-	1,295,973
Total liabilities	<u>3,517,382</u>	<u>770,710</u>	<u>334,630</u>	<u>80,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,702,962</u>
Fund balances:								
Nonspendable	8,681	-	-	-	-	-	-	8,681
Restricted	-	44,772	-	764,664	-	783,117	-	1,592,553
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	2,246,655	-	-	-	-	-	-	2,246,655
Total fund balances	<u>2,255,336</u>	<u>44,772</u>	<u>-</u>	<u>764,664</u>	<u>-</u>	<u>783,117</u>	<u>-</u>	<u>3,847,889</u>
Total liabilities and fund balance	<u>\$ 5,772,718</u>	<u>\$ 815,482</u>	<u>\$ 334,630</u>	<u>\$ 844,904</u>	<u>\$ -0-</u>	<u>\$ 783,117</u>	<u>\$ -0-</u>	<u>\$ 8,550,851</u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Total fund balances - governmental funds	\$	3,847,889
<p style="margin-left: 40px;">Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets is \$31,019,858 and the accumulated depreciation is \$10,784,648.</p>		
		20,235,210
<p style="margin-left: 40px;">Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
		2,034,687
<p style="margin-left: 40px;">Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
		(84,518)
<p style="margin-left: 40px;">Long-term liabilities, net pension liability and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
		<u>(18,110,492)</u>
Net position of governmental activities	\$	<u><u>7,922,776</u></u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Debt Service - District</u>	<u>Debt Service - Foundation</u>	<u>School Building - District</u>	<u>School Building - Foundation</u>	<u>Governmental Funds</u>
REVENUES								
Local property taxes	\$ 3,748,187	\$ -	\$ -	\$ 1,610,745	\$ -	\$ -	\$ -	\$ 5,358,932
Other local	53,714	363,282	-	-	-	-	-	416,996
Total local	<u>3,801,901</u>	<u>363,282</u>	<u>-</u>	<u>1,610,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,775,928</u>
State	5,440,788	752,197	769,815	155,171	-	-	-	7,117,971
Federal	45,876	1,094,814	-	-	-	-	-	1,140,690
Intergovernmental	-	-	-	-	-	-	-	-
Total revenues all sources	<u>9,288,565</u>	<u>2,210,293</u>	<u>769,815</u>	<u>1,765,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,034,589</u>
EXPENDITURES								
Current:								
Instruction	4,244,668	1,215,162	282,256	-	-	-	-	5,742,086
Support services	4,854,288	863,160	242,890	-	-	-	-	5,960,338
Community services	57,034	59,543	-	-	-	-	-	116,577
Intergovernmental	9,953	-	3,300	-	-	-	-	13,253
Debt service:								
Principal	-	-	-	1,571,000	836,000	-	-	2,407,000
Interest and other	-	-	-	63,988	161,484	-	-	225,472
Capital outlay	239,393	1,111	10,493	-	-	-	-	250,997
Total expenditures	<u>9,405,336</u>	<u>2,138,976</u>	<u>538,939</u>	<u>1,634,988</u>	<u>997,484</u>	<u>-</u>	<u>-</u>	<u>14,715,723</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES								
	<u>(116,771)</u>	<u>71,317</u>	<u>230,876</u>	<u>130,928</u>	<u>(997,484)</u>	<u>-</u>	<u>-</u>	<u>(681,134)</u>
OTHER FINANCING SOURCES (USES)								
Bond proceeds	-	-	-	925,000	-	-	-	925,000
Operating transfers in	232,460	(1,584)	-	137,849	997,484	-	-	1,366,209
Operating transfers out	(199,231)	-	(230,876)	(924,956)	-	(11,146)	-	(1,366,209)
Indirect cost transfers	69,733	(69,733)	-	-	-	-	-	-
Total other financing sources (uses)	<u>102,962</u>	<u>(71,317)</u>	<u>(230,876)</u>	<u>137,893</u>	<u>997,484</u>	<u>(11,146)</u>	<u>-</u>	<u>925,000</u>
Net change in fund balances	(13,809)	-0-	-0-	268,821	-0-	(11,146)	-0-	243,866
FUND BALANCE, July 1, 2016	2,269,145	44,772	-0-	495,843	-0-	794,263	-0-	3,604,023
FUND BALANCE, June 30, 2017	<u>\$ 2,255,336</u>	<u>\$ 44,772</u>	<u>\$ -0-</u>	<u>\$ 764,664</u>	<u>\$ -0-</u>	<u>\$ 783,117</u>	<u>\$ -0-</u>	<u>\$ 3,847,889</u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2017

Total net change in fund balance - governmental funds	\$ 243,866
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$0) are less than depreciation expense (\$1,030,013) in the period.	(1,030,013)
Governmental funds report District pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which the costs of benefits earned (\$1,129,419) exceeds employer contributions (\$742,590).	(397,772)
Bond and bond premium proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(925,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>2,407,000</u>
Change in net position of governmental activities	<u><u>\$ 298,081</u></u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For Fiscal Year Ended June 30, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 3,481,025	\$ 3,481,025	\$ 3,801,901	\$ 320,876
State	5,243,210	5,243,210	5,440,788	197,578
Federal	35,000	35,000	45,876	10,876
Intergovernmental	-	-	-	-
Total revenues	<u>8,759,235</u>	<u>8,759,235</u>	<u>9,288,565</u>	<u>529,330</u>
EXPENDITURES				
Current:				
Instruction	3,702,505	3,702,505	4,244,668	(542,163)
Support services	4,798,748	4,798,748	4,854,288	(55,540)
Community services	79,359	79,359	57,034	22,325
Intergovernmental	7,800	7,800	9,953	(2,153)
Capital outlay	300,000	300,000	239,393	60,607
Total expenditures	<u>8,888,412</u>	<u>8,888,412</u>	<u>9,405,336</u>	<u>(516,924)</u>
Excess (deficiency) of revenues over expenditures	(129,177)	(129,177)	(116,771)	12,406
OTHER FINANCING SOURCES (USES)				
Transfer from Special Revenue Fund	-	-	1,584	1,584
Transfer from EIA Fund	162,629	162,629	230,876	68,247
Transfers of indirect costs	13,000	13,000	69,733	56,733
Transfer to Debt Service Fund	(332,379)	(332,379)	(199,231)	133,148
Net change in fund balance	<u>\$ (285,927)</u>	<u>\$ (285,927)</u>	(13,809)	<u>\$ 272,118</u>
Fund balance, July 1, 2016			<u>2,269,145</u>	
Fund balance, June 30, 2017			<u>\$ 2,255,336</u>	

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Funds - Special Projects Fund
For Fiscal Year Ended June 30, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Local	\$ 495,769	\$ 495,769	\$ 363,282	\$ (132,487)
State	1,231,794	1,231,794	752,197	(479,597)
Federal	1,694,989	1,694,989	1,094,814	(600,175)
Intergovernmental	-	-	-	-
Total revenues	<u>3,422,552</u>	<u>3,422,552</u>	<u>2,210,293</u>	<u>(1,212,259)</u>
EXPENDITURES				
Current:				
Instruction	1,585,100	1,585,100	1,215,162	369,938
Support services	1,599,511	1,599,511	863,160	736,351
Community services	81,186	81,186	59,543	21,643
Intergovernmental	-	-	-	-
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>1,111</u>	<u>98,889</u>
Total expenditures	<u>3,365,797</u>	<u>3,365,797</u>	<u>2,138,976</u>	<u>1,226,821</u>
Excess (deficiency) of revenues over expenditures	<u>56,755</u>	<u>56,755</u>	<u>71,317</u>	<u>14,562</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	27,964	27,964	(1,584)	(29,548)
Special revenue fund indirect costs	<u>(84,719)</u>	<u>(84,719)</u>	<u>(69,733)</u>	<u>14,986</u>
Total other financing sources (uses)	<u>(56,755)</u>	<u>(56,755)</u>	<u>(71,317)</u>	<u>(14,562)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-	<u>\$ -0-</u>
Fund balance, July 1, 2016			<u>44,772</u>	
Fund balance, June 30, 2017			<u>\$ 44,772</u>	

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Funds - Education Improvement Act
For Fiscal Year Ended June 30, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	996,160	1,053,537	769,815	(283,722)
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>996,160</u>	<u>1,053,537</u>	<u>769,815</u>	<u>(283,722)</u>
Total revenues				
EXPENDITURES				
Current:				
Instruction	317,436	317,436	282,256	35,180
Support services	326,016	326,016	242,890	83,126
Community services	-	-	-	-
Intergovernmental	-	-	3,300	(3,300)
Capital outlay	82,270	82,270	10,493	71,777
	<u>725,722</u>	<u>725,722</u>	<u>538,939</u>	<u>186,783</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	270,438	327,815	230,876	(96,939)
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	<u>(270,438)</u>	<u>(327,815)</u>	<u>(230,876)</u>	<u>96,939</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, July 1, 2016			<u>-0-</u>	
Fund balance, June 30, 2017			<u>\$ -0-</u>	

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2017

	Enterprise Fund <u>Food Services</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 57
Due from other funds	242,986
Inventories - supplies and materials	<u>998</u>
Total current assets	<u>244,041</u>
Noncurrent assets:	
Furniture and equipment	158,922
Less accumulated depreciation	<u>(116,347)</u>
Total noncurrent assets	<u>42,575</u>
Total assets	<u>286,616</u>
NET POSITION	
Net investment in capital assets	42,575
Unrestricted	<u>244,041</u>
Total net position	<u>\$ 286,616</u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For Fiscal Year Ended June 30, 2017

	Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Proceeds from sale of meals	\$ <u>28,539</u>
Total operating revenues	<u>28,539</u>
OPERATING EXPENSES	
Food costs	334,798
Salaries and wages	190,776
Supplies and materials	85,441
Depreciation	15,628
Other operating costs	<u>38,271</u>
Total operating expenses	<u>664,914</u>
Operating income (loss)	<u>(636,375)</u>
NONOPERATING REVENUES (EXPENSES)	
USDA reimbursements	665,162
Other state aid	<u>23</u>
Total nonoperating revenues (expenses)	<u>665,185</u>
Income (loss) before operating transfers	28,810
Transfers in (out)	<u>-</u>
Change in net position	28,810
Total net position - July 1, 2016	<u>257,806</u>
Total net position - June 30, 2017	<u>\$ <u>286,616</u></u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended June 30, 2017

	Enterprise Fund Food Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 28,539
Payments to employees for services	(190,776)
Payments to suppliers for goods and services	<u>(470,240)</u>
Net cash received from (used by) operating activities	<u>(632,477)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from USDA reimbursements	632,454
Cash received from other local and federal sources	<u>23</u>
Net cash received from (used for) noncapital financing activities	<u>632,477</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net cash received from (used for) capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash received from (used by) investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents - July 1, 2016	<u>57</u>
Cash and cash equivalents - June 30, 2017	<u>\$ 57</u>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating income (loss) - Exhibit K	\$ (636,375)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Depreciation	15,628
USDA commodities used	47,218
Change in assets and liabilities:	
(Increase) decrease in inventories	(342)
(Increase) decrease in due from other funds	<u>(58,606)</u>
Net cash received from (used by) operating activities	<u>\$ (632,477)</u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2017

	<u>Agency Fund</u> <u>Pupil Activity</u>
ASSETS	
Due from General Fund	\$ 20,549
Accounts receivable	<u>10,000</u>
Total assets	<u>30,549</u>
LIABILITIES	
Due to student organizations	<u>30,549</u>
Total liabilities	<u>30,549</u>
NET POSITION	
Unreserved - undesignated	<u>-0-</u>
Total net position	<u><u>\$ -0-</u></u>

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

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For Fiscal Year Ended June 30, 2017**

	<u>Agency Fund</u> <u>Pupil Activity</u>
ADDITIONS	
Receipts	
Other	\$ <u>298,978</u>
Total receipts	<u>298,978</u>
 DEDUCTIONS	
Pupil activity programs	305,704
Decrease in due to student organizations	<u>(6,726)</u>
Total deductions	<u>298,978</u>
 CHANGE IN NET ASSETS	
Net position, beginning of year	<u>-0-</u>
Net position, end of year	\$ <u><u>-0-</u></u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the McCormick County School District Number One, South Carolina (“the District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial accounting principles. The more significant of the District’s accounting policies are described below.

a) Reporting Entity

McCormick County School District Number One, South Carolina is a school district created by the South Carolina Legislature to provide public education services to students of a specified geographical district. The District receives funding from local, state and federal sources and must comply with any requirements of the funding source entities. The Board of Trustees (“the Board”) of McCormick County School District Number One is the level of government which has oversight responsibility and control over all activities related to public school education in District Number One of McCormick County, South Carolina. The District is not included in any other local governmental “reporting entity” as defined by the Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity”. The established criteria set forth in Statement 14 is financial accountability and is defined as appointment of the component units’ board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government.

As required by GAAP, the District’s financial statements include the operations of all organizations for which the District Board exercises oversight responsibility or for which exclusion of a component unit would render the financial statements incomplete or misleading. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Blended component units, although separate legal entities, are in substance part of the government’s operations; data from these units are combined with data of the primary government.

McCormick County School Facilities Foundation (“the Foundation”) is a not-for-profit 501(c)(3) organization incorporated in 2008 for the specific charitable purpose of serving as a “support organization” for capital projects of the District. Foundation board members are appointed by the Board of the District. Because the Foundation exclusively benefits the District, the Foundation’s financial information is blended with that of the District in these basic financial statements. Separate Foundation financial information is included in individual columns throughout the financial statements. Separate financial statements for the Foundation are not issued.

b) Government-wide and Fund Financial Statements

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

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

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the District.

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

The General Fund - a major fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

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

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

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

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

Proprietary Fund types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable GASB pronouncements, as well as the requirements for Financial Accounting Standards Board ("FASB") Statements and Interpretations. In addition, the School District applies all FASB Statements and Interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements in accounting and reporting for its operations. Proprietary fund types include the following fund:

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

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

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

d) Cash, Cash Equivalents and Investments

The District's cash and cash equivalents balance (which was different from the District's book balances of \$3,342,003 because of outstanding checks, deposits in transit, and other reconciling items) of \$3,500,784 at June 30, 2017, was insured or fully collateralized. The District's certificates of deposit balances of \$708,609 were also insured or fully collateralized.

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

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

Insured	\$ 505,055
Collateralized	<u>3,704,338</u>
 Total bank balance	 <u>\$ 4,209,393</u>

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

- 1) Obligations of the United States and agencies thereof;
- 2) General obligations of the State of South Carolina or any of its political units;
- 3) Savings and loan associations to the extent that the same are secured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation ("FDIC");
- 4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.

Interest Rate Risk: Interest rate risk for investments is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

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 District does not have an investment policy for credit risk.

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

Concentration of Credit Risk for Investments: The District places no limit on the amount it may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this disclosure requirement. None of the District's other security investments exceeded 5% of the total amount invested.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

d) Cash, Cash Equivalents and Investments, continued

Investments in certificates of deposit are stated at cost which approximates market. Investments in mutual funds are stated at fair market value. During the year, investments made but not held as of the balance sheet date consisted of certificates of deposit.

Cash with fiscal agent consists of funds held by the McCormick County Treasurer. The Treasurer receives monies from local, state, and federal sources on behalf of the District. The monies held by the Treasurer are uninsured but are collateralized with government investments held by the pledging institution's agent in the name of the Treasurer. The Treasurer invests these funds in investments authorized by state statute as described above. All interest and other earnings gained are added to the fund. These monies are remitted to the District once a claim has been presented to the Treasurer.

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

e) Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds" or "due to other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities.

f) Inventories and Prepaid Assets

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

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

g) Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District's infrastructure assets are immaterial and have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is capitalized.

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

g) Capital Assets, continued

Depreciation is computed using the straight-line method over the following useful lives:

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

h) Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

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

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

i) Pension Plan

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

j) **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. District contributions to the plan subsequent to the measurement date and the net difference between expected and actual experience in the pension plan are included as deferred outflows of resources. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational way to pension expense in future periods in accordance with GAAP.

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

k) **Compensated Absences**

There is no vested or accumulated vacation or sick pay that is expected to be paid after year end. All full-time employees of the District earn annual leave based on the length of service. It is the District's policy to vest unpaid annual leave with its employees up to the equivalent of forty-five work days and to recognize compensated absences as an expense in the period earned rather than the period such benefit is paid.

l) **Fund Equity**

In the fund financial statements, fund balance classifications depict the nature of the net resources reported in the governmental funds. Individual governmental funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The general fund also includes unassigned amounts. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the District board through motions passed at District School Board meetings. The District has no committed fund balance amounts. Assigned fund balance amounts are established by the District administration. The District has no assigned fund balance amounts.

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

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

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

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

l) **Fund Equity, continued**

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

m) **Net Position**

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

n) **Fair Value**

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

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

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

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

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

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

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

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

o) Use of Estimates

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

2) **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Practices – Formal budgetary accounting is employed as a management tool for the District. Budgets are presented in the basic financial statements section for General Fund and all major Special Revenue Funds.

Each budget is presented on the modified accrual basis of accounting which is consistent with GAAP.

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

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

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

The Administration has discretionary authority to make transfers between appropriation accounts. The revised budget amounts in the financial statements are as amended by the administration. All annual appropriations lapse at fiscal year end. Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. This District's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board in supplementary action. The legal level of control is at the fund level. During the year, the Board revised the budget.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

3) DUE FROM/DUE TO OTHER FUNDS

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 223,562	\$ 1,527,198
Special Revenue Funds:		
Special Projects Fund	-	45,460
Education Improvement Act Fund	327,402	-
Debt Service Fund	186,904	-
School Building Fund	571,255	-
Proprietary Fund	242,986	-
Pupil Activity Fund	20,549	-
	<u>\$ 1,572,658</u>	<u>\$ 1,572,658</u>

The General Fund receivable is a result of special revenue owing the General Fund for claims that were filed but not yet received, the General Fund owing the EIA Fund for amounts received for state claims on behalf of the EIA Fund, the General Fund owing the Debt Service Fund and School Building Fund for payments made on its behalf, and the General Fund paying payroll costs for the Food Service Fund.

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 302,193	\$ 199,231
Special Projects Fund	-	71,317
Education Improvement Act Fund	-	230,876
Debt Service Fund	1,135,333	924,956
School Building Fund	-	11,146
Totals	<u>\$ 1,437,526</u>	<u>\$ 1,437,526</u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

4) **CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 686,894	\$ -	\$ -	\$ 686,894
Capital assets, being depreciated:				
Land improvements	195,186	-	-	195,186
Buildings	29,168,738	-	-	29,168,738
Equipment	780,374	-	-	780,374
Vehicles	188,666	-	-	188,666
	<u>30,332,964</u>	<u>-</u>	<u>-</u>	<u>30,332,964</u>
Less accumulated depreciation for:				
Land improvements	87,834	9,759	-	97,593
Buildings	8,903,541	928,861	-	9,832,402
Equipment	613,651	86,510	-	700,161
Vehicles	149,609	4,883	-	154,492
	<u>9,754,635</u>	<u>1,030,013</u>	<u>-</u>	<u>10,784,648</u>
Total capital assets being depreciated, net	<u>20,578,329</u>	<u>1,030,013</u>	<u>-</u>	<u>19,548,316</u>
Governmental activities capital assets, net	<u>\$ 21,265,223</u>	<u>\$ 1,030,013</u>	<u>\$ -0-</u>	<u>\$ 20,235,210</u>

Depreciation was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 535,607
Support	<u>494,406</u>
Total depreciation expense - governmental activities	<u>\$ 1,030,013</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

5) **LONG-TERM DEBT**

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

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Acquisition agreement debt	\$ 333,000	\$ -	\$ 107,000	\$ 226,000
Foundation facilities bonds	4,527,000	-	836,000	3,691,000
General obligation bonds	1,850,000	925,000	1,464,000	1,311,000
	\$ 6,710,000	\$ 925,000	\$ 2,407,000	\$ 5,228,000

Long-term debt payable at June 30, 2017 is comprised of the following instruments:

\$1,000,000 2009 District acquisition agreement debt due in annual installments of \$83,000 to \$119,000 through December 1, 2018; interest due annually at 4.6%.	\$ 226,000
\$10,000,000 2008 Foundation facilities bonds due in annual installments of \$742,000 to \$1,087,000 through September 1, 2020; interest due semi-annually at 3.93%.	3,691,000
\$918,000 2014 general obligation bonds due in annual installments of \$22,000 to \$311,000 through March 1, 2019; interest due semi-annually at 1.61%.	607,000
\$932,000 2015 general obligation bonds due in annual installments of \$228,000 to \$238,000 through March 1, 2020; interest due semi-annually at 1.51%.	704,000
	\$ 5,228,000

The annual requirements of principal and interest to service all long-term debt outstanding at June 30, 2017 are as follows:

June 30	Principal	Interest	Total
2018	\$ 1,512,000	\$ 162,144	\$ 1,674,144
2019	1,538,000	120,709	1,658,709
2020	1,200,000	57,049	1,257,049
2021	978,000	57,049	1,035,049
	\$ 5,228,000	\$ 396,951	\$ 5,624,951

In August 2016, the District issued \$925,000 general obligation bonds, Series 2016. The bonds were issued to facilitate required payments on an existing financing agreement. The bonds were paid off in March 2017, as scheduled.

\$764,664 is available in the Debt Service – District Fund to service the long-term debt at June 30, 2017.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The District is in compliance with all such significant limitations and restrictions at June 30, 2017.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

5) LONG-TERM DEBT, CONTINUED

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

	<u>July 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2017</u>
Amount available in Debt Service Fund	\$ 495,843	\$ 268,821	\$ -	\$ 764,664
Amount to be provided for retirement of long-term obligations	<u>6,214,157</u>	<u>-</u>	<u>1,750,821</u>	<u>4,463,336</u>
Total available and to be provided	<u>\$ 6,710,000</u>	<u>\$ 268,821</u>	<u>\$ 1,750,821</u>	<u>\$ 5,228,000</u>
Total long-term obligations	<u>\$ 6,710,000</u>	<u>\$ 268,821</u>	<u>\$ 1,750,821</u>	<u>\$ 5,228,000</u>

For the payment of principal and interest on the bonds as they mature, the full faith, credit and taxing power of the District is irrevocably pledged.

The Foundation facilities bonds were issued pursuant to a School Facilities Use and Occupancy Agreement (“the Facilities Agreement”) and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a base lease agreement between the District and the Foundation dated October 31, 2008. The bonds were issued to facilitate the construction of a new high school educational facility and related athletic facilities. The District will purchase the capital assets from the Foundation pursuant to the Facilities Agreement, which will obligate the District to make semi-annual installment payments to the Foundation in amounts calculated to be sufficient to enable the Foundation to pay the principal and interest on the outstanding bonds. The District’s obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments. However, the District would forfeit possession of the capital assets for the remainder of the lease term.

Subsequent to June 30, 2017, in August 2017, the District issued \$450,000 general obligation bonds, Series 2017. The bonds were issued to facilitate required payments on an existing financing agreement.

6) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS

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

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

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

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

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

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

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

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

PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. 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.

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

Plan Benefits, continued

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.

PORS – 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 55 or with 25 years of service regardless of age. 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 at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The 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.

Funding Policy - Contributions are prescribed in Title 9 of the South Carolina code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for 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; and, this increase is not limited to one-half of one percent per year.

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Contribution Summary – The District’s eligible wages, contribution rates, and required contributions for the past three years were as follows:

	SCRS			ORP			PORS		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Eligible Wages	\$ 6,292,679	\$ 5,727,482	\$ 5,373,220	\$ 94,894	\$ 128,727	\$ 280,814	\$ 62,725	\$ 62,192	\$ 35,641
Employer Rate									
Retirement	11.41%	10.91%	10.75%	6.41%	5.91%	5.75%	13.84%	13.34%	13.01%
Retirement Portion to Vendor	0.00%	0.00%	0.00%	5.00%	5.00%	5.00%	0.00%	0.00%	0.00%
Retirement Surcharge	5.33%	5.33%	5.00%	5.33%	5.33%	5.00%	5.33%	5.33%	5.00%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Program	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
Total Employer Rate	16.89%	16.39%	15.90%	16.89%	16.39%	15.90%	19.57%	19.07%	18.41%
Employee Rate	8.66%	8.16%	8.00%	8.66%	8.16%	8.00%	9.24%	8.74%	8.41%
Employer Contributions									
Retirement	\$ 717,995	\$ 624,868	\$ 577,621	\$ 6,083	\$ 7,608	\$ 16,147	\$ 8,681	\$ 8,296	\$ 4,637
Retirement Portion to Vendor	-	-	-	4,745	6,436	14,041	-	-	-
Retirement Surcharge	335,400	305,275	268,661	5,058	6,861	14,041	3,343	3,315	1,782
Incidental Death Benefit	9,439	8,591	8,060	142	193	421	125	124	71
Accidental Death Benefit	-	-	-	-	-	-	125	124	71
Total Employer Contributions	\$ 1,062,833	\$ 938,734	\$ 854,342	\$ 16,028	\$ 21,098	\$ 44,649	\$ 12,275	\$ 11,860	\$ 6,562

The payroll for District employees covered by the plan for the year ended June 30, 2017 was \$6,450,298; the District’s total payroll was \$6,832,886.

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

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	\$ 3,876,035,732	\$ 2,536,474,726	60.4%

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 requirement 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.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

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

At June 30, 2017, the District reported a liability of \$12,756,531 and \$125,961 for its proportionate share of the PEBA's net pension liability for the SCRS and PORS systems, respectively. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, using membership data as of that date, projected forward to the end of that fiscal year, and financial information of the pension trust funds as of June 30, 2016. The District's proportion of the net pension liability was based on the District's contributions received by PEBA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PEBA's participating employers. At June 30, 2016, the District's proportion was .059722% and .004970% for SCRS and PORS, respectively.

For the year ended June 30, 2017, the District recognized pension expense of \$1,114,350 and \$15,069 for its proportionate share of the PEBA's pension expense for SCRS and PORS, respectively. At June 30, 2017, the District reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to SCRS pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 132,236	\$ 13,854
Net difference between projected and actual earnings on pension plan investments	1,073,234	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	33,776	69,780
District contributions subsequent to the measurement date	<u>733,659</u>	<u>-</u>
	<u>\$ 1,972,905</u>	<u>\$ 83,634</u>

\$733,659 reported as deferred outflows of resources related to SCRS pensions resulting from District contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in SCRS pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ 287,054
2019	220,029
2020	415,095
2021	<u>233,434</u>
	<u>\$ 1,155,612</u>

MCCORMICK SCHOOL DISTRICT NO. 1
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Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

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

At June 30, 2017, the District reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to PORS pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 1,869	\$ -
Net difference between projected and actual earnings on pension plan investments	14,283	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	36,698	884
District contributions subsequent to the measurement date	<u>8,931</u>	<u>-</u>
	<u>\$ 61,781</u>	<u>\$ 884</u>

\$8,931 reported as deferred outflows of resources related to PORS pensions resulting from District contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in PORS pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ 11,708
2019	11,401
2020	18,396
2021	<u>10,461</u>
	<u>\$ 51,966</u>

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

6) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

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

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

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

	<u>SCRS</u>	<u>PORS</u>
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

*Includes inflation at 2.75%

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

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

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

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

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

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

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

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

<u>Asset Class</u>	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
District’s proportionate share of the Net Pension Liability:			
SCRS	\$ 15,913,423	\$ 12,756,531	\$ 10,128,537
PORS	165,216	125,961	90,876

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

6) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

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

7) DEFERRED COMPENSATION PLAN

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

8) POSTRETIREMENT BENEFITS

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

As described more fully in Note 6, funding of the plan is made from employee/employer contributions. Benefits vest after five years of service. Vested members, who retire at age 65, or with twenty-eight years of service at any age, receive an annual benefit payable monthly for life. The benefit is based on length of service and on average final compensation.

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

9) POSTEMPLOYMENT BENEFITS

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

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

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

9) POSTEMPLOYMENT BENEFITS, CONTINUED

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

10) RISK MANAGEMENT

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

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

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

11) COMMITMENTS AND CONTINGENCIES

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

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

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$404,119.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$269,832. Tier one and two distributions are fixed and do not change.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Notes to the Basic Financial Statements
Year Ended June 30, 2017

11) COMMITMENTS AND CONTINGENCIES, CONTINUED

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

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

12) SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 6, 2017, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2017.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2017

	SCRS			PORS		
	2017	2016	2015	2017	2016	2015
District's proportion of the net pension liability	0.059722%	0.059476%	0.060213%	0.004970%	0.002780%	0.002740%
District's proportionate share of the net pension liability	\$ 12,756,531	\$ 11,279,910	\$ 10,366,682	\$ 125,961	\$ 60,590	\$ 52,551
District's covered-employee payroll	\$ 5,856,209	\$ 5,654,034	\$ 5,608,007	\$ 62,192	\$ 35,641	\$ 33,015
District's proportionate share of the net pension liability as a percentage of the covered-employee payroll	217.83%	199.50%	184.86%	202.54%	170.00%	159.17%
Plan fiduciary net position as a percentage of the total pension liability	52.90%	57.00%	59.90%	60.40%	64.60%	67.50%

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of District Contributions
June 30, 2017

	SCRS			PORS		
	2017	2016	2015	2017	2016	2015
Contractually required contributions	\$ 733,659	\$ 641,260	\$ 602,249	\$ 8,931	\$ 8,544	\$ 4,779
Contributions in relation to the contractually required contributions	733,659	641,260	602,249	8,931	8,544	4,779
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 6,387,573	\$ 5,856,209	\$ 5,654,034	\$ 62,725	\$ 62,192	\$ 35,641
Contributions as percentage of covered-employee payroll	11.49%	10.95%	10.65%	14.24%	13.74%	13.41%

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1200 Revenue from local governmental units other than LEAs			
1210 Ad valorem taxes - including delinquent taxes (dependent)	\$ 3,204,700	\$ 3,680,337	\$ 475,637
1280 Revenue in lieu of taxes (independent and dependent)	95,000	67,850	(27,150)
1500 Earnings on investments			
1510 Interest on investments	75	498	423
1900 Other revenue from local sources			
1910 Rentals	11,000	12,100	1,100
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	<u>170,250</u>	<u>41,116</u>	<u>(129,134)</u>
Total local sources	<u>3,481,025</u>	<u>3,801,901</u>	<u>320,876</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3130 Special programs			
3131 Handicapped transportation	-	711	711
3160 School bus driver salary	131,000	128,134	(2,866)
(includes hazardous condition transportation)			
3162 Transportation workers' compensation	7,820	7,820	-
3180 Fringe benefits employer contributions (no carryover provision)	483,995	473,260	(10,735)
3181 Retiree insurance (no carryover provision)	209,790	213,368	3,578
3300 Education Finance Act (EFA)			
3310 Full-time programs			
3311 Kindergarten	36,286	42,174	5,888
3312 Primary	156,082	181,410	25,328
3313 Elementary	229,430	266,660	37,230
3314 High school	101,969	118,516	16,547
3315 Trainable mentally handicapped	3,850	4,475	625
3316 Speech handicapped (part-time)	50,942	59,209	8,267

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
3320 Part-time programs			
3321 Emotionally handicapped	\$ 1,574	\$ 1,829	\$ 255
3322 Educable mentally handicapped	4,927	5,726	799
3323 Learning disabilities	122,137	141,956	19,819
3325 Visually handicapped	1,987	2,309	322
3326 Orthopedically handicapped	1,926	2,238	312
3327 Vocational	88,153	102,458	14,305
3330 Miscellaneous EFA programs			
3331 Autism	13,533	15,729	2,196
3332 High achieving students	465	540	75
3334 Limited English proficiency	-	585	585
3350 Residential treatment facilities (RTF)			
3351 Academic assistance	44,931	52,222	7,291
3352 Pupils in poverty	129,290	150,270	20,980
3353 Dual credit enrollment	2,482	4,047	1,565
3800 State revenue in lieu of taxes			
3810 Reimbursement for local residential property tax relief (tier 1)	321,097	404,119	83,022
3820 Homestead exemption (tier 2)	266,391	269,832	3,441
3825 Reimbursement for property tax relief (tier 3)	2,500,000	2,500,000	-
3830 Merchant's inventory tax	8,103	8,103	-
3840 Manufacturers depreciation reimbursement	25,000	28,392	3,392
3890 Other state property tax revenues (includes motor carrier vehicle tax)	95,000	115,225	20,225
3900 Other state revenue			
3999 Revenue from other state sources	205,050	139,471	(65,579)
Total state sources	<u>5,243,210</u>	<u>5,440,788</u>	<u>197,578</u>
4000 Revenue from federal sources			
4900 Other federal sources			
4999 Revenue from other federal sources	35,000	45,876	10,876
Total federal sources	<u>35,000</u>	<u>45,876</u>	<u>10,876</u>
Total revenue all sources	<u>8,759,235</u>	<u>9,288,565</u>	<u>529,330</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	\$ 262,000	\$ 255,359	\$ 6,641
200 Employee benefits	90,700	99,113	(8,413)
400 Supplies and materials	6,000	3,345	2,655
112 Primary programs			
100 Salaries	299,845	299,170	675
200 Employee benefits	87,050	85,039	2,011
400 Supplies and materials	9,500	5,117	4,383
113 Elementary programs			
100 Salaries	887,380	1,166,498	(279,118)
200 Employee benefits	345,032	347,704	(2,672)
300 Purchased services	2,200	1,168	1,032
400 Supplies and materials	21,500	18,945	2,555
114 High school programs			
100 Salaries	329,345	556,310	(226,965)
200 Employee benefits	130,282	152,807	(22,525)
300 Purchased services	82,619	76,281	6,338
400 Supplies and materials	12,500	13,088	(588)
600 Other objects	400	319	81
115 Career and technology education programs			
100 Salaries	382,602	465,930	(83,328)
200 Employee benefits	133,242	130,273	2,969
300 Purchased services - other than tuition	50,500	26,355	24,145
400 Supplies and materials	11,000	12,206	(1,206)
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	126,634	131,054	(4,420)
200 Employee benefits	64,154	62,249	1,905
400 Supplies and materials	-	6,784	(6,784)
122 Trainable mentally handicapped			
100 Salaries	63,600	37,316	26,284
200 Employee benefits	31,250	-	31,250

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
126 Speech handicapped			
300 Purchased services	\$ 15,000	\$ 9,316	\$ 5,684
127 Learning disabilities			
100 Salaries	156,900	175,683	(18,783)
200 Employee benefits	29,726	59,693	(29,967)
140 Special programs			
145 Homebound			
100 Salaries	2,350	4,950	(2,600)
200 Employee benefits	521	1,364	(843)
300 Purchased services	470	-	470
170 Summer school programs			
175 Instructional programs beyond regular school day			
100 Salaries	-	120	(120)
200 Employee benefits	-	30	(30)
180 Adult/continuing educational programs			
188 Parenting/family literacy			
100 Salaries	51,523	30,382	21,141
200 Employee benefits	16,680	10,700	5,980
Total instruction	<u>3,702,505</u>	<u>4,244,668</u>	<u>(542,163)</u>
200 Support services			
210 Pupil services			
211 Attendance and social work services			
100 Salaries	26,000	27,466	(1,466)
200 Employee benefits	8,636	9,012	(376)
300 Purchased services	300	292	8
212 Guidance services			
100 Salaries	189,000	200,229	(11,229)
200 Employee benefits	50,168	61,490	(11,322)
300 Purchased services	2,200	25,520	(23,320)
400 Supplies and materials	2,125	1,244	881

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
100 Salaries	\$ 150,000	\$ 234,297	\$ (84,297)
200 Employee benefits	48,957	66,464	(17,507)
300 Purchased services	33,500	44,327	(10,827)
400 Supplies and materials	4,500	4,018	482
222 Library and media services			
100 Salaries	116,107	130,949	(14,842)
200 Employee benefits	32,475	46,127	(13,652)
300 Purchased services	420	1,002	(582)
400 Supplies and materials	10,130	7,642	2,488
224 Improvement of instruction - inservice and staff training			
100 Salaries	85,000	84,076	924
200 Employee benefits	40,063	11,092	28,971
300 Purchased services	3,500	2,398	1,102
400 Supplies and materials	2,100	1,090	1,010
600 Other objects	400	351	49
230 General administrative services			
231 Board of Education			
100 Salaries	8,500	7,200	1,300
200 Employee benefits	4,870	15,532	(10,662)
300 Purchased services	143,300	165,396	(22,096)
318 Audit services	20,000	21,000	(1,000)
400 Supplies and materials	2,800	2,864	(64)
600 Other objects	12,775	10,196	2,579
232 Office of the superintendent			
100 Salaries	138,000	136,115	1,885
200 Employee benefits	43,590	31,040	12,550
300 Purchased services	11,300	36,977	(25,677)
400 Supplies and materials	6,500	10,401	(3,901)
600 Other objects	1,750	1,573	177
233 School administration			
100 Salaries	519,286	472,958	46,328
200 Employee benefits	198,198	374,358	(176,160)
300 Purchased services	2,894	1,121	1,773
400 Supplies and materials	1,950	1,003	947
600 Other objects	725	727	(2)

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
250 Finance and operations services			
252 Fiscal services			
100 Salaries	\$ 97,900	\$ 99,211	\$ (1,311)
140 Terminal leave	-	4,650	(4,650)
200 Employee benefits	38,637	28,504	10,133
300 Purchased services	15,300	15,427	(127)
400 Supplies and materials	7,100	3,803	3,297
600 Other objects	22,000	29,207	(7,207)
254 Operation and maintenance of plant			
100 Salaries	225,800	223,486	2,314
140 Terminal leave	-	4,650	(4,650)
200 Employee benefits	73,117	84,753	(11,636)
300 Purchased services (excludes energy costs)	376,900	242,072	134,828
321 Public utility services (excludes gas, oil, elec, other heating fuels)	41,600	42,761	(1,161)
400 Supplies and materials (includes energy costs)	133,800	113,425	20,375
470 Energy (includes gas, oil, elec, other heating fuels)	378,000	363,014	14,986
500 Capital outlay	100,000	-	100,000
600 Other objects	2,500	-	2,500
255 Student transportation (state mandated)			
100 Salaries	320,000	289,614	30,386
200 Employee benefits	61,050	62,759	(1,709)
300 Purchased services	7,450	1,944	5,506
400 Supplies and materials	600	572	28
256 Food services			
200 Employee benefits	58,845	70,493	(11,648)
258 Security			
100 Salaries	20,500	16,588	3,912
200 Employee benefits	5,100	4,678	422
300 Purchased services	30,000	30,000	-
260 Central support services			
263 Information services			
300 Purchased services	33,000	47,271	(14,271)
400 Supplies and materials	1,500	274	1,226
600 Other objects	160	-	160

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
264 Staff services			
100 Salaries	\$ 147,000	\$ 119,170	\$ 27,830
200 Employee benefits	23,703	32,396	(8,693)
300 Purchased services	15,100	10,047	5,053
400 Supplies and materials	4,000	2,480	1,520
600 Other objects	500	351	149
266 Technology and data processing services			
100 Salaries	110,000	146,555	(36,555)
200 Employee benefits	40,990	41,373	(383)
300 Purchased services	243,000	188,901	54,099
400 Supplies and materials	47,000	12,049	34,951
500 Capital outlay	200,000	239,393	(39,393)
270 Support services - pupil activity			
271 Pupil services activities			
100 Salaries	95,350	79,326	16,024
200 Employee benefits	27,727	18,680	9,047
300 Purchased services	49,700	49,032	668
400 Supplies and materials	117,900	124,244	(6,344)
600 Other objects	3,900	2,981	919
Total support services	<u>5,098,748</u>	<u>5,093,681</u>	<u>5,067</u>
300 Community services			
350 Custody and care of children			
100 Salaries	57,000	41,796	15,204
200 Employee benefits	19,859	13,222	6,637
300 Purchased services	2,000	2,016	(16)
400 Supplies and materials	500	-	500
Total community services	<u>79,359</u>	<u>57,034</u>	<u>22,325</u>
400 Other charges			
410 Intergovernmental expenditures			
411 Payments to the State Department of Education			
720 Transits	800	5,754	(4,954)
412 Payments to other governmental units			
720 Transits	7,000	4,199	2,801
Total intergovernmental expenditures	<u>7,800</u>	<u>9,953</u>	<u>(2,153)</u>
Total expenditures	<u>8,888,412</u>	<u>9,405,336</u>	<u>(516,924)</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING SOURCES (USES)			
Interfund transfers, from (to) other funds			
5220 Transfer from Special Revenue Fund (excludes indirect cost)	\$ -	\$ 1,584	\$ 1,584
5230 Transfer from Special Revenue EIA Fund	162,629	230,876	68,247
5280 Transfer from other funds indirect cost	13,000	69,733	56,733
424-710 Transfer to Debt Service Fund	(332,379)	(199,231)	133,148
Total other financing sources (uses)	(156,750)	102,962	259,712
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (285,927)	(13,809)	\$ 272,118
FUND BALANCE, July 1, 2016		2,269,145	
FUND BALANCE, June 30, 2017		\$ 2,255,336	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Adult	Other	Other	Total
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(EA Projects)	Restricted	Revenue	
	(201/202)	(203/204)	(205/206)	(207/208)	(243)	State Grants*	Programs*	(200s/800s)
	(900s)							Total
REVENUES								
1000 Revenue from local sources								
1900 Other revenue from local sources								
1930 Special needs transportation - Medicaid \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,533	\$ 59,533
1999 Revenue from other local sources	-	-	-	-	-	-	303,749	303,749
Total local sources	-	-	-	-	-	-	363,282	363,282
3000 Revenue from state sources								
3100 Restricted state funding								
3105 Technology technical assistance	-	-	-	-	-	155,479	-	155,479
3110 Occupational education	-	-	-	-	-	69,203	-	69,203
3118 EEDA career specialists	-	-	-	-	-	6,289	-	6,289
3120 General education								
3127 Student health and fitness - PE teachers	-	-	-	-	-	2,789	-	2,789
3130 Special programs								
3134 Child Development Education Program (CDEP) expansion	-	-	-	-	-	60,161	-	60,161
3135 Reading coaches	-	-	-	-	-	23,704	-	23,704
3136 Student health & fitness - nurses	-	-	-	-	-	38,839	-	38,839
3177 Summer reading camps	-	-	-	-	-	9,266	-	9,266
3183 Teacher recruiting & retention	-	-	-	-	-	-	-	-

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Adult	Other	Other	Total
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(EA Projects)	Restricted	Revenue	
			(205/206)		(243)	State Grants*	Programs*	
						(900s)	(200s/800s)	
3190 Miscellaneous restricted state grants								
3193 Education license plates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312	\$ -	\$ 312
3199 Other restricted state grants	-	-	-	-	-	2,217	-	2,217
3600 Education Lottery Act revenue								
3630 K-12 technology initiative	-	-	-	-	-	48,897	-	48,897
3900 Other state revenue								
3999 Revenue from other state sources	-	-	-	-	-	335,041	-	335,041
Total state sources	-	-	-	-	-	752,197	-	752,197
4000 Revenue from federal sources								
4200 Occupational education								
4210 Perkins aid, Title I	-	-	-	18,522	-	-	-	18,522
4300 Elementary and Secondary Education Act of 1965 (ESEA)								
4310 Title I, basic state grant programs	402,993	-	-	-	-	-	-	402,993
4312 Rural and low-income school program, Title VI	-	-	-	-	-	-	2,072	2,072
4351 Improving teacher quality	-	-	-	-	-	-	82,868	82,868

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
4500 Programs for children with disabilities								
4510 IDEA	\$ -	\$ 488,931	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 488,931
4520 Preschool grants for children with disabilities (IDEA)	-	-	30,330	-	-	-	-	30,330
4900 Other federal sources								
4924 21st Century Community Learning Center Program, Title IV	-	-	-	-	-	-	69,098	69,098
Total federal sources	<u>402,993</u>	<u>488,931</u>	<u>30,330</u>	<u>18,522</u>	<u>-</u>	<u>-</u>	<u>154,038</u>	<u>1,094,814</u>
Total revenue all sources	<u>402,993</u>	<u>488,931</u>	<u>30,330</u>	<u>18,522</u>	<u>-</u>	<u>752,197</u>	<u>517,320</u>	<u>2,210,293</u>

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
EXPENDITURES								
100 Instruction								
110 General instruction								
112 Primary programs								
100 Salaries	\$ 75,377	\$ -	\$ -	\$ -	\$ -	\$ 44,673	\$ 108,953	\$ 229,003
200 Employee benefits	23,223	-	-	-	-	19,246	15,161	57,630
300 Purchased services	2,000	-	-	-	-	-	255	2,255
400 Supplies and materials	1,139	-	-	-	-	9,578	161	10,878
113 Elementary programs								
100 Salaries	73,920	-	-	-	-	242,984	-	316,904
200 Employee benefits	28,150	-	-	-	-	52,566	-	80,716
300 Purchased services	2,000	-	-	-	-	2,280	-	4,280
400 Supplies and materials	1,495	-	-	-	-	14,778	-	16,273
114 High school programs								
100 Salaries	23,563	-	-	-	-	-	-	23,563
200 Employee benefits	8,152	-	-	-	-	-	-	8,152
300 Purchased services	17,946	-	-	-	-	-	-	17,946
400 Supplies and materials	17,872	-	-	-	-	-	-	17,872
115 Career and technology education programs								
200 Employee benefits	-	22	-	-	-	-	-	22
300 Purchased services - other than tuition	-	932	-	5,801	-	-	-	6,733
400 Supplies and materials	-	-	-	5,939	-	-	-	5,939

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Adult	Other	Other	Total
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(EA Projects)	Restricted	Revenue	
			(205/206)		(243)	State Grants	Programs	
						(900s)	(200s/800s)	
120 Exceptional programs								
121 Educable mentally handicapped								
100 Salaries	\$ -	\$ 28,133	\$ 22,446	\$ -	\$ -	\$ -	\$ 22,070	\$ 72,649
200 Employee benefits	-	15,026	6,947	-	-	-	6,161	28,134
400 Supplies and materials	-	54,003	-	-	-	-	-	54,003
126 Speech handicapped								
300 Purchased services	-	54,573	-	-	-	-	-	54,573
127 Learning disabilities								
100 Salaries	-	24,827	-	-	-	-	-	24,827
200 Employee benefits	-	6,027	-	-	-	-	-	6,027
400 Supplies and materials	-	10,573	-	-	-	-	-	10,573
140 Special programs								
147 CDEP								
200 Employee benefits	-	-	-	-	-	2,789	-	2,789
170 Summer school programs								
172 Elementary summer school								
400 Supplies and materials	-	-	-	-	-	3,213	-	3,213
173 High school summer school								
100 Salaries	2,505	-	-	-	-	-	-	2,505
200 Employee benefits	1,160	-	-	-	-	-	-	1,160

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Adult	Other	Other	Total
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(EA Projects)	Restricted	Revenue	
	(201/202)	(203/204)	(205/206)	(207/208)	(243)	State Grants	Programs	Total
	(900s)	(200s/800s)						
175 Instructional programs beyond regular school day								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,721	\$ 35,721
200 Employee benefits	-	-	-	-	-	-	8,589	8,589
400 Supplies and materials	-	-	-	-	-	-	4,417	4,417
180 Adult/continuing educational programs								
182 Adult secondary education programs								
100 Salaries	-	-	-	-	-	30,984	-	30,984
200 Employee benefits	-	-	-	-	-	5,016	-	5,016
188 Parenting/family literacy								
100 Salaries	26,946	-	-	-	-	-	14,744	41,690
200 Employee benefits	9,665	-	-	-	-	-	11,431	21,096
300 Purchased services	-	-	-	-	-	-	3,844	3,844
400 Supplies and materials	3,472	-	-	-	-	-	64	3,536
600 Other objects	-	-	-	-	-	-	1,650	1,650
Total instruction	318,585	194,116	29,393	11,740	-	428,107	233,221	1,215,162
200 Support services								
210 Pupil services								
212 Guidance services								
100 Salaries	-	-	-	-	-	25,000	-	25,000
200 Employee benefits	-	-	-	-	-	2,224	-	2,224

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Adult	Other	Other	Total
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(EA Projects)	Restricted	Revenue	
			(205/206)		(243)	State Grants	Programs	
						(900s)	(200s/800s)	
213 Health services								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,135	\$ 25,042	\$ 37,177
200 Employee benefits	-	-	-	-	-	11,569	2,164	13,733
300 Purchased services	7,590	49,248	-	-	-	-	1,002	57,840
400 Supplies and materials	-	1,775	-	-	-	-	3,058	4,833
214 Psychological services								
300 Purchased services	-	24,200	-	-	-	-	-	24,200
216 Career & technical education placement services								
100 Salaries	-	-	-	-	-	-	35,722	35,722
200 Employee benefits	-	-	-	-	-	-	10,166	10,166
300 Purchased services	-	-	-	-	-	-	5,182	5,182
400 Supplies and materials	-	-	-	-	-	-	1,588	1,588
217 Career specialist services								
100 Salaries	-	-	-	-	-	34,397	-	34,397
200 Employee benefits	-	-	-	-	-	7,582	-	7,582
220 Instructional staff services								
221 Improvement of instruction - curriculum development								
100 Salaries	27,659	5,180	-	-	-	-	-	32,839
200 Employee benefits	2,896	30	-	-	-	6,022	-	8,948
300 Purchased services	17,675	77,800	-	6,782	-	5,156	-	107,413

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Adult	Other	Other	Total
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(EA Projects)	Restricted	Revenue	
			(205/206)		(243)	State Grants	Programs	
						(900s)	(200s/800s)	
223 Supervision of special programs								
100 Salaries	\$ -	\$ 61,286	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,286
200 Employee benefits	-	21,572	-	-	-	-	-	21,572
300 Purchased services	931	5,301	-	-	-	-	78,272	84,504
400 Supplies and materials	516	5,099	-	-	-	-	227	5,842
600 Other objects	-	376	-	-	-	-	12,879	13,255
224 Improvement of instruction - in-service and staff training								
300 Purchased services	-	-	-	-	-	-	4,896	4,896
400 Supplies and materials	-	-	-	-	-	-	11,574	11,574
250 Finance and operations services								
251 Student transportation (federal/district mandated)								
100 Salaries	-	-	-	-	-	-	6,774	6,774
200 Employee benefits	-	-	-	-	-	-	1,963	1,963
300 Purchased services	-	-	-	-	-	10,420	13,706	24,126
252 Fiscal services								
200 Employee benefits	-	-	-	-	-	-	7	7
300 Purchased services	-	-	-	-	-	-	29	29
255 Student transportation (state mandated)								
300 Purchased services	-	-	-	-	-	4,098	-	4,098

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I	IDEA	Preschool	CATE	Adult	Other	Other	Total
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(EA Projects)	Restricted	Revenue	
			(205/206)		(243)	State Grants	Programs	
						(900s)	(200s/800s)	
260 Central support services								
266 Technology and data processing services								
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,279	\$ 2,204	\$ 49,483
400 Supplies and materials	-	-	-	-	-	157,097	2,759	159,856
500 Capital outlay	-	-	-	-	-	1,111	-	1,111
270 Support services - pupil activity								
271 Pupil service activities								
300 Purchased services	-	-	-	-	-	-	5,051	5,051
Total support services	<u>57,267</u>	<u>251,867</u>	<u>-</u>	<u>6,782</u>	<u>-</u>	<u>324,090</u>	<u>224,265</u>	<u>864,271</u>
300 Community services								
350 Custody and care of children								
100 Salaries	-	-	-	-	-	-	43,606	43,606
200 Employee benefits	783	-	-	-	-	-	10,107	10,890
300 Purchased services	3,117	-	-	-	-	-	1,353	4,470
400 Supplies and materials	-	-	-	-	-	-	577	577
Total community services	<u>3,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,643</u>	<u>59,543</u>
Total expenditures	<u>379,752</u>	<u>445,983</u>	<u>29,393</u>	<u>18,522</u>	<u>-</u>	<u>752,197</u>	<u>513,129</u>	<u>2,138,976</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
OTHER FINANCING SOURCES (USES)								
Interfund transfers, from (to) other funds								
420-710 Transfer to General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,584)	\$ (1,584)
431-791 Special Revenue Fund indirect costs	(23,241)	(42,948)	(937)	-	-	-	(2,607)	(69,733)
TOTAL OTHER FINANCING SOURCES (USES)	(23,241)	(42,948)	(937)	-	-	-	(4,191)	(71,317)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, July 1, 2016	-0-	-0-	-0-	-0-	-0-	-0-	44,772	44,772
FUND BALANCE, June 30, 2017	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 44,772	\$ 44,772

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Schedule of Program Classifications
For Fiscal Year Ended June 30, 2017

LEA Subfund Code	Program	Revenue	Revenue Code
<u>OTHER RESTRICTED STATE GRANTS</u>			
915	Technology technical assistance	\$ 155,479	3105
928	EEDA career specialists	69,203	3118
937	Student health and fitness - PE teachers	6,289	3127
924	CDEPP	2,789	3134
935	Reading Coaches	60,161	3135
936	Student health and fitness - nurses	23,704	3136
920	Young adult education	36,000	3154
926	Summer reading camps	38,839	3177
903	Teacher recruiting and retention	9,266	3183
919	Education license plates	312	3193
961	Level Data Reimbursement	1,111	3199
825	Teacher cadet	1,106	3199
963	K-12 technology initiative	48,897	3630
244	De La Howe operations revenue	<u>299,041</u>	3999
		<u>\$ 752,197</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
280	Special needs transportation - Medicaid	\$ 59,534	1930
830	JAG - CIS	57,709	1999
811	Cerra proviso	60,739	1999
899	Technology EOC	4,963	1999
845	National Teacher Residency	92,962	1999
890	First Steps	87,376	1999
251	Rural and low-income school program, Title VI	2,072	4312
267	Improving teacher quality	82,867	4351
224	21st century learning center program, Title IV	<u>69,098</u>	4924
		<u>\$ 517,320</u>	

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Fiscal Year Ended June 30, 2017

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
915	3105	Technology technical assistance	\$ 155,479	\$ 155,479	\$ -	\$ -	\$ 92,347
928	3118	EEDA career specialists	69,203	69,203	-	-	40,881
937	3127	Student health and fitness - PE teachers	6,289	6,289	-	-	-
924	3134	CDEPP	2,789	2,789	-	-	38,727
935	3135	Reading Coaches	60,161	60,161	-	-	2,569
936	3136	Student health and fitness - nurses	23,704	23,704	-	-	35,420
920	3154	Young adult education	36,000	36,000	-	-	-
926	3177	Summer reading camps	38,839	38,839	-	-	46,691
903	3183	Teacher recruiting and retention	9,266	9,266	-	-	21,141
919	3193	Education license plates	312	312	-	-	-
961	3199	Level Data Reimbursement	1,111	1,111	-	-	-
825	3199	Teacher cadet	1,106	1,106	-	-	-
963	3630	K-12 technology initiative	48,897	48,897	-	-	488
244	3999	De La Howe operations revenue	299,041	299,041	-	-	-
			<u>\$ 752,197</u>	<u>\$ 752,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,264</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2017

REVENUES

3000 Revenue from state sources	
3500 Education Improvement Act	
3502 ADEPT	\$ 1,097
3511 Professional development	6,823
3512 Technology professional development	8,330
3518 Adoption list of formative assessment	3,976
3525 Career and technology education equipment	10,736
3526 Refurbishment of K-8 science kits	12,375
3527 Special CATE equipment	105,958
3532 National board salary supplement	70,697
3533 Teacher of the year awards	1,077
3535 Reading coaches	8,000
3538 Students at risk of school failure	104,894
3541 Child development education program (CDEP)	123,442
3550 Teacher salary increase	201,514
3555 Teacher salary fringe	29,362
3556 Adult education	31,423
3558 Reading	7,702
3577 Teacher supplies	23,375
3578 High schools that work/making middle grades work	4,578
3597 Aid to districts	<u>14,456</u>
Total state sources	<u>769,815</u>
Total revenue all sources	<u>769,815</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2017

EXPENDITURES

100 Instruction		
110 General instruction		
111 Kindergarten programs		
100 Salaries	\$	14,916
200 Employee benefits		3,510
400 Supplies and materials		45
112 Primary programs		
100 Salaries		14,694
200 Employee benefits		2,520
400 Supplies and materials		13,746
113 Elementary programs		
100 Salaries		20,688
200 Employee benefits		4,578
400 Supplies and materials		18,189
114 High school programs		
100 Salaries		24,683
200 Employee benefits		4,927
400 Supplies and materials		6,600
115 Career and technology education programs		
100 Salaries		12,689
200 Employee benefits		3,344
400 Supplies and materials		243
500 Capital outlay		10,493
140 Special programs		
147 CDEP		
100 Salaries		51,479
200 Employee benefits		14,799
300 Purchased services		2,606
400 Supplies and materials		40,302
170 Summer school program		
174 Gifted and talented summer school		
300 Purchased services		14,255
175 Instructional programs beyond regular school day		
100 Salaries		5,097

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2017

180 Adult/continuing educational programs	
181 Adult basic education programs	
400 Supplies and materials	\$ 6,226
182 Adult secondary education programs	
100 Salaries	1,729
200 Employee benefits	<u>391</u>
Total instruction	<u>292,749</u>
200 Support services	
220 Instructional staff services	
221 Improvement of instruction - curriculum development	
300 Purchased services	19,732
400 Supplies and materials	5,572
222 Library and media services	
100 Salaries	6,563
200 Employee benefits	1,389
223 Supervision of special programs	
100 Salaries	74,847
200 Employee benefits	23,281
300 Purchased services	1,041
400 Supplies and materials	238
224 Improvement of instruction - inservice and staff training	
400 Supplies and materials	107,598
230 General administrative services	
233 School administration	
400 Supplies and materials	291
260 Central support services	
266 Technology and data processing services	
300 Purchased services	2,338
500 Capital outlay	-
Total support services	<u>242,890</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2017

400 Other charges	
410 Intergovernmental expenditures	
411 Payments to State Department of Education	
720 Transits	\$ <u>3,300</u>
Total intergovernmental expenditures	<u>3,300</u>
Total expenditures	<u>538,939</u>
 OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	<u>(230,876)</u>
Total other financing sources (uses)	<u>(230,876)</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	 -0-
 FUND BALANCE, July 1, 2016	 <u>-0-</u>
 FUND BALANCE, June 30, 2017	 \$ <u><u>-0-</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Fiscal Year Ended June 30, 2017

<u>PROGRAM</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund</u>		<u>Other Fund</u>	<u>EIA Fund</u> <u>Unearned</u>
			<u>Transfers</u> <u>In/(Out)</u>	<u>Transfers</u> <u>In/(Out)</u>	<u>Transfers</u> <u>In/(Out)</u>	
3500 Education Improvement Act						
3502 ADEPT	\$ 1,097	\$ 1,097	\$ -	\$ -	\$ -	\$ 299
3511 Professional development	6,823	6,823	-	-	-	889
3512 Technology professional development	8,330	8,330	-	-	-	-
3518 Adoption list of formative assessment	3,976	3,976	-	-	-	3,986
3519 Grade 10 assessments	-	-	-	-	-	672
3525 Career and technology education equipment	10,736	10,736	-	-	-	62,910
3526 Refurbishment of K-8 science kits	12,375	12,375	-	-	-	12,192
3527 Special CATE equipment	105,958	105,958	-	-	-	41,042
3528 Industry certificates	-	-	-	-	-	5,544
3532 National board salary supplement	70,697	70,697	-	-	-	12,285
3533 Teacher of the year awards	1,077	1,077	-	-	-	-
3535 Reading coaches	8,000	8,000	-	-	-	-
3538 Students at risk of school failure	104,894	104,894	-	-	-	-
3541 Child development education program (CDEP)	123,442	123,442	-	-	-	68,035
3550 Teacher salary increase	201,514	-	-	(201,514)	-	-
3555 Teacher salary fringe	29,362	-	-	(29,362)	-	-
3556 Adult education	31,423	31,423	-	-	-	5,051
3557 Summer reading camps	-	-	-	-	-	5,472
3558 Reading	7,702	7,702	-	-	-	5,083
3577 Teacher supplies	23,375	23,375	-	-	-	-
3578 High schools that work/making middle grades work	4,578	4,578	-	-	-	5,421
3587 IDEA MOE Tier 1	-	-	-	-	-	43,338
3592 Work-based learning	-	-	-	-	-	1,680
3595 EEDA - supplies and materials	-	-	-	-	-	2,311
3597 Aid to districts	14,456	14,456	-	-	-	-
3599 Other EIA	-	-	-	-	-	32,859
TOTALS	\$ 769,815	\$ 538,939	\$ -0-	\$ (230,876)	\$ -	\$ 309,069

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Debt Service Fund - District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

REVENUES

1000 Revenue from local sources	
1200 Revenue from local governmental units other than LEAs	
1210 Ad valorem taxes - including delinquent (dependent)	\$ <u>1,610,745</u>
Total local sources	<u>1,610,745</u>
3000 Revenue from state sources	
3800 State revenue in lieu of taxes	
3820 Homestead exemption (tier 2)	119,130
3830 Merchant's inventory tax	767
3840 Manufacturers depreciation reimbursement	8,202
3890 Other state property tax revenues (includes motor carrier vehicle tax)	<u>27,072</u>
Total state sources	<u>155,171</u>
Total revenue all sources	<u>1,765,916</u>

EXPENDITURES

500 Debt service	
610 Redemption of principal	1,571,000
620 Interest	43,488
690 Other objects (includes fees for servicing bonds)	<u>20,500</u>
Total debt service	<u>1,634,988</u>
Total expenditures	<u>1,634,988</u>

OTHER FINANCING SOURCES (USES)

5100 Sale of bonds	
5120 Proceeds from general obligation bonds	925,000
Interfund transfers, from (to) other funds	
5210 Transfer from General Fund	126,703
5250 Transfer from School Building Fund - District	11,146
426-710 Transfer to Debt Service Fund - Foundation	<u>(924,956)</u>
Total other financing sources (uses)	<u>137,893</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	268,821
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FUND BALANCE, July 1, 2016	<u>495,843</u>
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FUND BALANCE, June 30, 2017	<u><u>\$ 764,664</u></u>
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MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Debt Service Fund - Foundation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

REVENUES

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

EXPENDITURES

500 Debt service	
610 Redemption of principal	836,000
620 Interest	<u>161,484</u>
Total debt service	<u>997,484</u>
Total expenditures	<u>997,484</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from General Fund	72,528
5240 Transfer from Debt Service Fund - District	<u>924,956</u>
Total other financing sources (uses)	<u>997,484</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, July 1, 2016	<u>-</u>
FUND BALANCE, June 30, 2017	<u>\$ -0-</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
School Building Fund - District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

REVENUES

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

EXPENDITURES

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

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
423-710 Transfer to Debt Service Fund	<u> (11,146)</u>
Total other financing sources (uses)	<u> (11,146)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (11,146)

FUND BALANCE, July 1, 2016 794,263

FUND BALANCE, June 30, 2017 783,117

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
School Building Fund - Foundation
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2017

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ -
	<hr/>
Total local sources	-
	<hr/>
Total revenue all sources	-
	<hr/>

EXPENDITURES

250 Finance and operations services	
253 Facilities acquisition and construction	
500 Capital outlay	
520 Construction services	-
	<hr/>
Total expenditures	-
	<hr/>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES

FUND BALANCE, July 1, 2016	-
	<hr/>
FUND BALANCE, June 30, 2017	\$ -0-
	<hr/> <hr/>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenditures, and Changes in Retained Earnings
For Fiscal Year Ended June 30, 2017

REVENUES

1000 Revenue from local sources	
1600 Food service	
1610 Lunch sales to pupils	\$ (711)
1630 Special sales to pupils	110
1640 Lunch sales to adults	15,780
1650 Breakfast sales to adults	2
1660 Special sales to adults	313
1900 Other revenue from local sources	
1990 Miscellaneous local revenue	
1999 Revenue from other local sources	<u>13,045</u>
Total local sources	<u>28,539</u>
3000 Revenue from state sources	
3100 Restricted state funding	
3140 School lunch	
3142 Program aid	<u>23</u>
Total state sources	<u>23</u>
4000 Revenue from federal sources	
4800 USDA reimbursement	
4810 School lunch and after school snacks program	411,650
4830 School breakfast program	206,294
4900 Other federal sources	
4991 USDA commodities (Food distribution program)	<u>47,218</u>
Total federal sources	<u>665,162</u>
Total revenue all sources	<u>693,724</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenditures, and Changes in Retained Earnings
For Fiscal Year Ended June 30, 2017

EXPENDITURES

250 Finance and operations	
256 Food service	
100 Salaries	\$ 185,091
200 Employee benefits	5,685
300 Purchased services (excludes energy costs)	36,454
400 Supplies and materials (includes energy costs)	420,239
500 Capital outlay	15,628
600 Other objects	<u>1,817</u>
Total expenditures	<u>664,914</u>
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
432-791 Food Service Fund indirect costs	<u>-</u>
Total other financing sources (uses)	<u>-</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	28,810
RETAINED EARNINGS, July 1, 2016	<u>257,806</u>
RETAINED EARNINGS, June 30, 2017	<u><u>\$ 286,616</u></u>

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA**

Pupil Activity Fund

Balance Sheet

June 30, 2017

	<u>Student Activity Fund</u>
<u>ASSETS</u>	
Due from General Fund	\$ 20,549
Other receivables	<u>10,000</u>
 Total assets	 \$ <u><u>30,549</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Due to student organizations	\$ <u>30,549</u>
 Total liabilities	 <u>30,549</u>
FUND BALANCES	
 Total liabilities and fund balances	 <u><u>-0-</u></u> \$ <u><u>30,549</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Pupil Activity Fund
Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations
For Fiscal Year Ended June 30, 2017

RECEIPTS

1000 Receipts from local sources	
1700 Pupil activities	
1790 Other pupil activity income	\$ 182,517
1900 Other revenue from local sources	
1920 Contributions and donations from private sources	50,324
1990 Miscellaneous local revenue	
1999 Revenue from other local sources	<u>66,137</u>
Total receipts from local sources	<u>298,978</u>

DISBURSEMENTS

100 Instruction	
190 Instructional pupil activity	
600 Other objects	9,583
200 Support services	
270 Support services - pupil activity	
271 Pupil service activities	
100 Salaries	42,215
200 Employee benefits	12,595
660 Pupil activity	213,551
272 Enterprise activities	
660 Pupil activity	<u>27,760</u>
Total disbursements	<u>305,704</u>

OTHER FINANCING SOURCES (USES)

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

EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS (6,726)

DUE TO STUDENT ORGANIZATIONS, July 1, 2016 37,275

DUE TO STUDENT ORGANIZATIONS, June 30, 2017 \$ 30,549

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2017

<u>Program</u>	<u>Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>
Child development education program (CDEP)		3541	Overclaimed funds	\$ 22,261.39
Teacher supplies		3577	Overclaimed funds	<u>3,300.00</u>
				<u>\$ 25,561.39</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Capital Assets Used in Governmental Operations by Function
For the Fiscal Year Ended June 30, 2017

<u>Function</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Totals</u>
High school	\$ -	\$ 12,830,789	\$ 561,812	\$ 16,669	\$ 13,409,270
Elementary and middle school	882,080	14,506,391	89,078	-	15,477,549
Administration and services	-	1,831,558	129,484	171,997	2,133,039
Totals	<u>\$ 882,080</u>	<u>\$ 29,168,738</u>	<u>\$ 780,374</u>	<u>\$ 188,666</u>	<u>\$ 31,019,858</u>

<u>Function</u>	<u>Capital Assets July 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Capital Assets June 30, 2017</u>
High school	\$ 13,409,270	\$ -	\$ -	\$ 13,409,270
Elementary and middle school	15,477,549	-	-	15,477,549
Administration and services	2,133,039	-	-	2,133,039
Totals	<u>\$ 31,019,858</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 31,019,858</u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Highlights
For the Fiscal Year Ended June 30, 2017

The table on this page presents pupil cost based on the average daily attendance of 745. This table may be compared with the District's objectives and with other state and national statistics on schools:

	Per Pupil Cost (General Fund Expenditures) Based on 2016-2017 Average Daily Attendance
Instruction	\$ 5,697.54
Pupil services	436.58
Instructional staff services	850.78
Administration	1,729.48
Finance and operations	2,324.31
Central support	1,127.87
Pupil activities	368.14
Community services	76.56
Intergovernmental	<u>13.36</u>
Total	\$ <u><u>12,624.63</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

<u>LEA Subfund Code</u>	<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Total Expenditures</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through SC Department of Education:				
201	Title I grant to LEAs	84.010	17 TITLE I REG	\$ 402,993
207	CATE (Subprogram 4)	84.048	17 CATE	3,854
207	CATE (Subprogram 6)	84.048	17 CATE	4,037
207	CATE (Subprogram 11)	84.048	17 CATE	10,631
	Total 84. 048			<u>18,522</u>
Special Education Cluster:				
203	Individuals with disabilities education (IDEA)	84.027	17 IDEA	488,931
205	Preschool grants	84.173	17 IDEA PRE	30,330
	Total Special Education Cluster			<u>519,261</u>
224	21st century learning center program, Title IV	** 84.287C	17 21ST CENT	69,098
251	Rural and low-income school program, Title VI	84.358	17-REAP	2,072
267	Improving teacher quality - Mini grant	84.367	17 Title II-ITQ MINI	8,951
267	Improving teacher quality	84.367	17 Title II-ITQ	<u>73,916</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>1,094,813</u>
<u>U. S. DEPARTMENT OF DEFENSE</u>				
Passed through McCormick County				
100	AFJROTC	12.000	N/A	<u>45,876</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through SDE:				
Child nutrition cluster:				
Non-cash assistance (commodities):				
600's	National School Lunch Program	** 10.555	N/A	47,218
Cash assistance:				
600's	National School Lunch Program	** 10.555	N/A	411,650
600's	School Breakfast Program	** 10.553	N/A	<u>206,294</u>
Total for program (cluster)				<u>665,162</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>665,162</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 1,805,851</u>

**Denotes Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017**

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Relationship to Combined Financial Statements

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

(4) Relationship to Federal Financial Reports

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

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Location Reconciliation Schedule
For the Fiscal Year Ended June 30, 2017

<u>Location ID</u>	<u>Location Description</u>	<u>Education Level</u>	<u>Cost Type</u>	<u>Total Expenditures</u>
01	McCormick High School	High school	School	\$ 2,774,480
02	McCormick Middle School	Middle school	School	1,492,441
03	McCormick Elementary School	Elementary school	School	2,651,116
05	Vocational School	High school	School	1,813,252
06	Special Services	Non-school	Central	719,996
07	Transportation	Non-school	Central	82,968
10	District	Non-school	Central	3,435,675
20	Adult Education	Non-school	Central	31,423
49	Grant	Non-school	Central	318,127
80	Grant	Non-school	Central	6,951
99	District	Non-school	Central	<u>2,359,914</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				<u><u>\$ 15,686,343</u></u>
The above expenditures are reconciled to the District's financial statements as follows:				
	General Fund			\$ 9,405,337
	Special Revenue Funds (includes EIA)			2,677,916
	Debt Service Fund			2,632,472
	School Building Fund			-
	Proprietary Fund			664,914
	Trust and Agency Fund			<u>305,704</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				<u><u>\$ 15,686,343</u></u>

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended June 30, 2017

Financial Statement Findings

2016-001

Bank Statement Reconciliations

Condition: Bank statements for the various cash accounts were not fully reconciled and the general ledger was not appropriately adjusted on a timely basis.

Criteria: Internal accounting control requirements

Effect: Accounting personnel performed reconciliations of the bank statements regularly, but did not complete the reconciliations and did not adjust the general ledger appropriately. A strong system of internal accounting controls requires the timely and complete reconciliation of bank statements so that errors or irregularities, if any, are detected and addressed, and general ledger adjustments are made on a timely basis. During the audit process, significant adjusting entries were required so as to properly state cash balances.

Recommendation: Timely preparation of reconciliations of all bank statements should be performed, with such reconciliations reviewed by financial management on a timely basis. The general ledger should be adjusted so that cash account balances are properly stated.

Status: Bank statement reconciliations were completed on a timely basis. This comment is not repeated in the current year.

2016-002

Reconciliation of Funds Received and Cash Held with County Treasurer

Condition: Funds received for the Debt Service Fund through the County Treasurer and cash balances held with the County Treasurer were not reconciled on a timely basis throughout the entire fiscal year. A strong system of internal accounting controls requires timely reconciliation with records provided by the County Treasurer and the "Payments to Counties" report, so that revenue is accurately recorded and errors or irregularities, if any, are detected and addressed on a timely basis.

Criteria: Internal accounting control requirements

Effect: Accounting personnel did not reconcile information received from the County Treasurer for the Debt Service Fund, so as to adjust the general ledger appropriately. During the audit process, significant adjusting entries were made to properly recognize revenues received and cash held by the County Treasurer for the Debt Service Fund.

Recommendation: Timely reconciliation with the County Treasurer should be performed.

Status: Reconciliations of funds received and cash held were completed on a timely basis. This comment is not repeated in the current year.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings, continued

2016-003

Internal Control over Financial Reporting

- Condition:** Under current professional standards, the District is responsible for the internal control process which includes the preparation of financial statements in accordance with generally accepted accounting principles. This preparation of materially accurate financial statements will help the District to prevent, detect and correct potential misstatements in the financial statements or footnotes. The District made significant progress in improving the review process for amounts reflected in the financial statements. However, during the audit process numerous adjustments and corrections were made to the financial statements. In some entries, the amounts involved were material to the financial statements.
- Criteria:** The financial statement revisions made during the audit process constitute a material weakness in internal control under standards.
- Effect:** The District's independent auditors assist in the preparation of accurate financial statements and disclosures, but are not considered a part of the District's internal control process under newly-issued audit standards.
- Recommendation:** The condition, cause and effect described above are common to similar organizations. The District should continue to improve the review process for amounts reflected in the financial statements. The District should continue to employ individuals capable of thoroughly reviewing and accepting responsibility for proposed journal entries and the financial statements.
- Status:** The review process was fully implemented during the year. This comment is not repeated in the current year.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Prior Year Findings and Questioned Costs
For Fiscal Year Ended June 30, 2017

Federal Award Findings and Questioned Costs

2016-004

Requests for Grant Reimbursements

- Condition:** The District is responsible to request reimbursements for expenditures incurred in the operation of its federal programs. These reimbursement requests must be submitted on a timely basis and must be supported by appropriate documentation. The District did not submit timely requests for reimbursement for all of its IDEA expenditures during the year and, therefore, did not receive reimbursement for all such expenditures.
- Criteria:** Federal governmental agencies have guidelines regulating the grant application, award, cost reimbursement, and reporting for federal grant programs.
- Effect:** The District did not receive reimbursement of all of its expenditures. As a result, operational and other funds were used to cover shortfalls in its IDEA program.
- Recommendation:** The District should assign responsibility for the oversight of each federal and state grant to an individual who understands the specific guidelines for the grant. This individual should closely monitor all aspects of the grant, including reimbursement requests. The District should have processes in place to ensure that requests for reimbursement of grant funds are made on a timely basis.
- Status:** District federal program managers monitored programs in the SDE Grants Accounting Program in conjunction with the District finance department to ensure that budgeted funds have been expended and properly submitted for reimbursement. This comment is not repeated in the current year.

MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant weakness(es) identified that are not considered to be material weakness(es)? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant weakness(es) identified that are not considered to be material weakness(es)? _____ yes X no

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

Any audit findings disclosed that required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.287C	21 st Century Learning Center Program, Title IV
10.555	National School Lunch Program
10.553	National School Breakfast Program

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

Auditee qualified as low-risk auditee? _____ yes X no

**MCCORMICK SCHOOL DISTRICT NO. 1
MCCORMICK, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2017**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

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

Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McCormick School District No. 1 as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

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

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

Purpose of this Report

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

Martin Smith and Company CPAs PA

Greenville, South Carolina
November 6, 2017

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

Board of Trustees
McCormick School District No. 1
McCormick, South Carolina

Report on Compliance for Each Major Program

We have audited the compliance of McCormick School District No. 1 with the types of compliance requirements described in the United States Office of Management and Budget (“OMB”) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The District’s major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards.

Management’s Responsibility

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

Auditor’s Responsibility

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

Opinion

In our opinion, McCormick School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Internal Control Over Compliance

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

A deficiency in an entity’s internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the District’s internal controls. We noted no matters involving the internal control over compliance that we consider material weaknesses.

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

Purpose of this Report

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

Martin Smith and Company CPAs PA

Greenville, South Carolina
November 6, 2017