

**SOUTH CAROLINA PUBLIC CHARTER  
SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA**



**SOUTH CAROLINA  
PUBLIC CHARTER SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**

**COLUMBIA, SOUTH CAROLINA**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
South Carolina Public Charter School District  
Columbia, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, aggregate discretely presented component units and each major fund of the South Carolina Public Charter School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, Greenville Technical Charter High School, High Point Academy, Imagine Columbia Leadership Academy, Lead Academy, Lowcountry Leadership Charter School, Lowcountry Montessori School, Midlands Middle College, Midlands STEM Institute, NEXT High School, Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning, Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Connections Academy, Inc., South Carolina Science Academy, South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, Greenville Technical Charter High School, High Point Academy, Imagine Columbia Leadership Academy, Lead Academy, Lowcountry Leadership Charter School, Lowcountry Montessori School, Midlands Middle College, Midlands STEM Institute, NEXT High School, Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning, Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Connections Academy, Inc., South Carolina Science Academy, South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy are included in the District's basic financial statements as discretely presented component units and represent 95.35%, 71.78%, and 50.37% of the assets and deferred outflows, net position, and revenues, respectively, of the District's aggregate discretely presented component units.

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

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

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 and budgetary comparison schedule – General Fund, schedule of District's proportionate share of the net pension liability – SCRS, and schedule of District contributions – SCRS on pages 31-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017 on our consideration of the South Carolina Public Charter School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Carolina Public Charter School District's internal control over financial reporting and compliance.

*McGuire & Company, LLP*

Columbia, South Carolina  
December 22, 2017

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

Our discussion and analysis of the South Carolina Public Charter School District's financial performance provides an overview of the District's financial activities of the fiscal year ended June 30, 2017. Please read it in conjunction with the District's financial statements and the activities of its component unit schools (beginning on Page 9) and accompanying notes to those statements in order to better understand the District's financial performance as a whole.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and the notes to those statements that show information, first, for the District alone, exclusive of the Schools, and then both combining and disaggregated information of the component unit schools in the District. Subsequent statements show more details of specific financial activities. The Statement of Net Position and the Statement of Activities (pages 9 and 10) provide financial information of both a cumulative and a long-term nature. Fund financial statements (beginning on page 34) show a level of detail at the fund level. For governmental activities, these statements show how well the District financed its operations through its funds in the short-term and how much remains for future activities. The remaining statements present financial information about activities for which the District acts as an agent for the benefit of the schools in the District.

The District is unique in that it acts primarily as a conduit for the component unit schools that are chartered by the District. Each school in the District has a separate audit conducted for it. The component unit information contained in this report was obtained from their separately issued audited financial statements.

**FINANCIAL HIGHLIGHTS**

Major financial highlights for 2017 for the District excluding the schools include:

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,135,688 (net position). As a result of the adoption of Governmental Accounting Standards for Accounting and Financial Reporting for Pensions (Employers), the District now reflects a portion of the SC Retirement System's net pension liability on the Statement of Net Position. At June 30, 2017, the governmental type activities reported a net pension liability of \$3,548,512, resulting in an unrestricted net position of \$3,098,157 at that date. Without this liability, the governmental activities would have reported an unrestricted net position of \$5,604,883. This amount may be used to meet the government's ongoing obligations to students and creditors in accordance with the District's fund designation and fiscal policies.
- Total net position was \$3,135,688 at June 30, 2017. The balance represents a \$287,589 increase from the prior year. Net Position of governmental activities increased by approximately 10.10%. Unrestricted net position of governmental activities totaled \$3,098,157 for the current year end.
- Governmental funds reported a net increase of \$704,230 to the total fund balance all of which were in the General Fund.
- Governmental activities' expenses totaled \$188,629,840 for the current year. Expenses were comprised of \$107,452,014 for instruction, and \$81,177,826 for support services. Of the total expenses, \$184,900,274 is comprised primarily of payments to schools. Governmental activities' revenues from state and federal sources totaled \$185,354,299.

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While the District's financial statements contain a number of funds used to account for programs and activities provided to our schools, the Statement of Net Position and the Statement of Activities help provide the answer to the question, "How well did the District exclusive of the School's do financially in the 2016-2017 school year?" These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is paid or received. The schools in the District are shown in total under the caption "component units."

## **Statement of Net Position and the Statement of Activities (Continued)**

These two statements report the District's net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the changes in them. Over time increases or decreases in net position, reported in the Statement of Activities, are one indicator of whether the District and its schools' financial health is improving or deteriorating. Causes of these changes can be nonfinancial as well as financial. Some of the nonfinancial factors include variances of estimates in state growth, required educational programs and the quality of those programs, and other similar factors. These factors must be considered when assessing the overall health of the District and its component unit schools.

The Statement of Net Position and Statement of Activities are comprised of governmental activities consisting of support services provided to the schools and the administrative activities of the District itself.

### **Reporting the District's Most Significant Funds**

#### ***Fund Financial Statements***

The District's fund financial statements provide detailed information about the most significant funds of the District and the schools in the District. Some funds are established as required by state law while others are established to help it manage and direct money for particular purposes or to show that legal requirements for grants and other money are being met. The District's governmental funds used the following approaches:

- **Governmental Funds** - All of the District's services are reported in governmental funds. Government fund reporting focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements (pages 11 and 12).

### **THE DISTRICT AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the District and its component units as a whole and can be an indicator of a government's financial health if compared over a period of time. The following table provides a summary of the District's net position as of fiscal year end 2017 compared to 2016.

**THE DISTRICT AS A WHOLE (Continued)**

	<b>Net Position</b>			
	<b>Governmental Activities</b>		<b>Component Unit Activities</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>				
Current Assets	\$ 9,514,156	\$ 8,653,314	\$ 79,314,378	\$ 36,186,756
Noncurrent Assets	234,386	308,979	129,779,732	83,634,864
<b>Total Assets</b>	<b>9,748,542</b>	<b>8,962,293</b>	<b>209,094,110</b>	<b>119,821,620</b>
<b>Deferred Outflows of Resources</b>	<b>1,045,640</b>	<b>568,564</b>	<b>12,244,447</b>	<b>5,656,454</b>
<b>Liabilities</b>				
Current Liabilities	3,854,282	3,680,706	28,403,490	18,323,881
Long-Term Liabilities	3,800,358	2,997,243	183,392,249	102,425,358
<b>Total Liabilities</b>	<b>7,654,640</b>	<b>6,677,949</b>	<b>211,795,739</b>	<b>120,749,239</b>
<b>Deferred Inflows of Resources</b>	<b>3,854</b>	<b>4,809</b>	<b>1,566,212</b>	<b>1,528,989</b>
<b>Net Position</b>				
Net Investment in Capital Assets	37,531	55,310	2,147,469	2,835,674
Restricted	-	-	22,643,261	4,725,754
Unrestricted	3,098,157	2,792,789	(16,814,124)	(4,361,582)
<b>Total Net Position</b>	<b>\$ 3,135,688</b>	<b>\$ 2,848,099</b>	<b>\$ 7,976,606</b>	<b>\$ 3,199,846</b>

Overall, the District's net position increased by \$287,589 from the previous year. Unrestricted net position of governmental activities totaling \$3,098,157 represents the accumulated results of past years' operations. In other words, if the District were to pay off all bills as of June 30, 2017, we would have \$3,098,157 remaining. Unrestricted net position increased by \$305,368 from the preceding year's ending balance.

The District continues to monitor its expenditures closely and operate in a fiscally conservative manner to help minimize the effect of possible future budget cuts and limit declines in net position.

Total net position of the component units totaled \$7,976,606 as of June 30, 2017. Of this amount, unrestricted net position (deficit) of component unit activities totaled \$(16,814,124), restricted net position totaled \$22,643,261 and net investment in capital assets totaled \$2,147,469. Unrestricted net position decreased by \$12,452,542 from the preceding year's ending balance. The schools in the District have indicated that they are monitoring their expenditures closely and are operating in a fiscally conservative manner.

The results of this year's operations for the District as a whole and the combined results of the District's component unit schools are reported in the Statement of Activities. The following table takes information from that statement.

**THE DISTRICT AS A WHOLE (Continued)**

	<b>Changes in Net Position</b>			
	<b>Governmental Activities</b>		<b>Component Unit Activities</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>				
<b>Program Revenue:</b>				
Operating Grants	\$ 185,354,299	\$ 150,911,362	\$ 186,061,504	\$ 132,202,120
Charges for Services	3,497,722	2,794,066	1,212,009	26,284,372
<b>General Revenue:</b>				
Miscellaneous and Other	65,408	7,379	4,466,134	2,236,947
<b>Total Revenue</b>	<b>188,917,429</b>	<b>153,712,807</b>	<b>191,739,647</b>	<b>160,723,439</b>
<b>Functions/Program Expenses</b>				
Instruction	107,452,014	83,527,682	107,807,366	86,839,347
Support Services	81,177,826	68,470,149	77,704,387	67,676,546
<b>Total Expenses</b>	<b>188,629,840</b>	<b>151,997,831</b>	<b>185,511,753</b>	<b>154,515,893</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 287,589</b>	<b>\$ 1,714,976</b>	<b>\$ 6,227,894</b>	<b>\$ 6,207,546</b>

Net position of governmental activities increased by \$287,589 during the fiscal year ended June 30, 2017. The Component Unit's net position increased by \$6,227,894 from the prior year.

**Governmental Activities**

In South Carolina, basic public education is funded by estimating the cost to educate a student based on the defined program, times a weighting. The weighting is based on the grade classification of the student and any special mitigating condition the student may have. For the 2016-2017 school year, the South Carolina Public Charter School District's base student cost (BSC) was \$2,350 per weighted pupil unit. Virtual charter schools sponsored by the South Carolina Public Charter School District received \$1,900 per weighted pupil unit while brick and mortar charter schools sponsored by the same authorizer received \$3,600 per weighted pupil unit.

The Statement of Activities shows the cost of instructional services and the related charges for those services and any grants offsetting the cost of those services. The following table shows, for governmental activities, the total cost and net cost of services.

	<b>Governmental Activities</b>			
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Instruction	\$ 107,452,014	\$ 83,527,682	\$ 263,850	\$ 1,294,313
Support Services	81,177,826	68,470,149	(41,669)	413,284
<b>Total Expenses</b>	<b>\$ 188,629,840</b>	<b>\$ 151,997,831</b>	<b>\$ 222,181</b>	<b>\$ 1,707,597</b>

**THE DISTRICT'S FUNDS**

Information about the District's major funds begins on page 34. These funds use the modified accrual basis of accounting. As mentioned earlier, governmental funds reported an increase of \$704,230 in combined fund balance for the District office as authorizer and controlling authority over the schools. This balance will permit the District office to have some reserve for flexibility and contingency.

**General Fund Budgeting Highlights**

The District's budget is prepared according to South Carolina law and special legislation unique to the District. The District's budget is based on the number of projected students for each school, with specific formulas for the District's percentage of flow through funds.

## **ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES, AND OTHER MATTERS**

The 2017-2018 school year marks the tenth academic year for the South Carolina Public Charter School District. After a planning year in 2007, the District opened its first schools in 2008. As of the October 23, 2017 the District has a total of 26,046 students. The staff of the District office consists of 19 full and part time individuals to oversee the 39 schools in operation for the 2017-2018 school year. The District's objectives are to authorize great charter schools, ensure access and equity for all students, and create the conditions for high-quality charter schools to thrive in the state.

The members of the Board of Directors of the South Carolina Public Charter School District take seriously their stewardship of state resources and their charge as a provider of public education. The Board members of the District review charter applications, grant charters, and oversee the accountability and public stewardship of the schools in the District. The Board's oversight includes the legal right and responsibility to not renew or revoke a charter if necessary. This emphasis on accountability to the public and for the public is a hallmark of public charter schools.

The District continues to focus on developing and implementing best practices through an evaluative performance framework to give its schools a clearer picture of organizational health. The bar continues to be raised in terms of the quality of schools, with the Board and staff carefully scrutinizing applications for new schools.

### ***Current Financial Framework***

While it has improved in recent years, the District continues to seek a long-term funding solution from the political leadership of the State that will provide for equitable funding for students of the District. Local money for educating the children of the District continues to remain in the local school district where the child resides.

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

This financial report is designed to provide our citizens, taxpayers, and creditors 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 Director of Finance, S.C. Public Charter School District, 3710 Forest Drive, Suite 201, Columbia, SC 29204.

**FINANCIAL SECTION**

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	<b>Primary Governmental Activities</b>	<b>Component Units</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 3,440,202	\$ 67,935,590
Investments	2,008,364	3,873,481
Restricted Cash	-	3,021,065
Due from Federal Agencies	2,800,944	-
Due from State Department of Education	302,663	-
Due From Other Governmental Units	-	3,240,035
Due from Other Funds	-	40,641
Other Receivables	42,087	404,885
Deposits	-	213,226
Prepaid Items	919,896	585,455
	<b>9,514,156</b>	<b>79,314,378</b>
<b>Total Current Assets</b>		
<b>Noncurrent Assets</b>		
Other Assets	-	353,314
Note Receivable	-	3,500,000
Bond Reserve Fund	-	2,748,365
Capital Assets, Net of Accumulated Depreciation	234,386	123,178,053
	<b>234,386</b>	<b>129,779,732</b>
<b>Total Noncurrent Assets</b>		
<b>Total Assets</b>		
	<b>9,748,542</b>	<b>209,094,110</b>
<b>Deferred Outflows of Resources</b>		
Net Pension Deferrals	1,045,640	12,244,447
	<b>1,045,640</b>	<b>12,244,447</b>
<b>Total Deferred Outflows of Resources</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	200,595	14,323,652
Due to Federal Agencies	8,252	-
Due to State Department of Education	122,855	-
Due to Other Governmental Units	2,985,956	-
Due to Related Parties	-	5,278,088
Due to Student Groups	-	259,815
Unearned Revenue	462,846	1,894,455
Due Within One Year:		
Compensated Absences	15,236	9,367
Capital Leases Due	58,542	604,345
Bonds Payable	-	569,062
Line of Credit	-	401,560
Notes Payable	-	5,063,146
	<b>3,854,282</b>	<b>28,403,490</b>
<b>Total Current Liabilities</b>		
<b>Noncurrent Liabilities</b>		
Due in More than One Year:		
Compensated Absences	113,533	54,330
Net Pension Liability	3,548,512	38,512,029
Capital Leases	138,313	32,038,284
Bonds Payable	-	57,623,869
Notes Payable	-	55,163,737
	<b>3,800,358</b>	<b>183,392,249</b>
<b>Total Noncurrent Liabilities</b>		
<b>Total Liabilities</b>		
	<b>7,654,640</b>	<b>211,795,739</b>
<b>Deferred Inflows of Resources</b>		
Net Pension Deferrals	3,854	1,566,212
	<b>3,854</b>	<b>1,566,212</b>
<b>Total Deferred Inflows of Resources</b>		
<b>Net Position</b>		
Net Investment in Capital Assets	37,531	2,147,469
Restricted	-	22,643,261
Unrestricted	3,098,157	(16,814,124)
	<b>\$ 3,135,688</b>	<b>\$ 7,976,606</b>
<b>Total Net Position</b>		

The accompanying notes are an integral part of these financial statements.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position	
				Primary Government Governmental Activities	Component Units
Primary Government:					
Governmental Activities					
Instruction	\$ 107,452,014	\$ -	\$ 107,715,864	\$ 263,850	
Support Services	81,177,826	3,497,722	77,638,435	(41,669)	
<b>Total Governmental Activities</b>	<u>188,629,840</u>	<u>3,497,722</u>	<u>185,354,299</u>	<u>222,181</u>	
Component Units:					
Charter Schools	185,511,753	1,212,009	186,061,504		\$ 1,761,760
<b>Total Component Units</b>	<u>185,511,753</u>	<u>1,212,009</u>	<u>186,061,504</u>		<u>1,761,760</u>
General Revenues:					
Sale of Capital Assets				-	47,842
Investment Earnings				-	29,052
Miscellaneous				65,408	4,389,240
<b>Total General Revenues</b>				<u>65,408</u>	<u>4,466,134</u>
<b>Change in Net Position</b>				287,589	6,227,894
<b>Net Position, Beginning of Year</b>				<u>2,848,099</u>	<u>1,748,712</u>
<b>Net Position, End of Year</b>				<u>\$ 3,135,688</u>	<u>\$ 7,976,606</u>

The accompanying notes are an integral part of these financial statements.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**

**COLUMBIA, SOUTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**JUNE 30, 2017**

	General Fund	Special Revenue Funds		Total Governmental Funds
		Special Projects	Education Improvement Act	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 3,440,202	\$ -	\$ -	\$ 3,440,202
Investments	2,008,364	-	-	2,008,364
Due from Federal Agencies	-	2,800,944	-	2,800,944
Due from State Department of Education	-	229,576	73,087	302,663
Due from Other Funds	-	-	878,534	878,534
Other Receivables	6,020	310	35,757	42,087
Prepaid Items	899,485	17,411	3,000	919,896
<b>Total Assets</b>	<b>\$ 6,354,071</b>	<b>\$ 3,048,241</b>	<b>\$ 990,378</b>	<b>\$ 10,392,690</b>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	\$ 200,595	\$ -	\$ -	\$ 200,595
Due to Federal Agencies	-	8,252	-	8,252
Due to State Department of Education	-	275	122,580	122,855
Due to Other Governmental Units	757	2,577,320	407,879	2,985,956
Due to Other Funds	419,067	459,467	-	878,534
Unearned Revenue	-	2,927	459,919	462,846
<b>Total Liabilities</b>	<b>620,419</b>	<b>3,048,241</b>	<b>990,378</b>	<b>4,659,038</b>
<b>Fund Balances</b>				
Non-Spendable				
Prepaid Expenses	899,485	-	-	899,485
Unassigned	4,834,167	-	-	4,834,167
<b>Total Fund Balances</b>	<b>5,733,652</b>	<b>-</b>	<b>-</b>	<b>5,733,652</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,354,071</b>	<b>\$ 3,048,241</b>	<b>\$ 990,378</b>	<b>\$ 10,392,690</b>
Total Governmental Fund Balances				\$ 5,733,652

Amounts reported for in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of capital assets is \$474,885 and the accumulated depreciation is \$240,499.	234,386
Deferred Outflows (Inflows) resulting from the recognition of the employer's share of the state's net pension liability are not current financial resources; therefore, they are not reported on the fund financial statements.	1,041,786
Long-term liabilities, including compensated absences \$128,769, capital leases \$196,855 and net pension liability \$3,548,512 are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(3,874,136)</u>
Net Position of Governmental Activities	<u>\$ 3,135,688</u>

The accompanying notes are an integral part of these financial statements.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**

**COLUMBIA, SOUTH CAROLINA**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Funds		Total Governmental Funds
		Special Projects	Education Improvement Act	
<b>Revenues</b>				
Local Sources	\$ 65,408	\$ -	\$ -	\$ 65,408
Intergovernmental	3,497,722	-	-	3,497,722
State Sources	87,141,223	2,736,095	87,891,471	177,768,789
Federal Sources	-	7,585,510	-	7,585,510
<b>Total Revenues</b>	<b>90,704,353</b>	<b>10,321,605</b>	<b>87,891,471</b>	<b>188,917,429</b>
<b>Expenditures</b>				
Current:				
Support Services	2,771,526	436,954	36,001	3,244,481
Intergovernmental	87,160,153	9,884,651	87,855,470	184,900,274
Capital Outlay	68,444	-	-	68,444
<b>Total Expenditures</b>	<b>90,000,123</b>	<b>10,321,605</b>	<b>87,891,471</b>	<b>188,213,199</b>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<b>704,230</b>	<b>-</b>	<b>-</b>	<b>704,230</b>
<b>Net Change in Fund Balances</b>	<b>704,230</b>	<b>-</b>	<b>-</b>	<b>704,230</b>
<b>Fund Balance July 1, 2016</b>	<b>5,029,422</b>	<b>-</b>	<b>-</b>	<b>5,029,422</b>
<b>Fund Balance June 30, 2017</b>	<b>\$ 5,733,652</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,733,652</b>

Total Change in Fund Balances - Governmental Funds \$ 704,230

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 are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$74,593 exceeded capital outlay of \$0 during the period. (74,593)

Capital lease payments are an expenditure in the governmental funds, but the repayment reduces the outstanding capital lease obligations in the statement of net position. 56,814

In the statement of activities, certain operating expenses - compensated absences (vacation and sick pay) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick pay earned exceeded the amounts used. (17,497)

In the statement of activities, retirement expense is measured by the District's proportionate share \$528,153 of the SCRS total pension expense. In the governmental fund, however, the expenditure for retirement is measured by the current contributions to the retirement system \$146,788. The amount presented is the difference in the accounting for these costs during the current year. (381,365)

Change in Net Position of Governmental Activities \$ 287,589

The accompanying notes are an integral part of these financial statements.

## SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Carolina Public Charter School District (the District) was created by an Act of the General Assembly of the State of South Carolina and organized under the South Carolina Charter School Act. The District was created in 2007 through the passing of the South Carolina Charter School Act. The District's schools include both traditional brick-and-mortar schools, as well as virtual schools, all of which operate in the State of South Carolina.

#### A. Reporting Entity

The District's financial statements include all funds over which the Board is considered to be financially accountable. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. The District is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by governmental accounting standards. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters.

In general, any reference to the District in these financial statements is meant to reference the District as a stand alone entity and not the component unit schools that operated within the District.

***Discretely Presented Component Units*** - Component units are legally separate organizations for which the District is fiscally accountable. There are thirty-five charter schools in the District, Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, Greenville Technical Charter High School, High Point Academy, Imagine Columbia Leadership Academy, Lead Academy, Lowcountry Leadership Charter School, Lowcountry Montessori School, Midlands Middle College, Midlands STEM Institute, NEXT High School (two campus'), Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning (formerly Provost Academy South Carolina), Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Calvert Academy, South Carolina Connections Academy, Inc., South Carolina Science Academy, South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy, which are considered to be component units, because the District approved their charters and provides the majority of the funding for them.

Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, Greenville Technical Charter High School, High Point Academy, Imagine Columbia Leadership Academy, Lead Academy, Lowcountry Leadership Charter School, Lowcountry Montessori School, Midlands Middle College, Midlands STEM Institute, NEXT High School (two campus'), Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning (formerly Provost Academy South Carolina), Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Calvert Academy, South Carolina Connections Academy, Inc., South Carolina Science Academy, South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy, are public charter schools, based on the guidelines of the South Carolina Charter Schools Act of 1996. The charter schools exclusively serve the District and the charter schools' authorization remains under the jurisdiction of the District's Board of Trustees and the District Superintendent.

South Carolina State Department of Education reporting regulations require that charter schools be discretely presented in the basic financial statements and therefore, are not included in the supplementary schedules. The District has complied with this reporting format and the supplementary schedules for each individual charter school are included in their respective audited financial statements.

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **B. Basis of Presentation**

The Governmental Accounting Standards Board issued guidance on determining the Financial Reporting Entity. Effective for the period beginning after June 15, 2012, the guidance determines whether certain organizations (such as parent-teacher organizations, foundations and athletic booster clubs) for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The District has determined that there are no support entities that meet the requirements for inclusion as a discretely component unit.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The statements of the District are presented as follows:

**Government-Wide Financial Statements** - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District and the aggregate financial activities of all component units. For the most part, the effect of interfund activity has been removed from these statements. The District's activities are governmental activities generally financed through intergovernmental revenues and other non-exchange transactions.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements include a reconciliation, with brief explanations, to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. 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.

**Fund Financial Statements** - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District has no non-major funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

### **C. Measurement Focus and Basis of Accounting**

#### **Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are governmental in nature.

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### C. **Measurement Focus and Basis of Accounting** (Continued)

#### **Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The general fund and special revenue funds are the District's major governmental funds and are described as follows:

**General Fund** - to account for all financial transactions not properly accounted for in another fund. The District uses this fund to account for expenditures principally for administration, pupil services, operation, maintenance of plant and related fixed charges and flow through funding for schools.

**Special Revenue Funds** - to account for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes for the District's schools or for District administration of certain programs. The School District has two special revenue funds:

- 1) The Education Improvement Act (EIA) Fund, a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.
- 2) Special Projects Fund, a budgeted fund used to account for financial resources provided by federal, state, and local projects and grants.

#### **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of its fiscal year-end.

The District follows the Governmental Accounting Standards for, Accounting and Financial Reporting for Non-Exchange Transactions, to account for non-exchange revenues. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, grants, student fees and rentals.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period are also reported as unearned revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Measurement Focus and Basis of Accounting** (Continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

D. **Assets, Liabilities and Equity**

**Cash and Cash Equivalents** - The District may have cash presented on the financial statements which include cash held in local financial institutions and certificates of deposit held in local financial institutions. The District considers cash equivalents to be those with a maturity of six months or less.

**Receivables and Payables** - During the course of operations, numerous transactions occur between individual funds and between the District and vendors for goods provided or services rendered. On fund financial statements, these receivables and payables, if containing a balance at the end of the fiscal year, are classified as "due from other funds" or "accounts receivable" or "due to other funds" or "accounts payable" on the balance sheet. The fund amounts are eliminated in the governmental activities column of the statement of net position.

**Prepaid Items** - Payments made to vendors for services benefiting future periods, if any, are recorded as prepaid items in both government-wide and fund financial statements 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.

**Capital Assets** - Capital 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, if any, are recorded at their fair market values as of the date received. 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 expensed.

All reported capital assets are depreciated other than land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Furniture and Equipment	5 Years
Software	3 Years

**Unearned Revenue** - Unearned revenues in the governmental funds include amounts received from grant and contract sponsors that have not yet been earned. These unearned revenues from grants are considered to be a liability to the District rather than deferred inflows of resources since the eligibility requirements of the grants have not been met.

**Compensated Absences** - The District reports compensated absences in accordance with the provisions of Governmental Accounting Standards. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. **Assets, Liabilities and Equity** (Continued)

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. The entire compensated absence liability attributable to all School District employees is reported on the government-wide financial statements. Generally, annual (vacation) leave may be accumulated (for eligible full-time permanent or probationary) up to a maximum of forty-five days.

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items that qualify for reporting in this category. For the items related to the District's proportionate share of the SCRS net pension liability, see Note 6 for Pension Plans.

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 District has one item reported in the government-wide statement of net position in relation to its proportionate share of the SCRS net pension liability, see Note 6 for Pension Plans.

**Pensions** - The Governmental Accounting Standards Board (GASB) issued guidance on Accounting and Financial Reporting for Pension Plans in June 2012. The disclosure requirements applicable to employers participating in the South Carolina Retirement System or the Police Officers Retirement System are prescribed in the standards. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System and additions to/deductions from the South Carolina Retirement System's fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balances and Net Position** - The District follows Governmental Accounting Standards regarding Fund Balance Reporting and Governmental Fund Type Definitions. There are five classifications of governmental fund balances: nonspendable, restricted, committed, assigned and unassigned. Where applicable, these classifications are presented on the face of the governmental funds balance sheet.

For the government-wide financial statements, the District applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net assets are available. For the governmental funds financial statements, the District applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### D. **Assets, Liabilities and Equity** (Continued)

#### ***Fund Balances and Net Position*** (Continued)

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District reports the residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources to be reported as net position rather than as net assets in a statement of financial position.

The District has elements of the statement of financial position that require to be reported as deferred outflows or deferred inflows of resources at June 30, 2017. These elements relate to the pension liability.

***Use of Estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the District's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

***Budgetary Accounting*** - As required by state law and as promulgated by the State Department of Education, an annual operating budget is adopted for the general fund. When the Board adopts the budget, it is adopted at the fund, function and departmental level of budgetary control as presented in the accompanying financial statements. Because expenditures may not legally exceed budgeted appropriations, supplemental budget appropriations are made by the Board for expenditures exceeding total appropriations within the legal level of control. The legal level of control is at the fund level.

The general fund budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, which is consistent with actual financial statement results, including significant accruals to provide meaningful comparisons.

## 2. **CASH AND INVESTMENTS**

The District is authorized by South Carolina state law to invest in the following types of investments:

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. Banks and savings and loan associations to the extent they are guaranteed by the Federal Deposit Insurance Corporation.
4. Deposits in certificates of deposit where the certifications are collaterally secured by securities of the type described in (1) and (2) above held by a third party as an escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest.
5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina State laws).
6. Repurchase agreements.

At June 30, 2017, the carrying amount of the District's deposits was \$3,440,202 and the bank balance was \$3,866,606.

At June 30, 2017, the District had investments that included certificates of deposits held in an account with BB&T Scott & Stringfellow, a division of BB&T Securities, LLC. The initial investment of \$2,000,000 was divided among eight certificates of deposit, each held at separate banks for \$250,000. The interest rates ranges from .85% to 1.65%. The maturities vary and range from nine to twenty-four months. Interest on the certificates of deposit are included in a separate account as part of the Insured Deposit Program. These monies are held in interest-bearing deposit accounts at Branch Banking & Trust Company and are eligible for FDIC insurance coverage per depositor per institution. The total amount of investments at June 30, 2017 was \$2,008,364. The amount on deposit does not exceed FDIC insurance.

**2. CASH AND INVESTMENTS** (Continued)

**Custodial Credit Risk** - Custodial credit risk is the risk that the District's deposits will not be returned to it. At June 30, 2017, all of the District's deposits were collateralized with securities held by the pledging financial institution's trust department or its agent, and in the District's name or insured by the Federal Deposit Insurance Corporation. Management believes there is no significant custodial credit risk associated with these deposits.

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

**Interest Rate Risk** - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**3. DUE FROM STATE DEPARTMENT OF EDUCATION AND FEDERAL AGENCIES**

Intergovernmental receivables at June 30, 2017 consisted primarily of reimbursable expenditures. All governmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal revenues.

**Governmental Activities**

**Due from Federal Agencies**

Title I	\$ 1,578,485
IDEA	1,049,895
C.A.T.E.	102,024
Improving Teacher Quality	59,469
21st Century Community Learning Centers	11,071

**Total Due from Federal Agencies**

\$ 2,800,944

**Due from State Department of Education**

EIA	\$ 73,087
Other	229,576

**Total Due from State Department of Education**

\$ 302,663

Governmental funds report unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

#### 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 01, 2016	Additions/ Transfers	Disposals/ Transfers	Balance, June 30, 2017
<b>Governmental Activities</b>				
<b>Capital Assets, Being Depreciated</b>				
Furniture and Equipment	\$ 385,179	\$ -	\$ -	\$ 385,179
Leasehold Improvements	5,018	-	-	5,018
Software	84,688	-	-	84,688
<b>Total Capital Assets at Historical Costs</b>	<b>474,885</b>	<b>-</b>	<b>-</b>	<b>474,885</b>
<b>Less Accumulated Depreciation</b>				
Furniture and Equipment	79,617	73,757	-	153,374
Leasehold Improvements	1,603	836	-	2,439
Software	84,686	-	-	84,686
<b>Total Accumulated Depreciation</b>	<b>165,906</b>	<b>74,593</b>	<b>-</b>	<b>240,499</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$ 308,979</b>	<b>\$ (74,593)</b>	<b>\$ -</b>	<b>\$ 234,386</b>

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities</b>	
Support Services	<u>\$ 74,593</u>
<b>Total Governmental Activities</b>	<u><u>\$ 74,593</u></u>

#### 5. LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2017 consist of capital lease obligations and compensated absences. A summary of changes in long-term obligations is as follows:

	Amounts Outstanding June 30, 2016	Additions	Deletions	Amounts Outstanding June 30, 2017	Amounts Due in One Year
Capital Lease Obligations	\$ 111,272	\$ 17,497	\$ -	\$ 128,769	\$ 15,236
Compensated Absences	253,669	-	56,814	196,855	58,542
<b>Total</b>	<u><u>\$ 364,941</u></u>	<u><u>\$ 17,497</u></u>	<u><u>\$ 56,814</u></u>	<u><u>\$ 325,624</u></u>	<u><u>\$ 73,778</u></u>

The District's capital lease obligation is reported in the government-wide statement of net position at the present value of the future minimum lease payments as of June 30, 2017. The minimum lease obligation and net present value of these minimum lease payments as of June 30, 2017, are as follows:

## 5. LONG-TERM OBLIGATIONS

Year Ending June 30,	
2018	\$ 63,807
2019	63,807
2020	63,807
2021	<u>15,950</u>
Total Minimum Lease Payments	207,371
Less: Amount Representing Interest	<u>(10,516)</u>
<b>Present Value of Net Minim Lease Payments</b>	<b><u>\$ 196,855</u></b>

## 6. RETIREMENT BENEFITS

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 eleven member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustees 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.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

### ***Plan Descriptions***

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 SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

### ***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.

## **6. RETIREMENT BENEFITS** (Continued)

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

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

### **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 the benefit terms for each system is presented below.

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

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

### **Contributions**

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 the SCRS employer and employee contribution rates, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

**6. RETIREMENT BENEFITS** (Continued)

Required employee contribution rates, as calculated on earnable compensation as defined by Title 9 of the South Carolina Code of Laws, are as follows:

	2017	2016
<b>SCRS</b>		
Employee Class Two	8.66%	8.16%
Employee Class Three	8.66%	8.16%
<b>State ORP Employee</b>	8.66%	8.16%

Required employer contribution rates, as calculated on earnable compensation as defined by Title 9 of the South Carolina Code of Laws, are as follows:

	2017	2016
<b>SCRS</b>		
Employer Class Two	11.41%	10.91%
Employer Class Three	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
<b>State ORP</b>		
Employer Contribution**	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%

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

The District's contributions to the SCRS and ORP for the last three fiscal years were as follows:

	2017	2016	2015
<b>SCRS</b>			
Employee Contributions	\$ 87,920	\$ 123,836	\$ 93,689
Employer Contributions	115,838	165,571	125,894
Employer Incidental Death Benefit Contributions	1,523	2,276	1,757
Employer Retiree Insurance Surcharge	54,112	80,888	58,555
<b>ORP</b>			
Employee Contributions	\$ 38,847	\$ 13,576	\$ 23,401
Employer Contributions	28,754	18,151	31,445
Employer Incidental Death Benefit Contributions	673	250	439
Employer Retiree Insurance Surcharge	23,909	8,867	14,626

The District contributed 100% of the required contributions for the current year and each of the two preceding years.

**Actuarial Assumptions and Methods**

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. 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.

**6. RETIREMENT BENEFITS** (Continued)

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. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50% to 7.25%. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50%. The newly adopted assumptions and methods will be first used to perform the July 1, 2016, actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017 measurement date.

The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by the 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 plans 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:

Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	3.50% to 12.50% (varies by service)
Includes Inflation at	2.75%
Benefit Adjustments	Lesser of 1.00% or \$500 annually

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 is 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-200 Males (with Blue Collar Adjustment) Multiplied by 115%	RP-200 Females (with Blue Collar Adjustment) Multiplied by 115%

***Net Pension Liability***

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 is presented below.

6. **RETIREMENT BENEFITS** (Continued)

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.90%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 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.

**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 market outlook at the end of the third quarter 2015. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the 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% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
<b>Global Equity</b>	<b>43.00%</b>		
Global Public Equity	34.00%	6.52%	2.22%
Private Equity	9.00%	9.30%	0.84%
<b>Real Assets</b>	<b>8.00%</b>		
Real Estate (Broad Market)	5.00%	4.32%	0.22%
Commodities	3.00%	4.53%	0.13%
<b>Opportunistic</b>	<b>20.00%</b>		
GTAA/Risk Parity	10.00%	3.90%	0.39%
HF (Low Beta)	10.00%	3.87%	0.39%
<b>Diversified Credit</b>	<b>17.00%</b>		
Mixed Credit	5.00%	3.52%	0.17%
Emerging Markets Debt	5.00%	4.91%	0.25%
Private Debt	7.00%	4.47%	0.31%
<b>Conservative Fixed Income</b>	<b>12.00%</b>		
Core Fixed Income	10.00%	1.72%	0.17%
Cash and Short Duration (Net)	2.00%	0.71%	0.01%
Total Expected Real Return	<u>100.0%</u>		5.10%
Inflation for Actuarial Purposes			<u>2.75%</u>
<b>Total Expected Nominal Return</b>			<u><u>7.85%</u></u>

**6. RETIREMENT BENEFITS** (Continued)

**Discount Rate**

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

**Sensitivity Analysis**

The following table presents the collective net pension liability of the District calculated using the discount rate of 7.50%, as well as what the Districts' net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

	<b>1.00% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1.00% Increase (8.50%)</b>
<b>School District's Proportionate Share of the Net Pension Liability</b>	<u>\$ 4,426,672</u>	<u>\$ 3,548,512</u>	<u>\$ 2,817,477</u>

As of June 30, 2017, the District had \$26,003 in payables outstanding to the pension plans for its legally required contributions.

**Pension Liabilities**

At June 30, 2017, the District reported a liability of \$3,548,512 for its proportionate share of the net pension liability for the SCRS. The net pension liability of each defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2015, using membership as of that date projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2016. The districts proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2016 measurement date, the District's proportions were 0.016613% for SCRS.

For the year ended June 30, 2017, the District recognized pension expense of \$528,153.

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

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Funding Experience	\$ 36,784	\$ 3,854
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	298,544	-
Changes in Proportions and Differences Between District Contributions and Proportionate Share of Contributions	563,524	-
District Contributions Subsequent to the Measurement Date	146,788	-
	<u>\$ 1,045,640</u>	<u>\$ 3,854</u>

The amount of \$146,788 for SCRS reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

**6. RETIREMENT BENEFITS** (Continued)

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.116 years for SCRS. The difference between each year's expected and actual funding experience and the changes in proportionate share are required to be amortized over 4.116 years. However, the difference between each year's projected and actual investment earnings is required to be amortized over a closed, 5 year period.

<b>Measurement Period Ending June 30,</b>	
2018	\$ 204,620
2019	204,620
2020	204,620
2021	204,620
2022	76,518
<b>Net Balance of Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 894,998</b>

***Additional Financial and Actuarial Information***

Information contained in these Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (Schedules) was extracted from the audited financial statements of the South Carolina Retirement Systems for the fiscal year ended June 30, 2016. Additional financial information supporting the preparation of the Schedules (including the unqualified audit opinion on the financial statements and required supplementary information) is located in the Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**7. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Deferred Compensation Plans**

The District employees may participate in the 457 and/or 401(k) deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party. There are no employer contributions made by the District to these plans.

**Post-Employment Benefits Other Than Pensions**

In accordance with the South Carolina Code of Laws and the Annual Appropriations Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the District are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least twenty years of service. They must meet one or more of the eligibility requirements: age, length of service or hire date. Generally, those who retire must have at least ten years of retirement service credit to qualify for these state-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

The benefits are provided through annual State appropriations by the General Assembly to the District for its active employees and to the South Carolina Public Employee Benefit Authority for all participating State retirees except for portions funded through the pension surcharge and provided from other fund sources of the District for its active employees who are not funded by the State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

As discussed in Note 6, the District paid \$78,021 applicable to the 5.33% surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Offices of Insurance Services for retiree health and dental insurance benefits.

**7. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS** (Continued)

Information regarding the cost of insurance benefits applicable to the District's retirees is not available. By State law, the District has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

**8. INTERFUND ACTIVITY**

Inter-fund receivables and payables are temporary loans between the funds and are subject to elimination in the government-wide statements.

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

	<b>General Fund</b>	<b>Special Projects</b>	<b>EIA Fund</b>	<b>Total</b>
<b>Due From:</b>				
General Fund	\$ -	\$ -	\$ 419,067	\$ 419,067
Special Projects	-	-	459,467	459,467
	-	-	878,534	878,534
<b>Due to:</b>				
EIA Fund	419,067	459,467	-	878,534
	419,067	459,467	-	878,534
	\$ (419,067)	\$ (459,467)	\$ 878,534	\$ -

**9. RISK MANAGEMENT**

The South Carolina Public Charter School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District pays premiums to a commercial insurer for general liability, property, worker's compensation and employee health and accident insurance.

The District believes coverages are sufficient for all reasonable risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage.

**10. FUND BALANCES AND NET POSITION**

The fund balances/net position and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

***Governmental Fund Financial Statements***

Fund Balance - Nonspendable - balances that by their nature are unable to be spent.

Fund Balances - Restricted - balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation.

Fund Balances - Committed - balances that can only be used for the specific purpose determined by the Board. The Board must take a formal action during one of its meetings to establish, modify, or commit funds under the committed classification.

Fund Balances - Assigned - balances meant to be used for a specific purpose but don't meet the criteria as restricted or committed. For the District, the Board or any other governing authority above the Board may assign fund balances by formal action such as local school board vote, ordinance or law.

Fund Balances - Unassigned - balances that are spendable amounts not contained in other classifications.

**10. FUND BALANCES AND NET POSITION** (Continued)

**Government-Wide and Proprietary Fund Financial Statements**

Net Investment in Capital Assets - represents the net cost less accumulated depreciation and outstanding debt less unexpended proceeds attributable to the investment in capital assets.

Restricted Net Position - represents net position restricted externally by creditors, grantors, contributors or laws and regulations of other governments; or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - represents the remainder of the District's net position government-wide.

**11. OPERATING LEASE**

The District has an operating lease for office space. The lease commenced on September 1, 2013, and was to expire on August 31, 2018. However, on September 1, 2015, the District amended the lease agreement to increase the rented square footage from 9,560 to 11,304. The amended lease commenced on January 1, 2016 and will expire on July 31, 2020. Lease expense for the year ended June 30, 2017, totaled \$183,690.

Future minimum lease payments under the operating lease in excess of one year are:

<b>Year Ending June 30,</b>	
2018	\$ 190,755
2019	196,407
2020	202,059
2021	<u>16,956</u>
<b>Total Future Minimum Lease Payments</b>	<b><u>\$ 606,177</u></b>

**12. COMMITMENTS AND CONTINGENCIES**

**Contingencies** - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

From time to time, the District may be party to various lawsuits arising out of the normal conduct of its operations. In the opinion of the District's management, the ultimate effect of these legal matters, if any, will not have a material adverse effect on the District's financial position.

The operations of the District are subject to administrative directives and rules and regulations of its federal and state funding sources. Such administrative directives, rules, regulations and funding levels are subject to change with little notice.

**13. SUBSEQUENT EVENTS**

In June 2017, the Board of Trustees for the South Carolina Public Charter School District approved a 1% reduction in the authorizing fee for 7 schools that are in good standing and earned the "School of Distinction" designation for fiscal year 2016-2017. The 1% fee reduction took effect for fiscal year 2017-2018 and can be revoked by the District at any point throughout the fiscal year.

On July 1, 2017, the District added 6 schools to its portfolio. Brashier Middle College, Greer Middle College, Legacy Early College, and the Meyer Center for Special Children all transferred from Greenville County School District while GREEN Charter School of the Midlands and Mevers School of Excellence were new schools approved to open by the Board of Trustees.

### **13. SUBSEQUENT EVENTS**

On November 30, 2017, the Board of Trustees approved the transfer application for five schools. These five schools will transfer from the District to the Erskine Charter Institute effective July 1, 2018. The five schools approved to transfer are: Royal Live Oaks Academy, Mevers School of Excellence, Gray Collegiate Academy, Oceanside Collegiate Academy, and Coastal Leadership Academy.

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

### **14. COMPONENT UNIT INFORMATION**

Imagine Columbia Leadership Academy and South Carolina Calvert Academy were closed effective June 30, 2017. South Carolina Calvert Academy did not complete an audit for fiscal year ended June 30, 2017. Therefore, the school's audited financial statement information is not included in the component units presented herein.

Complete financial statements of the member schools of the District can be obtained by contacting:

#### **14. COMPONENT UNIT INFORMATION (Continued)**

Bridges Preparatory School  
1100 Boundary Street  
Beaufort, SC 29902

Calhoun Falls Charter School  
205 Edgefield Street  
Calhoun Falls, SC 29628

Cape Romain Environmental Education Charter School  
1011 Old Cemetary Road  
McClellanville, SC 29458

Coastal Leadership Academy  
3710 Palmetto Pointe Boulevard  
Myrtle Beach, SC 29588

Cyber Academy of South Carolina  
330 Pelham Road, Suite 101A  
Greenville, SC 29615

East Point Academy  
1401 Leaphart Street  
West Columbia, SC 29169

Felton Laboratory Charter School  
300 College Street  
Orangeburg, SC 29117

Fox Creek High School  
165 Shortcut Road  
North Augusta, SC 29860

Gray Collegiate Academy  
3833 Leaphart Road  
West Columbia, SC 29169

GREEN Charter School  
1440 Pelham Road  
Greenville, SC 29615

Greenville Technical Charter High School  
506 S. Pleasantburg Drive, Bldg 119  
Greenville, SC 29607

High Point Academy  
6655 Pottery Road  
Spartanburg, SC 29303

Imagine Columbia Leadership Academy  
3810 N. Main Street  
Columbia, SC 29203

Lead Academy  
804 Mauldin Road  
Greenville, SC 29607

Lowcountry Leadership Charter School  
5139 Gibson Road  
Hollywood, SC 29449

Lowcountry Montessori School  
749 Broad River Drive  
Beaufort, SC 29906

Midlands STEM Institute  
112 Crane Street  
Winnsboro, SC 29180

NEXT High School  
2000 Wade Hampton Blvd.  
Greenville, SC 29615

Oceanside Collegiate Academy  
711 Pickney Street  
McClellanville, SC 29458

Palmetto Scholars Academy  
7499 Dorchester Road  
North Charleston, SC 29418

Pee Dee Math, Science and Technology Academy  
101 Docs Drive  
Bishopville, SC 29010

Odyssey Online Learning (Formerly Provost Academy)  
200 Arbor Lake Drive, Suite 301  
Columbia, SC 29223

Quest Leadership Academy  
29 Ridgeway Drive  
Greenville, SC 29605

Riverwalk Academy  
5750 Mt. Gallant Road  
Rock Hill, SC 29732

Royal Live Oaks Academy  
1398 Church Street  
Hardeville, SC 29927

South Carolina Connections Academy  
220 Stoneridge Drive, Suite 403  
Columbia, SC 29210

South Carolina Science Academy  
2015 Marion Street  
Columbia, SC 29201

South Carolina Virtual Charter School  
140 Stoneridge Drive, Suite 420  
Columbia, SC 29210

South Carolina Whitmore School  
501 Commerce Drive NE  
Columbia, SC 29223

Spartanburg Preparatory School  
385 S. Spring Street  
Spartanburg, SC 29306

Tall Pines STEM Academy  
82 Camp Long Road  
Aiken, SC 29805

York Preparatory Academy  
1047 Golden Gate Ct.  
Rock Hill, SC 29732

**14. COMPONENT UNIT INFORMATION *(Continued)***

Midlands Middle College  
1260 Lexington Drive  
West Columbia, SC 29170

Youth Leadership Academy  
698 Concord Church Road  
Pickens, SC 29671

**REQUIRED SUPPLEMENTAL SCHEDULES**

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Local	\$ 6,500	\$ 6,500	\$ 65,408	\$ 58,908
State	73,433,466	73,433,446	87,141,223	13,707,777
Intergovernmental	3,179,424	3,179,424	3,497,722	318,298
<b>Total Revenues</b>	<u>76,619,390</u>	<u>76,619,370</u>	<u>90,704,353</u>	<u>14,084,983</u>
<b>Expenditures</b>				
Instruction	90	90	-	90
Support Services	2,992,692	2,876,629	2,771,526	105,103
Intergovernmental	71,430,476	71,430,476	87,160,153	(15,729,677)
Capital Outlay	200,733	158,733	68,444	90,289
<b>Total Expenditures</b>	<u>74,623,991</u>	<u>74,465,928</u>	<u>90,000,123</u>	<u>(15,534,195)</u>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<u>\$ 1,995,399</u>	<u>\$ 2,153,442</u>	704,230	<u>\$ (1,449,212)</u>
<b>Fund Balance July 1, 2016</b>			<u>5,029,422</u>	
<b>Fund Balance June 30, 2017</b>			<u>\$ 5,733,652</u>	

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.*

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SCRS  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>SCRS</b>										
District's proportion of the net pension liability (asset)	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$2,121,342	\$2,036,217	\$2,689,116	\$3,548,512
District's proportionate share of the net pension liability (asset)	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	0.011827%	0.011827%	0.014179%	0.016613%
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$1,165,650	\$1,463,615	\$1,683,971	\$1,463,813
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	181.99%	139.12%	159.69%	242.42%
Plan fiduciary net position as a percentage of the total pension liability	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	56.39%	59.92%	56.99%	52.90%

N/A\* - Not Available

**Note:** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Source:** Audit report of employer allocations of the South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS), as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2016.

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF DISTRICT CONTRIBUTIONS - SCRS  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>SCRS</b>										
Contractually required contribution	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ 113,820	\$ 144,803	\$ 177,929	\$ 146,788
Contributions in relation to the contractually required contribution	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$(113,820)	(144,803)	(177,929)	(146,788)
Contribution deficiency (excess)	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	\$1,165,650	\$1,463,615	\$1,683,971	\$1,463,813
Contributions as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	9.76%	9.89%	10.57%	10.03%

N/A\* - Not Available

**Note:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Source:** District quarterly retirement contribution reports.

**SUPPLEMENTAL SCHEDULES**

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
1000 Revenue from Local Sources			
1500 Earnings on Investments			
1510 Interest on Investments	\$ 6,500	\$ 13,466	\$ 6,966
1900 Other Revenue from Local Sources			
1920 Contributions and Donations from Private Sources	-	25,300	25,300
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	-	26,642	26,642
<b>Total Local Sources</b>	<b>6,500</b>	<b>65,408</b>	<b>58,908</b>
2000 Intergovernmental Revenue			
2200 Payments from Public Charter Schools	3,179,424	3,497,722	318,298
<b>Total Intergovernmental Revenue</b>	<b>3,179,424</b>	<b>3,497,722</b>	<b>318,298</b>
3000 Revenue from State Sources			
3100 Restricted State Funding			
3180 Fringe Benefits Employer Contributions	17,084,970	19,672,517	2,587,547
3181 Retiree Insurance	539,642	777,761	238,119
3300 Education Finance Act (EFA)			
3330 Miscellaneous EFA Programs			
3399 Other EFA Programs	55,808,834	66,690,945	10,882,111
<b>Total State Sources</b>	<b>73,433,446</b>	<b>87,141,223</b>	<b>13,707,777</b>
<b>Total Revenue All Sources</b>	<b>76,619,370</b>	<b>90,704,353</b>	<b>14,084,983</b>
<b>Expenditures</b>			
100 Instruction			
120 Exceptional Programs			
126 Speech Handicapped			
300 Purchased Services	90	-	90
<b>Total Instruction</b>	<b>90</b>	<b>-</b>	<b>90</b>
200 Support Services			
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development			
100 Salaries	148,000	61,187	86,813
200 Employee Benefits	36,215	23,047	13,168
300 Purchased Services	48,890	83,683	(34,793)
400 Supplies and Materials	1,500	5,746	(4,246)
223 Supervision of Special Programs			
100 Salaries	-	13,891	(13,891)
200 Employee Benefits	-	14,921	(14,921)
300 Purchased Services	-	25,743	(25,743)
400 Supplies and Materials	-	89	(89)
224 Improvement of Instruction Inservice and Staff Training			
300 Purchased Services	35,000	21,999	13,001
400 Supplies and Materials	-	365	(365)
600 Other Objects	10,000	5,498	4,502
230 General Administrative Services (Continued)			
231 Board of Education			
300 Purchased Services	135,000	163,808	(28,808)
318 Audit Services	45,000	23,950	21,050
400 Supplies and Materials	4,500	6,321	(1,821)
600 Other Objects	35,000	27,756	7,244
232 Office of the Superintendent			
100 Salaries	356,920	369,244	(12,324)
200 Employee Benefits	107,499	97,916	9,583
300 Purchased Services	54,259	51,847	2,412
400 Supplies and Materials	12,000	1,973	10,027
600 Other Objects	5,000	963	4,037
233 School Administration			
300 Purchased Services	-	382	(382)
250 Finance and Operations Services			
252 Fiscal Services			
100 Salaries	84,456	85,134	(678)
140 Terminal Leave	-	8,792	(8,792)
180 Head of Organizational Unit	115,000	106,854	8,146
200 Employee Benefits	62,820	27,569	35,251
280 Head of Organizational Unit	-	39,084	(39,084)
300 Purchased Services	76,584	96,934	(20,350)
400 Supplies and Materials	2,000	119	1,881
600 Other Objects	3,100	3,712	(612)

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (Continued)</b>			
254 Operation and Maintenance of Plant			
300 Purchased Services	\$ 222,340	\$ 244,540	\$ (22,200)
400 Supplies and Materials	20,000	21,739	(1,739)
500 Capital Outlay	5,000	-	5,000
257 Internal Services			
400 Supplies and Materials	-	312	(312)
260 Central Support Services			
262 Planning			
100 Salaries	344,000	246,883	97,117
180 Head of Organizational Unit	-	100,000	(100,000)
200 Employee Benefits	59,704	82,366	(22,662)
280 Head of Organizational Unit	-	32,943	(32,943)
300 Purchased Services	107,191	69,306	37,885
400 Supplies and Materials	1,500	353	1,147
263 Information Services			
100 Salaries	-	69,000	(69,000)
180 Head of Organizational Unit	71,400	-	71,400
200 Employee Benefits	54,573	22,709	31,864
300 Purchased Services	30,500	16,065	14,435
400 Supplies and Materials	4,000	682	3,318
600 Other Objects	100	4,702	(4,602)
264 Staff Services			
100 Salaries	81,600	82,416	(816)
200 Employee Benefits	30,389	26,169	4,220
300 Purchased Services	31,093	17,922	13,171
400 Supplies and Materials	1,000	1,018	(18)
600 Other Objects	10,000	-	10,000
265 Subawards in Excess of \$25,000			
400 Supplies and Materials	-	1,485	(1,485)
266 Technology and Data Processing Services			
100 Salaries	85,000	84,583	417
200 Employee Benefits	30,521	24,112	6,409
300 Purchased Services	280,975	197,786	83,189
400 Materials and Supplies	32,000	55,908	(23,908)
500 Capital Outlay	153,733	68,444	85,289
<b>Total Support Services</b>	<u>3,035,362</u>	<u>2,839,970</u>	<u>195,392</u>
<b>400 Other Charges</b>			
<b>410 Intergovernmental Expenditures</b>			
416 Payments to Public Charter Schools			
720 Transits	71,430,476	87,160,153	(15,729,677)
<b>Total Intergovernmental Expenditures</b>	<u>71,430,476</u>	<u>87,160,153</u>	<u>(15,729,677)</u>
<b>Total Expenditures</b>	<u>74,465,928</u>	<u>90,000,123</u>	<u>(15,534,195)</u>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<u>\$ 2,153,442</u>	<u>704,230</u>	<u>\$ (1,449,212)</u>
<b>Fund Balance July 1, 2016</b>		<u>5,029,422</u>	
<b>Fund Balance June 30, 2017</b>		<u>\$ 5,733,652</u>	

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.*

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SPECIAL REVENUE FUND - SPECIAL PROJECTS 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)	Other Designated Restricted State Grants (900)	Other Special Revenue Programs (200/800)	Total
<b>Revenues</b>							
3000 Revenue from State Sources							
3100 Restricted State Funding							
3110 Occupational Education							
3118 EEDA Career Specialist	\$ -	\$ -	\$ -	\$ -	\$ 848,754	\$ -	\$ 848,754
3130 Special Programs							
3135 Reading Coaches	-	-	-	-	933,157	-	933,157
3177 Summer Reading Program	-	-	-	-	23,968	-	23,968
3187 Teacher Supplies	-	-	-	-	314,875	-	314,875
3600 Education Lottery Act Revenue							
3630 Technology Initiative	-	-	-	-	615,341	-	615,341
<b>Total State Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,736,095</b>	<b>-</b>	<b>2,736,095</b>
4000 Revenue from Federal Sources							
4200 Occupational Education							
4210 Perkins Aid, Title I - Career and Technical Education - Basic Grants to States	-	-	-	137,828	-	-	137,828
4300 Elementary & Secondary Education Act of 1965 (ESEA)							
4310 Title I, Basic State Grant Programs	4,198,243	-	-	-	-	171,977	4,370,220
4314 School Improvement Grant	-	-	-	-	-	185,737	185,737
4341 Language Instruction For Limited English Proficient and Immigrant Students, Title III	-	-	-	-	-	9,275	9,275
4342 Title II Teacher Advancement Program (TAP)	-	-	-	-	-	28,000	28,000
4351 Improving Teacher Quality	-	-	-	-	-	78,114	78,114
4500 Programs for Children with Disabilities							
4510 Individuals with Disabilities Education Act (IDEA)	-	2,630,425	-	-	-	13,921	2,644,346
4520 Preschool Grants (IDEA)	-	-	49,417	-	-	-	49,417
4900 Other Federal Sources							
4924 21st Century Community Learning Centers Program (Title IV, 21st Century Schools)	-	-	-	-	-	82,573	82,573
<b>Total Federal Sources</b>	<b>4,198,243</b>	<b>2,630,425</b>	<b>49,417</b>	<b>137,828</b>	<b>-</b>	<b>569,597</b>	<b>7,585,510</b>
<b>Total Revenue All Sources</b>	<b>4,198,243</b>	<b>2,630,425</b>	<b>49,417</b>	<b>137,828</b>	<b>2,736,095</b>	<b>569,597</b>	<b>10,321,605</b>
<b>Expenditures</b>							
<b>Support Services</b>							
200 Support Services							
210 Pupil Activities							
211 Attendance and Social Work Services							
300 Purchased Services	865	-	-	-	-	-	865
400 Supplies and Materials	542	-	-	-	-	-	542
214 Psychological Services							
100 Salaries	-	7,450	-	-	-	-	7,450
200 Employee Benefits	-	1,837	-	-	-	-	1,837
220 Instructional Staff Services							
221 Improvement of Instruction Curriculum Development							
100 Salaries	2,833	25,000	-	-	-	-	27,833
200 Employee Benefits	688	7,145	-	-	-	-	7,833
300 Purchased Services	-	297	-	-	-	-	297
223 Supervision of Special Programs							
100 Salaries	77,288	93,899	49,417	-	-	-	220,604
200 Employee Benefits	24,602	28,931	-	-	-	-	53,533
300 Purchased Services	39,247	44,678	-	-	-	-	83,925
400 Supplies and Materials	1,212	76	-	-	-	-	1,288
600 Other Objects	69	680	-	-	-	-	749
224 Improvement of Instruction Inservice and Staff Training							
200 Employee Benefits	-	-	-	-	-	3,115	3,115
300 Purchased Services	5,625	2,787	-	-	-	15,684	24,096
400 Supplies and Materials	-	1,348	-	-	-	139	1,487
230 General Administrative Services							
231 Board of Education							
300 Purchased Services	-	1,500	-	-	-	-	1,500
<b>Total Support Services</b>	<b>152,971</b>	<b>215,628</b>	<b>49,417</b>	<b>-</b>	<b>-</b>	<b>18,938</b>	<b>436,954</b>
<b>410 Intergovernmental Expenditures</b>							
416 Payments to Public Charter Schools							
720 Transits	\$ 4,045,272	\$ 2,414,797	\$ -	\$ 137,828	\$ 2,736,095	\$ 550,659	\$ 9,884,651
<b>Total Intergovernmental Expenditures</b>	<b>4,045,272</b>	<b>2,414,797</b>	<b>-</b>	<b>137,828</b>	<b>2,736,095</b>	<b>550,659</b>	<b>9,884,651</b>
<b>Total Expenditures</b>	<b>4,198,243</b>	<b>2,630,425</b>	<b>49,417</b>	<b>137,828</b>	<b>2,736,095</b>	<b>569,597</b>	<b>10,321,605</b>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance July 1, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance June 30, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND**  
**SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

<b>Subfund</b>	<b>Revenue</b>	<b>Programs</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Special Revenue Interfund Transfers In/(Out)</b>	<b>Other Fund Transfers In/(Out)</b>	<b>Special Revenue Fund Unearned</b>
928	3118	EEDA Career Specialists	\$ 848,754	\$ 848,754	\$ -	\$ -	\$ -
935	3135	Reading Coaches	933,157	933,157	-	-	-
926	3177	Summer Reading Program	23,968	23,968	-	-	-
917	3187	Teacher Supplies	314,875	314,875	-	-	-
919	3193	Education License Plates	-	-	-	-	357
963	3630	Technology Initiative	615,341	615,341	-	-	494
			<b>\$ 2,736,095</b>	<b>\$ 2,736,095</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 851</b>

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**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND**  
**SUMMARY SCHEDULE FOR OTHER SPECIAL REVENUE PROGRAMS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

<b>Subfund</b>	<b>Revenue</b>	<b>Programs</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Special Revenue Interfund Transfers In/(Out)</b>	<b>Other Fund Transfers In/(Out)</b>	<b>Special Revenue Fund Unearned</b>
237	4310	Title I - School Improvement	\$ 171,977	\$ 171,977	\$ -	\$ -	\$ -
212	4510	Extended School Year Handicapped Services	13,921	13,921	-	-	-
224	4924	21st Century Community Learning Centers Program (Title IV, 21st Century Schools)	82,573	82,573	-	-	-
234	4314	School Improvement Grant	185,737	185,737	-	-	-
264	4341	Language Instruction for Limited English Proficient and Immigrant Students, Title III	9,275	9,275	-	-	-
245	4342	Title II Teacher Advancement Program (TAP)	28,000	28,000	-	-	-
267	4351	Improving Teacher Quality	78,114	78,114	-	-	-
280	1930	Medicaid	-	-	-	-	2,076
			<b>\$ 569,597</b>	<b>\$ 569,597</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,076</b>

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.*

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

**Revenues**

3000	Revenue from State Sources		
3500	Education Improvement Act (EIA)		
3502	ADEPT	\$	34,925
3509	Arts in Education		25,100
3511	Professional Development		120,929
3512	Technology Professional Development		101,510
3518	Formative Assessments		32,625
3519	Grade 10 Assessments		13,245
3525	Career and Technology Education Equipment		85,262
3526	Refurbishment of K-8 Science Kits		63,601
3532	National Board Certification (NBC) Salary Supplement		422,564
3533	Teacher of the Year Awards		1,077
3538	Students at Risk of School Failure		1,909,516
3540	Early Childhood Program		519,352
3550	Teacher Salary Increase		2,535,081
3555	School Employer Contributions		369,385
3557	Summer Reading Program		173,063
3558	Reading		84,159
3571	Palmetto Priority Technical Assistance		263,418
3578	High Schools that Work		10,842
3581	Student Health and Fitness - Nurses		638,742
3583	Charter School Funding		79,720,080
3587	IDEA MOE Tier I		178,287
3592	Work-Based Learning		54,480
3594	EEDA Supplemental Programs		118,799
3595	EEDA - Supplies and Materials - Career Awareness		75,649
3597	Aid to Districts		339,780
			<hr/>
	<b>Total State Sources</b>		87,891,471
			<hr/>
	<b>Total Revenue All Sources</b>		87,891,471
			<hr/>

**Expenditures**

200	Support Services		
220	Instructional Staff Services		
221	Improvement of Instruction Curriculum Development		
100	Salaries		19,800
223	Supervision and Special Programs		
300	Purchased Services		14,000
224	Improvement of Instruction Inservice and Staff Training		
400	Supplies and Materials		1,125
260	Central Support Services		
264	Staff Services		
300	Purchased Services		1,076
			<hr/>
	<b>Total Support Services</b>		36,001
			<hr/>
<b>400</b>	<b>Other Charges</b>		
410	Intergovernmental Expenditures		
416	Payments to Public Charter Schools		
720	Transits		87,855,470
			<hr/>
	<b>Total Intergovernmental Expenditures</b>		87,855,470
			<hr/>
	<b>Total Expenditures</b>		87,891,471
			<hr/>
	<b>Excess/(Deficiency) of Revenues over Expenditures</b>		-
			<hr/>
	<b>Fund Balance July 1, 2016</b>		-
			<hr/>
	<b>Fund Balance June 30, 2017</b>		\$ -
			<hr/> <hr/>

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.*

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
SUMMARY SCHEDULE OF PROGRAM  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned
3500 Education Improvement Act:					
3502 ADEPT	\$ 34,925	\$ 34,925	\$ -	\$ -	\$ 3,593
3509 Arts in Education	25,100	25,100	-	-	-
3511 Professional Development	120,929	120,929	-	-	-
3512 Technology Professional Development	101,510	101,510	-	-	-
3518 Formative Assessments	32,625	32,625	-	-	-
3519 Grade 10 Assessments	13,245	13,245	-	-	-
3525 Career and Technology Education Equipment	85,262	85,262	-	-	-
3526 Refurbishment of K-8 Science Kits	63,601	63,601	-	-	-
3532 National Board Certification (NBC) Salary Supplement	422,564	422,564	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	1,909,516	1,909,516	-	-	-
3540 Early Childhood Program	519,352	519,352	-	-	-
3550 Teacher Salary Increase	2,535,081	2,535,081	-	-	-
3555 School Employer Contributions	369,385	369,385	-	-	-
3557 Summer Reading Program	173,063	173,063	-	-	5,540
3558 Reading	84,159	84,159	-	-	-
3571 Palmetto Priority Technical Assistance	263,418	263,418	-	-	-
3578 High Schools that Work	10,842	10,842	-	-	-
3581 Student Health and Fitness - Nurses	638,742	638,742	-	-	-
3583 Charter School Funding	79,720,080	79,720,080	-	-	-
3587 IDEA MOE Tier I	178,287	178,287	-	-	450,786
3592 Work-Based Learning	54,480	54,480	-	-	-
3594 EEDA Supplemental Programs	118,799	118,799	-	-	-
3595 EEDA - Supplies and Materials - Career Awareness	75,649	75,649	-	-	-
3597 Aid to Districts	339,780	339,780	-	-	-
	<u>\$ 87,891,471</u>	<u>\$ 87,891,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,919</u>

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.*

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/  
FEDERAL AGENCIES**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

Program	Grant or Project Number	Revenue & Subfund Code	Description	Amount Due	Status of Amounts Due to Grantors
Technology Support - FYE 06/30/2016	EIA Fund	3505/305	Unexpended Funds	10,000.00	Unpaid
Professional Development - FYE 6/30/2017	EIA Fund	3511/311	Unexpended Funds	244.50	Unpaid
Early Childhood Program - FYE 6/30/2016	EIA Fund	3540/340	Unexpended Funds	110,926.15	Unpaid
Reading - FYE 6/30/2017	EIA Fund	3558/358	Unexpended Funds	30.29	Unpaid
Aid to Districts - FYE 6/30/2017	EIA Fund	3597/397	Unexpended Funds	1,378.84	Unpaid
	Other Designated				
Teacher Supplies - FYE 06/30/2017	Restricted State Grants	3187/917	Unexpended Funds	<u>275.00</u>	Unpaid
<b>Total Due to State Department of Education</b>				<b><u>\$ 122,854.78</u></b>	
Title I, Basic State Grant Programs	FY17	4310/201	Overclaimed Cost	\$ 1,381.88	Unpaid
Individuals with Disabilities Education Act (IDEA)	FY17	4510/203	Overclaimed Cost	<u>6,870.27</u>	Unpaid
<b>Total Due to Federal Agencies</b>				<b><u>\$ 8,252.15</u></b>	

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.*

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF TOTAL EXPENDITURES/DISBURSEMENTS  
FOR ALL FUNDS - BY LOCATION  
FOR FISCAL YEAR ENDED JUNE 30, 2017

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
00	Districtwide	Non-Schools	Central	\$ 188,213,199
<b>Total Expenditures/Disbursements for All Funds</b>				<b>\$ 188,213,199</b>
The above expenditures are reconciled to the District's financial statements as follows:				
General Fund (Subfund 100s)				\$ 90,000,123
Special Revenue Fund (Subfunds 200s, 800s, and 900s)				10,321,605
Special Revenue EIA Fund (Subfund 300s)				87,891,471
<b>Total Expenditures/Disbursements for All Funds</b>				<b>\$ 188,213,199</b>

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial information. For information related to the Charter Schools, see separate audited financial statements of each School.*

**SINGLE AUDIT SECTION**

**PARTNERS**

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

To the Board of Trustees  
South Carolina Public Charter School District  
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund of the South Carolina Public Charter School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the South Carolina Public Charter School District's basic financial statements and have issued our report thereon dated December 22, 2017. Our report includes a reference to other auditors. Other auditors audited the financial statements of Bridges Preparatory School, Calhoun Falls Charter School, Cape Romain Environmental Education Charter School, Coastal Leadership Academy, Cyber Academy of South Carolina, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, Gray Collegiate Academy, GREEN Charter School, Greenville Technical Charter High School, High Point Academy, Imagine Columbia Leadership Academy, Lead Academy, Lowcountry Leadership Charter School, Lowcountry Montessori School, Midlands Middle College, Midlands STEM Institute, NEXT High School (two campus'), Oceanside Collegiate Academy, Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Odyssey Online Learning (formerly Provost Academy South Carolina), Quest Leadership Academy, Riverwalk Academy, Royal Live Oaks Academy, South Carolina Connections Academy, Inc., South Carolina Science Academy, South Carolina Virtual Charter School, South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy, as described in our report on the District's financial statements.

**Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. Findings 2017-001, 2017-002, and 2017-004.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. Finding 2017-003.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the South Carolina Public Charter School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item Finding 2017-004.

### **South Carolina Public Charter School District's Response to Findings**

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

### **Purpose of this Report**

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

*McGuire & Company, LLP*

Columbia, South Carolina  
December 22, 2017

**PARTNERS**

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## INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
South Carolina Public Charter School District  
Columbia, South Carolina

### Report on Compliance for Each Major Federal Program

We have audited the South Carolina Public Charter School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the South Carolina Public Charter School District’s major federal programs for the year ended June 30, 2017. South Carolina Public Charter School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

### Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the South Carolina Public Charter School District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the South Carolina Public Charter School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, the South Carolina Public Charter School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-004. Our opinion on each major federal program is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-004 that we considered to be a material weakness.

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

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

*McGuire & Company, LLP*

Columbia, South Carolina  
December 22, 2017

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**I. Summary of Auditors' Results**

**Financial Statements**

- |   |            |
|---|------------|
| (a.) Type of Auditors' Report:  | Unmodified |
| (b.) Internal control over financial reporting:   |            |
| 1) Material weaknesses identified:  | Yes        |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | Yes        |
| (c.) Noncompliance material to financial statements noted:                                | No         |

**Federal Awards**

- |  |               |
|--|---------------|
| (a.) Internal control over major programs:   |               |
| 1) Material weaknesses identified:   | Yes           |
| 2) Significant deficiencies identified that are not considered to be material weaknesses:                                | None Reported |
| (b.) Type of auditors' report issued on compliance for major programs:   | Unmodified    |
| (c.) Audit findings that are required to be reported in accordance with Government Auditing Standards 2 CFR 200.516(a) : | Yes           |
| (d.) Identification of major program:  |               |

<b>CFDA Numbers</b>	<b>Name of Federal Program or Cluster</b>
84.027, 84.173	Special Education Cluster (IDEA)

- |   |           |
|---|-----------|
| (e.) Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| (f.) Auditee qualified as low risk auditee?                                   | Yes       |

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2017**

**II. Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*:**

**FINDING 2017-001 (Internal Control – Material Weakness) - Interfund Receivables and Payables**

- *Criteria*
  - o Sound internal control over financial reporting requires that there be in place adequate controls over the selection and application of accounting principles that are in conformity with U. S. Generally Accepted Accounting Principles and there is an effective internal control environment and oversight of the District's financial reporting.
- *Condition/Effect*
  - o The District's unadjusted financial statements reported a material misstatement in certain funds for the period under audit that was not prevented, detected or corrected by the District's internal control over financial reporting.
- *Cause*
  - o The District's internal controls failed to prevent or detect and correct material misstatements in the account balances resulting in certain funds having material misstatements in interfund receivables and payables and respective funds being out of balance.
- *Recommendation*
  - o The District should have procedures in place to ensure funds are properly reconciled and in balance.

**FINDING 2017-002 (Internal Control – Material Weakness) – Disbursements**

- *Criteria*
  - o Sound internal control over financial reporting requires that there be in place adequate controls over the selection and application of accounting principles that are in conformity with U. S. Generally Accepted Accounting Principles and there is an effective internal control environment and oversight of the District's financial reporting.
- *Condition/Effect*
  - o During our audit, we noted that the District does not have sound internal controls surrounding the cash disbursement function. Of the one hundred sixty-three (163) transactions tested, we noted the following:
    - Thirteen (13) instances where supporting documentation for the disbursement could not be located or did not support to the disbursement recorded on the books.
    - Twelve (12) instances where the supporting documentation did not have the required approval by the Superintendent or the appropriate personnel prior to the disbursement as stated in the District's policy.
    - Eight (8) instances where employees were reimbursed actual meal expenses instead of per diem as stated in the District's policy.
    - Seventeen (17) instances where the supporting documentation did not meet the requirements as stated in the District's policy.
    - One (1) instance where a mileage reimbursement did not meet the total mileage (50 miles roundtrip) required for reimbursement in the District's policy.
    - Three (3) instances where reimbursements were paid for in-state travel at the higher out-of-state per diem rate.
    - Two (2) instances where non-travel expenses were classified as travel in error.
- *Cause*
  - o The District's procedures that were in place for cash disbursements were not being followed.
- *Recommendation*
  - o Management should ensure procedures and internal controls over cash disbursements are being followed within the guidelines established in the District's policies.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2017**

**II. Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*: (Continued)**

**FINDING 2017-003 (Internal Control – Significant Deficiency) – Payroll Tax Filings**

- *Criteria*
  - o Sound internal controls allow management or employees to prevent or detect, and correct noncompliance with laws and regulations during the normal course of performing their assigned functions.
- *Condition/Effect*
  - o The District failed to properly file IRS Form 941 (Employer's Quarterly Federal Tax Return) for the 1<sup>st</sup> Quarter 2017 in accordance with applicable laws and regulations.
- *Cause*
  - o The District's internal controls failed to detect and correct the noncompliance with federal laws and regulations, as an employer, during the period under audit.
- *Recommendation*
  - o The District should establish procedures to ensure all required tax filings are properly completed and timely submitted to prevent noncompliance with laws and regulations.

**FINDING 2017-004 (Internal Control and Compliance – Material Weakness) – Support of Federal Salaries and Wages – Individuals with Disabilities Act (IDEA) - CFDA 84.027**

See Findings and Questioned Costs Relating to Federal Awards Finding 2017-004 below as it relates to the financial statements reported in accordance with *Government Auditing Standards*.

**III. Findings and Questioned Costs Relating to Federal Awards**

**FINDING 2017-004 (Internal Control and Compliance – Material Weakness) – Support of Federal Salaries and Wages – Individuals with Disabilities Act (IDEA) - CFDA 84.027**

- *Criteria*
  - o Section 200.430 of 2 CFR Part 200 states standards for documentation for personnel expenses for the support of federal salaries and wages.
- *Condition/Effect*
  - o The District did not meet the requirements for maintaining Personal Activity Reports (PARs) or semi-annual certifications for salaries and wages charged to federal programs during the year under audit. The District is required to maintain PARs or semi-annual certifications for individuals charged to federal programs during the year. Of the thirty-six (36) items selected for testing, we noted the following:
    - Thirteen (13) instances where the District was unable to provide the required PARs or semi-annual certifications to support the salaries and wages charged to a federal program.
- *Cause*
  - o The District's internal controls over salaries and wages charged to federal programs were not operating effectively to ensure that federal salaries and wages were supported by required documentation.
- *Questioned Costs*
  - o Not Determined
- *Recommendation*
  - o The District should implement procedures to ensure all documents to support the salaries and wages charged to federal programs are completed and meet the federal requirements.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**IV. Status of Known Findings and Recommendations from Prior Year Provided by South Carolina Public Charter School District**

**None**

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

LEA Subfund Code	Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<b>U. S. Department of Education</b>				
<b>Pass-Through S. C. Department of Education</b>				
201	Title I Grants to Local Educational Agencies	84.010	FY17	\$ 3,765,379
201	Title I Grants to Local Educational Agencies	84.010	FY16	432,864
237	Title I Grants to Local Educational Agencies (FOCUS)	84.010	FY17	<u>171,977</u>
<b>Total Title I, Part A</b>				<u>4,370,220</u>
203	Individuals with Disabilities Education Act (IDEA)	84.027	FY17	2,058,963
203	Individuals with Disabilities Education Act (IDEA)	84.027	FY16	523,647
203	Individuals with Disabilities Education Act (IDEA)	84.027	FY15	47,815
212	Individuals with Disabilities Education Act (IDEA) - Extended School Year (ESY)	84.027	FY17	13,921
205	Individuals with Disabilities Education Act (IDEA) - Preschool Grants	84.173	FY17	<u>49,417</u>
<b>Total Special Education Cluster (IDEA)</b>				<u>2,693,763</u> *
234	School Improvement Grants	83.377	FY17	<u>185,737</u>
<b>Total School Improvement Grants</b>				<u>185,737</u>
207	Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	FY17	<u>137,828</u>
<b>Total Career and Technical Education - Basic Grants to States (Perkins IV)</b>				<u>137,828</u>
224	21st Century Community Learning Centers (Title IV)	84.287	FY17	<u>82,573</u>
<b>Total 21st Century Community Learning Centers</b>				<u>82,573</u>
264	English Language Acquisition Grants (Title III, Part A)	84.365	FY17	5,873
264	English Language Acquisition Grants (Title III, Part A)	84.365	FY16	<u>3,402</u>
<b>Total English Language Acquisition Grants (Title III, Part A)</b>				<u>9,275</u>
267	Improving Teacher Quality State Grants (Title II, Part A)	84.367	FY17	71,952
267	Improving Teacher Quality State Grants (Title II, Part A)	84.367	FY16	6,162
245	Title II, Teacher Advancement Program (SC TAP)	84.367	FY16	<u>28,000</u>
<b>Total Improving Teacher Quality State Grants (Title II, Part A)</b>				<u>106,114</u>
<b>Total U. S. Department of Education</b>				<u>7,585,510</u>
<b>Total Federal Awards Expended</b>				<u>\$ 7,585,510</u>

\* Denotes Major Program

**Footnotes:**

- (1) The accounting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant policies can be found in the notes to the financial statements of the District's basic financial statements for the year ended June 30, 2017. All expenditures reported on the above Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting as applicable to governmental funds.
- (2) \$7,148,556 (approximately 94.24%) of federal awards received by the District noted above were provided to subrecipients.
- (3) The District has not elected to use the 10% de minimis indirect cost rate.



Superintendent:  
Elliot Smalley

Board of Trustees:  
Don McLaurin, Chairman  
Laban Chappell, Vice Chairman  
Kathleen Bounds, Secretary  
Anne Bull  
Beth Purcell  
Linzie Staley  
John Payne

December 22, 2017

To: McGregor & Company  
3830 Forest Drive PO Box 135  
Columbia, SC 29602

During the audit of the South Carolina Public Charter School District's Financial Statements for the year ending June 30, 2017 you have reported three material weaknesses and one significant deficiency. We take these findings extremely seriously and view them as an opportunity to immediately improve our internal controls, to enhance our ability to promote excellent and equitable education, and to continue as prudent stewards of public funds. Our detailed response to each of these findings is documented below:

**Finding:** 2017-001- Interfund Receivables and Payables

**Responsible Individual:** Siddhartha Chowdri, CFO/COO

**Corrective Action:** The District will restrict the ability of certain functions to appropriate finance personnel through its accounting software. This will enable the District to better manage changes to interfund receivables and payables. In addition, the District will improve its year-end close process to ensure that all interfund accounts are reconciled and balanced appropriately.

**Implementation Timeframe:** 6 months

**Finding:** 2017-002 –Disbursement

**Responsible Individual:** Siddhartha Chowdri, CFO/COO

**Corrective Action:** There were significant and unplanned departures of longstanding Finance Department personnel during FY16-17. These abrupt departures temporarily disrupted financial control processes and systems and presented challenges in monitoring the volume of cash disbursement over several months. The District has now hired and developed a qualified finance staff—including a finance director with extensive auditing experience—to manage and supervise these critical functions. The District recognizes that unplanned departures are part of expected operating challenges and will develop policies to mitigate the impact of any such future departures. Over the course of 2016-17 the District made several changes in its travel policies and cash disbursement policies to become more responsive and cost effective and to reduce processing turnaround time. In particular, since October 2016, the District has been operating under the policy that required travel documentation only needs approval of the employees' supervisor and the Finance Department, and not the Superintendent. This was approved by the Board on October 13, 2016. Subsequently, travel and procurement policies and processes were further reviewed, clarified, finalized, and communicated to the staff in July 2017.

**Implementation Timeframe:** Immediate

**Finding:** 2017-003 – Payroll Tax Filing

**Responsible Individual:** Siddhartha Chowdri, CFO/COO

**Corrective Action:** This finding is related to a tax payment that was made on a timely basis. The noted filing has also already been completed. Following unplanned staff departures, the district payroll processing was managed by a single individual between January and March 2017. To improve controls and compliance in April 2017 the District outsourced its payroll processes and tax filing process to a third-party vendor that was selected through a public RFP process. The vendor's scope of work includes filing of payroll taxes.

**Implementation Timeframe:** Already addressed.

**Finding:** 2017-004

**Responsible Individual:** Siddhartha Chowdri, CFO/COO

**Corrective Action:** The district has hired different and additional personnel in the area of Federal Programs management and is currently recruiting for an additional staff member in the finance department to specifically include oversight of state and federal grants. The new personnel will be responsible for directing and implementing a new reimbursement policy for schools that will require sufficient documentation for all federal claims prior to claims being reimbursed. Current finance staff is directing all relevant staff to provide Personal Activity Reports and/or semi-annual certifications as required by IDEA. Policies and procedures will be updated to allow for oversight of Federal Programs spending by both Federal Programs personnel and finance department personnel.

**Implementation Timeframe:** Immediate. New Grants Accountant position to be filled by end of January.

Regards,



Siddhartha Chowdri  
Chief Finance and Operations Officer  
South Carolina Public Charter School District