

**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, 2019**

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**

**COLUMBIA, SOUTH CAROLINA**

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**COLUMBIA, SOUTH CAROLINA**

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## PARTNERS

C.C. McGregor, CPA  
1906–1968

G.D. Skipper, CPA  
L.R. Leaphart, Jr, CPA  
M.J. Binnicker, CPA  
D.L. Richardson, CPA  
E.C. Inabinet, CPA

S.S. Luoma, CPA  
T.M. McCall, CPA  
H.D. Brown, Jr, CPA  
L.B. Salley, CPA  
D.K. Strickland, CPA

J.P. McGuire, CPA  
J.R. Matthews II, CPA  
C.D. Hincee, CPA  
G.P. Davis, CPA  
H.O. Crider, Jr., CPA

## ASSOCIATES

V.K. Laroche, CPA  
G.N. Mundy, CPA  
M.L. Layman, CPA  
P.A. Betette, Jr, CPA

D.M. Herpel, CPA  
F.C. Gillam, Jr, CPA  
H.S. Mims, CPA  
T. Solorzano, CPA

C.W. Bolen, CPA  
D.C. Scott, CPA  
G.F. Huntley, CPA

## 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, 2019, 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 Bettis Preparatory Leadership Academy, Brashier Middle College, Bridges Preparatory School, Cape Romain Environmental Education Charter School, Charleston Acceleration Academy, East Link Academy, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lakes & Bridges Charter School, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Meyer Center for Special Children, Midlands Arts Conservatory, Midlands Middle College, NEXT High School (two campus'), Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Polaris Tech Charter School, Quest Leadership Academy, Riverwalk Academy, South Carolina Connections Academy, Inc., South Carolina Whitmore School, Spartanburg Preparatory School, Tall Pines STEM Academy, York Preparatory Academy, and Youth Leadership Academy, which represents 100% of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units. 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 included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. 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.

#### COLUMBIA

3830 FOREST DRIVE | PO BOX 135 | COLUMBIA, SC 29202  
(803) 787-0003 | FAX (803) 787-2299

#### ORANGEBURG

1190 BOULEVARD STREET | ORANGEBURG, SC 29115  
(803) 536-1015 | FAX (803) 536-1020

#### BARNWELL

340 FULDNER ROAD | PO BOX 1305 | BARNWELL, SC 29812  
(803) 259-1163 | FAX (803) 259-5469

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of the South Carolina Public Charter School District, as of June 30, 2019, 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, budgetary comparison schedule, the pension plan schedules, and the other postemployment benefit plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and 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 supplementary information is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 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.

*McGregor & Company, LLP*

Columbia, South Carolina  
January 30, 2020

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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, 10 and 11) provide financial information of both a cumulative and a long-term nature. Fund financial statements (beginning on page 46) 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.

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 2018-2019 school year, the South Carolina Public Charter School District's base student cost (BSC) was \$2,425 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 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 2019 for the District excluding the schools include:

- The liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources at the close of the most recent fiscal year by \$1,055,017 (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 and OPEB liability on the Statement of Net Position. At June 30, 2019, the governmental type activities reported a net pension liability of \$4,381,491 and a net OPEB liability of \$2,721,452, resulting in an unrestricted net position (deficit) of \$(1,067,097) at that date. Without these liabilities, the governmental activities would have reported an unrestricted net position of \$4,203,413. 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 (deficit) was \$(1,055,017) at June 30, 2019. The balance represents a \$2,284,811 decrease from the prior year. Net Position of governmental activities decreased by approximately 186.00%. Unrestricted net position of governmental activities totaled \$(1,067,097) for the current year end.
- Governmental funds reported a net decrease of \$1,685,786 to the total fund balance all of which were in the General Fund.
- Governmental activities' expenses totaled \$192,274,923 for the current year. Expenses were comprised of \$4,663,627 for support services, and \$187,611,296 for intergovernmental (payments to charter schools). Governmental activities' revenues from state and federal sources totaled \$186,153,638.

## **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 2018-2019 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."

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 12 and 13).

## **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 2019 compared to 2018.



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

|                                       | <b>Net Position (Deficit)</b>  |                     |                                  |                        |
|---------------------------------------|--------------------------------|---------------------|----------------------------------|------------------------|
|                                       | <b>Governmental Activities</b> |                     | <b>Component Unit Activities</b> |                        |
|                                       | <b>2019</b>                    | <b>2018</b>         | <b>2019</b>                      | <b>2018</b>            |
| <b>Assets</b>                         |                                |                     |                                  |                        |
| Current Assets                        | \$ 11,287,585                  | \$ 14,389,455       | \$ 83,368,862                    | \$ 101,155,507         |
| Noncurrent Assets                     | 90,070                         | 160,338             | 183,699,716                      | 184,881,590            |
| <b>Total Assets</b>                   | <b>11,377,655</b>              | <b>14,549,793</b>   | <b>267,068,578</b>               | <b>286,037,097</b>     |
| <b>Deferred Outflows of Resources</b> | <b>3,133,589</b>               | <b>771,917</b>      | <b>19,337,456</b>                | <b>28,200,238</b>      |
| <b>Liabilities</b>                    |                                |                     |                                  |                        |
| Current Liabilities                   | 7,024,152                      | 8,425,292           | 21,772,007                       | 30,948,825             |
| Long-Term Liabilities                 | 7,240,953                      | 3,882,961           | 278,654,058                      | 328,456,200            |
| <b>Total Liabilities</b>              | <b>14,265,105</b>              | <b>12,308,253</b>   | <b>300,426,065</b>               | <b>359,405,025</b>     |
| <b>Deferred Inflows of Resources</b>  | <b>1,301,156</b>               | <b>1,783,663</b>    | <b>8,718,784</b>                 | <b>8,733,732</b>       |
| <b>Net Position (Deficit)</b>         |                                |                     |                                  |                        |
| Net Investment in Capital Assets      | 12,080                         | 22,025              | 2,540,980                        | 5,704,280              |
| Restricted                            | -                              | -                   | 18,080,834                       | 26,967,686             |
| Unrestricted                          | (1,067,097)                    | 1,207,769           | (43,360,629)                     | (86,573,388)           |
| <b>Total Net Position (Deficit)</b>   | <b>\$ (1,055,017)</b>          | <b>\$ 1,229,794</b> | <b>\$ (22,738,815)</b>           | <b>\$ (53,901,422)</b> |

Overall, the District's net position decreased by \$2,284,811 from the previous year. Unrestricted net position (deficit) of governmental activities totaling \$(1,067,097) represents the accumulated results of past years' operations. Unrestricted net position decreased by \$2,274,866 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 (deficit) of the component units totaled \$(22,738,815) as of June 30, 2019. Of this amount, unrestricted net position (deficit) of component unit activities totaled \$(43,360,629), restricted net position totaled \$18,080,834 and net investment in capital assets totaled \$2,540,980. Unrestricted net position increased by \$43,212,759 from the preceding year's ending balance. However, an adjustment was made to the opening balance of the component unit's net position (deficit) to account for the charter schools that transferred into and out of the District. The amount of the adjustment totaled \$26,758,239 and is discussed below. If the adjustment is taken into account, the unrestricted net position (deficit) decreased by \$2,395,374. The schools in the District have indicated that they are monitoring their expenditures closely and are operating in a fiscally conservative manner.

***Charter School Transfers***

Effective July 1, 2018, ten charter transferred from the District to The Charter Institute at Erskine. These ten schools were: Calhoun Falls Charter School, Coastal Leadership Academy, Cyber Academy, Gray Collegiate Academy, Mevers School of Excellence, Midlands STEM Institute, Oceanside Collegiate Academy, Odyssey Online Learning, Royal Live Oaks Academy, and South Carolina Virtual Charter School.

Effective July 1, 2018, seven charter schools transferred into the District or begin their first year of operations. These new schools were: Bettis Preparatory Academy, Charleston Acceleration Academy, East Light Academy, East Link Academy, Lakes and Bridges Charter School, Midlands Arts Conservatory, and Polaris Tech. In September 2018, the Board of Trustees for the District Revoked the charter for East Light Academy and the audited financial statements for this charter school are not included in the component unit information presented herein.

## THE DISTRICT AS A WHOLE (Continued)

Due to the nature of these transfers into and out of the District, an adjustment was made to the opening net position (deficit) for the component unit's consolidated information reported in the statement of net position (deficit). The above table reflects the original amounts report in the fiscal year June 30, 2018 audited financial statements. The table below illustrates the adjustments to the opening net position (deficit) for the component units discussed above and the effects of the transfers of these charters schools into and out of the District.

|  | <b>Net Investment<br/>in Capital Assets</b> | <b>Restricted</b> | <b>Unrestricted</b> | <b>Total</b>        |
|--|---|-------------------|---------------------|---------------------|
| <b>Net Position (Deficit), Beginning of Year</b>           | 5,704,280                                   | 26,967,686        | (86,573,388)        | (53,901,422)        |
| Adjustments to Net Position (Deficit) - See Note 1         |   |                   |                     |                     |
| Transfers In - Charter Schools                             |   |                   | 299,116             | 299,116             |
| Transfers Out - Charter School                             | (1,677,405)                                 | (17,172,489)      | 45,309,017          | 26,459,123          |
| <b>Net Position (Deficit), Beginning of Year, Adjusted</b> | <b>4,026,875</b>                            | <b>9,795,197</b>  | <b>(40,965,255)</b> | <b>(27,143,183)</b> |

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.

|  | <b>Changes in Net Position</b> |                    |                                  |                     |
|--|--------------------------------|--------------------|----------------------------------|---------------------|
|  | <b>Governmental Activities</b> |                    | <b>Component Unit Activities</b> |                     |
|  | <b>2019</b>                    | <b>2018</b>        | <b>2019</b>                      | <b>2018</b>         |
| <b>Revenue</b>                             |                                |                    |                                  |                     |
| <b>Program Revenue:</b>                    |                                |                    |                                  |                     |
| Operating Grants                           | \$ 186,153,638                 | \$ 232,397,850     | \$ 194,035,403                   | \$ 231,533,731      |
| Charges for Services                       | 2,992,935                      | 3,959,550          | 2,597,202                        | 2,351,917           |
| <b>General Revenue:</b>                    |                                |                    |                                  |                     |
| Grants and Contributions Not               |                                |                    |                                  |                     |
| Restricted for Specific Purpose            | -                              | -                  | 1,870,026                        | 5,128,220           |
| Unrestricted Investment Earnings           | 39,487                         | -                  | 362,883                          | 280,260             |
| Miscellaneous                              | 804,052                        | 441,126            | 2,915,801                        | 9,680,943           |
| Gain (Loss) on Disposal of                 |                                |                    |                                  |                     |
| Capital Assets                             | -                              | -                  | (35,325)                         | -                   |
| <b>Total Revenue</b>                       | <b>189,990,112</b>             | <b>236,798,526</b> | <b>201,745,990</b>               | <b>248,975,071</b>  |
| <b>Functions/Program Expenses</b>          |                                |                    |                                  |                     |
| Instruction                                | -                              | -                  | 105,836,250                      | 129,252,608         |
| Support Services                           | 4,663,627                      | 3,975,601          | 81,298,374                       | 103,156,482         |
| Community Services                         | -                              | -                  | 83,162                           | 3,296               |
| Interest and Other Charges                 | -                              | -                  | 10,123,836                       | 11,890,554          |
| Intergovernmental                          | 187,611,296                    | 232,295,878        | -                                | -                   |
| <b>Total Expenses</b>                      | <b>192,274,923</b>             | <b>236,271,479</b> | <b>197,341,622</b>               | <b>244,302,940</b>  |
| <b>Increase (Decrease) in Net Position</b> | <b>\$ (2,284,811)</b>          | <b>\$ 527,047</b>  | <b>\$ 4,404,368</b>              | <b>\$ 4,672,131</b> |

Net position of governmental activities decreased by \$2,284,811 during the fiscal year ended June 30, 2019. The Component Unit's net position increased by \$4,404,368 from the prior year.

## **THE DISTRICT'S FUNDS**

Information about the District's major funds begins on page 46. These funds use the modified accrual basis of accounting. As mentioned earlier, governmental funds reported a decrease of \$1,685,786 in combined fund balance for the District office as authorizer and controlling authority over the schools. The remaining 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 2019-2020 school year marks the twelfth 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 October 31, 2019 the District has a total of 20,437 students. The staff of the District office consists of 19 full time individuals to oversee the 35 schools in operation for the 2019-2020 school year.

In addition, the number of charter schools in South Carolina continues to grow each year evident by the two new schools authorized the South Carolina Public Charter School District that opened on July 1, 2019.

The members of the Board of Trustees 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. The charter proviso has not been increased since FY 2014.

## **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 (DEFICIT)  
JUNE 30, 2019**

|   | <b>Primary<br/>Government<br/>Governmental<br/>Activities</b> | <b>Component<br/>Units</b> |
|---|---|----------------------------|
| <b>Assets</b>                                       |   |                            |
| <b>Current Assets</b>                               |   |                            |
| Cash & Cash Equivalents                             | \$ 3,198,266  | \$ 57,740,280              |
| Investments   | 1,275,452   | 3,724,680                  |
| Restricted Cash                                     | -   | 12,814,472                 |
| Due from Federal Agencies                           | 6,649,134   | -                          |
| Due from State Department of Education              | 87,412  | 67,091                     |
| Due From Other Governmental Units (Charter Schools) | 64,104  | 6,753,974                  |
| Due from Other Funds                                | -   | 42,218                     |
| Other Receivables                                   | 1,800   | 1,060,966                  |
| Deposits  | -   | 130,292                    |
| Prepaid Expenses                                    | 11,417  | 1,034,889                  |
| <b>Total Current Assets</b>                         | <b>11,287,585</b>   | <b>83,368,862</b>          |
| <b>Noncurrent Assets</b>                            |   |                            |
| Other Assets  | -   | 32,191                     |
| Note Receivable                                     | -   | 1,500,000                  |
| Bond Reserve Fund                                   | -   | 2,767,498                  |
| Capital Assets, Net of Accumulated Depreciation     | 90,070  | 179,400,027                |
| <b>Total Noncurrent Assets</b>                      | <b>90,070</b>   | <b>183,699,716</b>         |
| <b>Total Assets</b>                                 | <b>11,377,655</b>   | <b>267,068,578</b>         |
| <b>Deferred Outflows of Resources</b>               |   |                            |
| Net Pension Deferrals                               | 2,738,412   | 15,669,669                 |
| Net OPEB Deferrals                                  | 395,177   | 3,667,787                  |
| <b>Total Deferred Outflows of Resources</b>         | <b>3,133,589</b>  | <b>19,337,456</b>          |
| <b>Liabilities</b>                                  |   |                            |
| <b>Current Liabilities</b>                          |   |                            |
| Accounts Payable and Other Liabilities              | 217,461   | 11,373,680                 |
| Due to Federal Agencies                             | 59,161  | -                          |
| Due to State Department of Education                | 36,213  | 3,789                      |
| Due To Other Governmental Units (Charter Schools)   | 6,589,502   | 253,911                    |
| Due to Related Parties                              | -   | 3,007,203                  |
| Due to Student Groups                               | -   | 133,756                    |
| Unearned Revenue                                    | 17,430  | 2,798,939                  |
| Other Liabilities                                   | -   | 1,119,108                  |
| Due Within One Year:                                |   |                            |
| Compensated Absences                                | 42,227  | -                          |
| Capital Leases Due                                  | 62,158  | 383,716                    |
| Bonds Payable                                       | -   | 1,144,892                  |
| Line of Credit                                      | -   | 246,776                    |
| Notes Payable                                       | -   | 1,306,237                  |
| <b>Total Current Liabilities</b>                    | <b>7,024,152</b>  | <b>21,772,007</b>          |

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2019**

|  | <b>Primary<br/>Government<br/>Governmental<br/>Activities</b> | <b>Component<br/>Units</b> |
|--|---|----------------------------|
| <b>Noncurrent Liabilities</b>              |   |                            |
| Due in More Than One Year:                 |   |                            |
| Compensated Absences                       | \$ 122,178  | \$ 45,911                  |
| Net Pension Liability                      | 4,381,491   | 47,502,273                 |
| Net OPEB Liability                         | 2,721,452   | 38,573,608                 |
| Capital Leases                             | 15,832  | 25,284,858                 |
| Bonds Payable                              | -   | 100,056,970                |
| Notes Payable                              | -   | 67,190,438                 |
| <b>Total Noncurrent Liabilities</b>        | <b>7,240,953</b>  | <b>278,654,058</b>         |
| <b>Total Liabilities</b>                   | <b>14,265,105</b>   | <b>300,426,065</b>         |
| <b>Deferred Inflows of Resources</b>       |   |                            |
| Net Pension Deferrals                      | 1,078,559   | 4,243,158                  |
| Net OPEB Deferrals                         | 222,597   | 4,218,332                  |
| Unearned Revenue                           | -   | 257,294                    |
| <b>Total Deferred Inflows of Resources</b> | <b>1,301,156</b>  | <b>8,718,784</b>           |
| <b>Net Position (Deficit)</b>              |   |                            |
| Net Investment in Capital Assets           | 12,080  | 2,540,980                  |
| Restricted                                 | -   | 18,080,834                 |
| Unrestricted                               | (1,067,097)   | (43,360,629)               |
| <b>Total Net Position (Deficit)</b>        | <b>\$ (1,055,017)</b>   | <b>\$ (22,738,815)</b>     |

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

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

|  |                    |                            |  | Net Revenue (Expenses) and<br>Changes in Net Position |                        |
|--|--------------------|----------------------------|--|---|------------------------|
|  |                    |                            |  | Primary Government<br>Governmental<br>Activities      | Component<br>Units     |
|  | Expenses           | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions |   |                        |
| <b>Functions/Programs</b>  |                    |                            |  |   |                        |
| Primary Government:  |                    |                            |  |   |                        |
| Governmental Activities  |                    |                            |  |   |                        |
| Support Services   | \$ 4,663,627       | \$ -                       | \$ 1,535,277                             | \$ (3,128,350)  |                        |
| Intergovernmental - Component Units                                      | 187,611,296        | 2,992,935                  | 184,618,361                              | -   |                        |
|  |                    |                            | -  |   |                        |
| <b>Total Governmental Activities</b>                                     | <u>192,274,923</u> | <u>2,992,935</u>           | <u>186,153,638</u>                       | <u>(3,128,350)</u>                                    |                        |
| Component Units:   |                    |                            |  |   |                        |
| Charter Schools  | 197,341,622        | 2,597,202                  | 194,035,403                              |   | \$ (709,017)           |
| <b>Total Component Units</b>   | <u>197,341,622</u> | <u>2,597,202</u>           | <u>194,035,403</u>                       |   | <u>(709,017)</u>       |
| General Revenues:  |                    |                            |  |   |                        |
| Grants and Contributions Not Restricted for Specific Purpose             |                    |                            |  | -   | 1,870,026              |
| Unrestricted Investment Earnings   |                    |                            |  | 39,487  | 362,883                |
| Miscellaneous  |                    |                            |  | 804,052   | 2,915,801              |
| Gain (Loss) on Disposal of Capital Assets                                |                    |                            |  | -   | (35,325)               |
| <b>Total General Revenues</b>  |                    |                            |  | <u>843,539</u>  | <u>5,113,385</u>       |
| <b>Change in Net Position</b>  |                    |                            |  | (2,284,811)   | 4,404,368              |
| <b>Net Position (Deficit), Beginning of Year, As Previously Reported</b> |                    |                            |  | 1,229,794   | (53,901,422)           |
| <b>Adjustments to Net Position (Deficit) - See Note 1</b>                |                    |                            |  | -   | 26,758,239             |
| <b>Net Position (Deficit), End of Year</b>                               |                    |                            |  | <u>\$ (1,055,017)</u>                                 | <u>\$ (22,738,815)</u> |

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

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

|   |                     | <b>Special Revenue Funds</b> |                                  |                                 |
|---|---------------------|------------------------------|----------------------------------|---------------------------------|
|   | <b>General</b>      | <b>Special Projects</b>      | <b>Education Improvement Act</b> | <b>Total Governmental Funds</b> |
| <b>Assets</b>   |                     |                              |                                  |                                 |
| Cash & Cash Equivalents   | \$ 3,198,266        | \$ -                         | \$ -                             | \$ 3,198,266                    |
| Investments   | 1,275,452           | -                            | -                                | 1,275,452                       |
| Due From Federal Agencies   | -                   | 6,649,134                    | -                                | 6,649,134                       |
| Due From State Department of Education                                    | 728                 | -                            | 86,684                           | 87,412                          |
| Due From Other Funds  | 106,434             | -                            | 8,005                            | 114,439                         |
| Due From Other Governmental Units   | 16,925              | 3,820                        | 43,359                           | 64,104                          |
| Other Receivables   | 1,800               | -                            | -                                | 1,800                           |
| Prepaid Expenses  | 6,433               | 1,984                        | 3,000                            | 11,417                          |
| <b>Total Assets</b>   | <b>\$ 4,606,038</b> | <b>\$ 6,654,938</b>          | <b>\$ 141,048</b>                | <b>\$ 11,402,024</b>            |
| <b>Liabilities</b>  |                     |                              |                                  |                                 |
| Accounts Payable  | \$ 85,235           | 57,009                       | \$ 31,212                        | \$ 173,456                      |
| Accrued Payroll And Related Liabilities                                   | 44,005              | -                            | -                                | 44,005                          |
| Due to Federal Agencies   | -                   | 59,161                       | -                                | 59,161                          |
| Due To State Department of Education                                      | -                   | -                            | 36,213                           | 36,213                          |
| Due To Other Governmental Units   | 108,980             | 6,421,038                    | 59,484                           | 6,589,502                       |
| Due To Other Funds  | -                   | 114,439                      | -                                | 114,439                         |
| Unearned Revenue  | -                   | 3,291                        | 14,139                           | 17,430                          |
| <b>Total Liabilities</b>  | <b>238,220</b>      | <b>6,654,938</b>             | <b>141,048</b>                   | <b>7,034,206</b>                |
| <b>Fund Balances</b>  |                     |                              |                                  |                                 |
| Non-Spendable   |                     |                              |                                  |                                 |
| Prepaid Expenses  | 6,433               | -                            | -                                | 6,433                           |
| Unassigned  | 4,361,385           | -                            | -                                | 4,361,385                       |
| <b>Total Fund Balances</b>  | <b>4,367,818</b>    | <b>-</b>                     | <b>-</b>                         | <b>4,367,818</b>                |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <b>\$ 4,606,038</b> | <b>\$ 6,654,938</b>          | <b>\$ 141,048</b>                | <b>\$ 11,402,024</b>            |
| <b>Total Governmental Fund Balances</b>                                   |                     |                              |                                  | <b>\$ 4,367,818</b>             |

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

|   |                              |
|---|------------------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of capital assets is \$474,885 and the accumulated depreciation is \$384,815.   | 90,070                       |
| Deferred Outflows (Inflows) resulting from the recognition of the employer's share of the state's net pension and OPEB liability are not current financial resources; therefore, they are not reported on the fund financial statements.  | 1,832,433                    |
| Long-term liabilities, including compensated absences \$164,405, capital leases \$77,990, net pension liability \$4,381,491 and net OPEB liability \$2,721,452 are not due and payable in the current period and, therefore, are not reported in the fund financial statements. | <u>(7,345,338)</u>           |
| <b>Net Position of Governmental Activities</b>  | <u><b>\$ (1,055,017)</b></u> |

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



**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

|  |                     | <b>Special Revenue</b>  |                                  |                                 |
|--|---------------------|-------------------------|----------------------------------|---------------------------------|
|  | <b>General</b>      | <b>Special Projects</b> | <b>Education Improvement Act</b> | <b>Total Governmental Funds</b> |
| <b>Revenues</b>                                    |                     |                         |                                  |                                 |
| Local Sources                                      | \$ 180,009          | \$ 663,530              | \$ -                             | \$ 843,539                      |
| Intergovernmental                                  | 2,990,375           | 2,560                   | -                                | 2,992,935                       |
| State Sources                                      | 85,828,011          | 2,893,533               | 88,773,263                       | 177,494,807                     |
| Federal Sources                                    | -                   | 8,658,831               | -                                | 8,658,831                       |
| <b>Total Revenues</b>                              | <b>88,998,395</b>   | <b>12,218,454</b>       | <b>88,773,263</b>                | <b>189,990,112</b>              |
| <b>Expenditures</b>                                |                     |                         |                                  |                                 |
| Current:   |                     |                         |                                  |                                 |
| Support Services                                   | 3,556,674           | 340,739                 | 98,745                           | 3,996,158                       |
| Intergovernmental                                  | 86,788,869          | 12,142,950              | 88,679,477                       | 187,611,296                     |
| Capital Outlay                                     | 68,444              | -                       | -                                | 68,444                          |
| <b>Total Expenditures</b>                          | <b>90,413,987</b>   | <b>12,483,689</b>       | <b>88,778,222</b>                | <b>191,675,898</b>              |
| <b>Other Financing Sources (Uses)</b>              |                     |                         |                                  |                                 |
| Transfers In                                       | -                   | 265,235                 | 4,959                            | 270,194                         |
| Transfers Out                                      | (270,194)           | -                       | -                                | (270,194)                       |
| <b>Total Other Financing Sources (Uses)</b>        | <b>(270,194)</b>    | <b>265,235</b>          | <b>4,959</b>                     | <b>-</b>                        |
| <b>Net Change in Fund Balances</b>                 | <b>(1,685,786)</b>  | <b>-</b>                | <b>-</b>                         | <b>(1,685,786)</b>              |
| <b>Fund Balance, Beginning of Year</b>             | <b>6,053,604</b>    | <b>-</b>                | <b>-</b>                         | <b>6,053,604</b>                |
| <b>Fund Balance, Ending of Year</b>                | <b>\$ 4,367,818</b> | <b>\$ -</b>             | <b>\$ -</b>                      | <b>\$ 4,367,818</b>             |
| Total Change in Fund Balances - Governmental Funds |                     |                         |                                  | \$ (1,685,786)                  |

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 current period depreciation expense of \$70,268 exceeds the cost of assets of \$0.   | (70,268)              |
| 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.   | 60,323                |
| 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.                                 | (16,957)              |
| In the statement of activities, retirement and pension expense is measured by the District's proportionate share of the SCRS pension and SCRHTF and SCLTDITF OPEB total expense. In the governmental funds, however, the expenditure for retirement is measured by the current contributions to the retirement and pension system. The amount presented is the difference in the accounting for these costs during the current year. | (572,123)             |
| Change in Net Position of Governmental Activities  | <u>\$ (2,284,811)</u> |

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

## 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 standalone 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 were thirty-five charter schools in the District: Bettis Preparatory Leadership Academy, Brashier Middle College, Bridges Preparatory School, Cape Romain Environmental Education Charter School, Charleston Acceleration Academy, East Light Academy, East Link Academy, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lakes & Bridges Charter School, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Meyer Center for Special Children, Midlands Arts Conservatory, Midlands Middle College, NEXT High School (two campus'), Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Polaris Tech Charter School, Quest Leadership Academy, Riverwalk Academy, South Carolina Connections Academy, Inc., 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.

Bettis Preparatory Leadership Academy, Brashier Middle College, Bridges Preparatory School, Cape Romain Environmental Education Charter School, Charleston Acceleration Academy, East Light Academy, East Link Academy, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lakes & Bridges Charter School, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Meyer Center for Special Children, Midlands Arts Conservatory, Midlands Middle College, NEXT High School (two campus'), Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Polaris Tech Charter School, Quest Leadership Academy, Riverwalk Academy, South Carolina Connections Academy, Inc., 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. Completed financial statements for each of the discretely presented component units may be obtained at the respective school's administrative offices. The District paid a total of \$187,611,296 to the component units during the year ended June 30, 2019. These expenditures are included in intergovernmental expenditures in the statement of revenues, expenditures, and changes in fund balance.

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

### A. Reporting Entity (Continued)

The beginning net position of the discretely presented component units has been adjusted from the prior year's ending of \$(53,901,422) to account for the charter schools that transferred in and out of the District on July 1, 2018. The table below illustrates the adjustments to the opening net position (deficit) for the component units discussed above and the effects of the transfers of these charter schools into and out of the District.

|  | <u>Net Investment<br/>in Capital Assets</u> | <u>Restricted</u> | <u>Unrestricted</u> | <u>Total</u>        |
|--|---|-------------------|---------------------|---------------------|
| <b>Net Position (Deficit), Beginning of Year</b>           | 5,704,280                                   | 26,967,686        | (86,573,388)        | (53,901,422)        |
| Adjustments to Net Position (Deficit) - See Note 1         |   |                   |                     |                     |
| Transfers In - Charter Schools                             |   |                   | 299,116             | 299,116             |
| Transfers Out - Charter School                             | (1,677,405)                                 | (17,172,489)      | 45,309,017          | 26,459,123          |
| <b>Net Position (Deficit), Beginning of Year, Adjusted</b> | <u>4,026,875</u>                            | <u>9,795,197</u>  | <u>(40,965,255)</u> | <u>(27,143,183)</u> |

### 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.

#### ***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 which are legally restricted for a specified purpose.

#### **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.

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

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

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.

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.

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

The effect of interfund activity has been eliminated from the government-wide financial statements.

### **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:

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

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

| 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.

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 and the net OPEB liability, see Note 6 for Pension Plans and Note 7 for OPEB 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 items reported in the government-wide statement of net position in relation to its proportionate share of the SCRS net pension liability and the net OPEB liability; see Note 6 for Pension Plans and Note 7 for OPEB Plans.

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

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

**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.

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, 2019. 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, 2019, the carrying amount of the District's deposits was \$3,198,266 and the bank balance was \$3,229,009.

At June 30, 2019, 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. An initial investment of \$2,500,000 was divided among ten certificates of deposit, each held at separate banks for \$250,000.

As of June 30, 2019, the District had only four certificates of deposit, each held at separate banks for \$250,000. The interest rates ranges from 1.75% to 2.75%. The maturities vary and range from six 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 two separate financial institutions and are eligible for FDIC insurance coverage per depositor per institution. The total amount of investments at June 30, 2019 was \$1,275,452. The amount on deposit does not exceed FDIC insurance.

**Custodial Credit Risk** - Custodial credit risk is the risk that the District's deposits will not be returned to it. At June 30, 2019, 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, 2019 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.



### 3. DUE FROM STATE DEPARTMENT OF EDUCATION AND FEDERAL AGENCIES (continued)

#### Governmental Activities

##### Due from Federal Agencies

|  |              |
|--|--------------|
| Title I  | \$ 4,453,094 |
| Title I - School Improvement Mini Grant  | 50,800       |
| Title I - Direct Student Services  | 110,754      |
| IDEA   | 1,153,647    |
| IDEA - Preschool   | 82,701       |
| C.A.T.E.   | 73,306       |
| Improving Teacher Quality  | 177,787      |
| Language Instruction for Limited English Proficient and<br>Immigrant Students, Title III | 8,804        |
| 21st Century Community Learning Centers  | 155,736      |
| School Improvement Grants  | 382,505      |

|  |                     |
|--|---------------------|
| <b>Total Due from Federal Agencies</b> | <b>\$ 6,649,134</b> |
|--|---------------------|

##### Due from State Department of Education

|       |           |
|-------|-----------|
| EIA   | \$ 86,684 |
| Other | 728       |

|   |                  |
|---|------------------|
| <b>Total Due from State Department of Education</b> | <b>\$ 87,412</b> |
|---|------------------|

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, 2019, was as follows:

|   | <u>Balance,<br/>July 01, 2018</u> | <u>Additions/<br/>Transfers</u> | <u>Disposals/<br/>Transfers</u> | <u>Balance,<br/>June 30, 2019</u> |
|---|-----------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| <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                             | 226,586                           | 69,432                          | -                               | 296,018                           |
| Leasehold Improvements                              | 3,275                             | 836                             | -                               | 4,111                             |
| Software  | 84,686                            | -                               | -                               | 84,686                            |
| <b>Total Accumulated Depreciation</b>               | <b>314,547</b>                    | <b>70,268</b>                   | <b>-</b>                        | <b>384,815</b>                    |
| <b>Governmental Activities, Capital Assets, Net</b> | <b>\$ 160,338</b>                 | <b>\$ (70,268)</b>              | <b>\$ -</b>                     | <b>\$ 90,070</b>                  |

Depreciation expense was charged to governmental functions as follows:

|                                      |                  |
|--------------------------------------|------------------|
| <b>Governmental Activities</b>       |                  |
| Support Services                     | \$ 70,268        |
| <b>Total Governmental Activities</b> | <b>\$ 70,268</b> |

## 5. LONG-TERM OBLIGATIONS

Long-term obligations at June 30, 2019 consist of capital lease obligations and compensated absences. A summary of changes in long-term obligations is as follows:

|                           | <b>Amounts<br/>Outstanding<br/>June 30, 2018</b> | <b>Additions</b> | <b>Deletions</b> | <b>Amounts<br/>Outstanding<br/>June 30, 2019</b> | <b>Amounts<br/>Due in One<br/>Year</b> |
|---------------------------|--|------------------|------------------|--|--|
| Capital Lease Obligations | \$ 138,313                                       | \$ -             | \$ 60,323        | \$ 77,990  | \$ 62,158                              |
| Compensated Absences      | 147,448  | 16,957           | -                | 164,405  | 42,227                                 |
| <b>Total</b>              | <b>\$ 285,761</b>                                | <b>\$ 16,957</b> | <b>\$ 60,323</b> | <b>\$ 242,395</b>                                | <b>\$ 104,385</b>                      |

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, 2019. The minimum lease obligation and net present value of these minimum lease payments as of June 30, 2019, are as follows:

|  |                  |
|--|------------------|
| <b>Year Ending June 30,</b>                        |                  |
| 2020   | \$ 63,807        |
| 2021   | 15,951           |
| Total Minimum Lease Payments                       | 79,758           |
| Less: Amount Representing Interest                 | (1,768)          |
| <b>Present Value of Net Minimum Lease Payments</b> | <b>\$ 77,990</b> |

## 6. PENSION PLANS

The District participates in the South Carolina Retirement System (SCRS) and the State Optional Retirement Program (State ORP). The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S. C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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.

## 6. **PENSION PLANS** (Continued)

### ***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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

### ***Plan Membership***

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

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

PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. 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 the ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

### ***Plan Benefits***

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. 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.

## 6. **PENSION PLANS** (Continued)

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

### ***Plan Contributions***

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the Board, effective on the following July 1<sup>st</sup>, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July 1<sup>st</sup>, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9.00% for SCRS. The employer contribution rates will continue to increase annually by 1.00% through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56% for SCRS. The amortization period is scheduled to be reduced one year for each of the next ten years to a twenty year amortization schedule.

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

Required employer and employee contribution rates for the past three years are as follows:

|                                      | <b>SCRS and State ORP Rates</b> |               |               |
|--------------------------------------|---------------------------------|---------------|---------------|
|                                      | <b>2019</b>                     | <b>2018</b>   | <b>2017</b>   |
| <b>Employer Contribution Rate: ^</b> |                                 |               |               |
| Retirement*                          | 14.41%                          | 13.41%        | 11.41%        |
| Incidental Death Benefit             | 0.15%                           | 0.15%         | 0.15%         |
| Accidental Death Contributions       | 0.00%                           | 0.00%         | 0.00%         |
|                                      | <u>14.56%</u>                   | <u>13.56%</u> | <u>11.56%</u> |
| <b>Employee Contribution Rate</b>    | <u>9.00%</u>                    | <u>9.00%</u>  | <u>8.66%</u>  |

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

\* 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.

## 6. **PENSION PLANS** (Continued)

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

| <b>Year Ended<br/>June 30,</b> | <b>SCRS Contributions</b> |                      | <b>State ORP Contributions</b> |                      |
|--------------------------------|---------------------------|----------------------|--------------------------------|----------------------|
|                                | <b>Required</b>           | <b>% Contributed</b> | <b>Required</b>                | <b>% Contributed</b> |
| 2019                           | \$ 208,688                | 100%                 | \$ 33,530                      | 100%                 |
| 2018                           | 166,879                   | 100%                 | 36,408                         | 100%                 |
| 2017                           | 117,361                   | 100%                 | 29,427                         | 100%                 |

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

| <b>Year Ended<br/>June 30,</b> | <b>SCRS Payroll</b> | <b>State ORP Payroll</b> | <b>Total Payroll</b> |
|--------------------------------|---------------------|--------------------------|----------------------|
| 2019                           | \$ 1,433,295        | \$ 350,736               | \$ 1,784,031         |
| 2018                           | 1,230,671           | 425,330                  | 1,656,001            |
| 2017                           | 1,015,236           | 448,578                  | 1,463,814            |

### **Actuarial Assumptions and Methods**

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018, total pension liability (TPL), net pension liability (NPL), and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end June 30, 2018, using generally accepted actuarial principles.

The following provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2018:

|                            | <b>SCRS</b>                          |
|----------------------------|--------------------------------------|
| Actuarial Cost Method      | Entry Age Normal                     |
| Investment Rate of Return* | 7.25%                                |
| Projected Salary Increases | 3.00% to 12.50% (varies by service)* |
| Benefit Adjustments        | Lesser of 1.00% or \$500 annually    |

\* Includes Inflation at 2.25%

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

## 6. **PENSION PLANS** (Continued)

Assumptions used in the determination of the June 30, 2018, total pension liability are as follows:

| <b>Former Job Class</b>                               | <b>Males</b>                       | <b>Females</b>                       |
|---|------------------------------------|--------------------------------------|
| Educators   | 2016 PRSC Males Multiplied by 92%  | 2016 PRSC Females Multiplied by 98%  |
| General Employees and Members of the General Assembly | 2016 PRSC Males Multiplied by 100% | 2016 PRSC Females Multiplied by 111% |
| Public Safety and Firefighters                        | 2016 PRSC Males Multiplied by 125% | 2016 PRSC Females Multiplied by 111% |

### **Long-term Expected Rate of Return**

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the TPL includes a 5.00% real rate of return and a 2.25% 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>47.00%</b>                  |  |   |
| Global Public Equity                    | 33.00%                         | 6.99%  | 2.31%   |
| Private Equity                          | 9.00%                          | 8.73%  | 0.79%   |
| Equity Options Strategies               | 5.00%                          | 5.52%  | 0.28%   |
| <b>Real Assets</b>                      | <b>10.00%</b>                  |  |   |
| Real Estate (Private)                   | 6.00%                          | 3.54%  | 0.21%   |
| Real Estate (REITs)                     | 2.00%                          | 5.46%  | 0.11%   |
| Infrastructure                          | 2.00%                          | 5.09%  | 0.10%   |
| <b>Opportunistic</b>                    | <b>13.00%</b>                  |  |   |
| GTAA/Risk Parity                        | 8.00%                          | 3.75%  | 0.30%   |
| Hedge Funds (non-PA)                    | 2.00%                          | 3.45%  | 0.07%   |
| Other Opportunistic Strategies          | 3.00%                          | 3.75%  | 0.11%   |
| <b>Diversified Credit</b>               | <b>18.00%</b>                  |  |   |
| Mixed Credit                            | 6.00%                          | 3.05%  | 0.18%   |
| Emerging Markets Debt                   | 5.00%                          | 3.94%  | 0.20%   |
| Private Debt                            | 7.00%                          | 3.89%  | 0.27%   |
| <b>Conservative Fixed Income</b>        | <b>12.00%</b>                  |  |   |
| Core Fixed Income                       | 10.00%                         | 0.94%  | 0.09%   |
| Cash and Short Duration (Net)           | 2.00%                          | 0.34%  | 0.01%   |
| <b>Total Expected Real Return</b>       | <b>100.00%</b>                 |  | <b>5.03%</b>  |
| <b>Inflation for Actuarial Purposes</b> |                                |  | <b>2.25%</b>  |
| <b>Total Expected Nominal Return</b>    |                                |  | <b>7.28%</b>  |

## 6. PENSION PLANS (Continued)

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

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability (TPL) determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018, for SCRS is presented below.

| <u>System</u> | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Employers' Net Pension Liability (Asset)</u> | <u>Plan Fiduciary Net Position As a Percentage of the Total Pension Liability</u> |
|---------------|--------------------------------|------------------------------------|---|---|
| SCRS          | \$ 48,821,730,067              | \$ 26,414,916,370                  | \$ 22,406,813,697                               | 54.10%  |

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL 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.

At June 30, 2019, the District reported a liability of \$4,381,491 for its proportionate share of the net pension liability for the SCRS. The net pension liability was measured as of June 30, 2018, and the total pension liabilities for the Plan used to calculate the net pension liability was determined based on the most recent actuarial valuation as of July 1, 2017 that was projected forward to the measurement date. 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 South Carolina state and local government employers, actuarially determined. At June 30, 2018 measurement date, the District's proportionate share was 0.019554% for SCRS.

For the year ended June 30, 2019, the District's proportionate share of collective pension expense was \$426,531. The District's total pension expense for the year ended June 30, 2019, \$814,586. Additional items included in the total pension expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in the District's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of total plan employer contributions. These two deferrals are specific to cost-sharing multiple employer defined benefit pension plans.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|--|---|--|
| Differences Between Expected and Actual Experience   | \$ 7,909                                  | \$ 25,784                                |
| Assumption Changes   | 173,833                                   | -  |
| Net Difference Between Projected and Actual Investment Earnings  | 69,600                                    | -  |
| Deferred Amounts from Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Employer Contributions | 2,244,852                                 | 1,052,775                                |
| District's Contributions Subsequent to the Measurement Date  | 242,218                                   | -  |
|  | <u>\$ 2,738,412</u>                       | <u>\$ 1,078,559</u>                      |

Approximately \$242,218 was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date to SCRS will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

## 6. **PENSION PLANS** (Continued)

Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to SCRS will increase (decrease) pension expense as follows:

| <b>Difference Between Expected and Actual Experience</b> |                      |
|--|----------------------|
|  | <b>SCRS</b>          |
|  | <b>June 30, 2018</b> |
| Initial Balance  | \$ 102,281           |
| Amortized Period   |                      |
| Ending June 30,  |                      |
| 2014   | \$ (29,506)          |
| 2015   | (27,410)             |
| 2016   | (29,629)             |
| 2017   | (32,250)             |
| 2018   | (1,359)              |
| 2019   | 3,764                |
| 2020   | 5,382                |
| 2021   | 8,068                |
| 2022   | 662                  |
| Thereafter   | -                    |

  

| <b>Difference Between Projected and Actual Investment Earnings</b> |                      |
|--|----------------------|
|  | <b>SCRS</b>          |
|  | <b>June 30, 2018</b> |
| Initial Balance  | \$ 101,551           |
| Amortized Period   |                      |
| Ending June 30,  |                      |
| 2014   | \$ 70,956            |
| 2015   | 11,533               |
| 2016   | (67,226)             |
| 2017   | (26,904)             |
| 2018   | (20,310)             |
| 2019   | (91,266)             |
| 2020   | (31,843)             |
| 2021   | 46,916               |
| 2022   | 6,593                |
| Thereafter   | -                    |

  

| <b>Assumption Changes</b> |                      |
|---------------------------|----------------------|
|                           | <b>SCRS</b>          |
|                           | <b>June 30, 2018</b> |
| Initial Balance           | \$ 341,540           |
| Amortized Period          |                      |
| Ending June 30,           |                      |
| 2017                      | \$ (83,855)          |
| 2018                      | (83,855)             |
| 2019                      | (83,855)             |
| 2020                      | (83,855)             |
| 2021                      | (6,123)              |
| 2022                      | -                    |
| Thereafter                | -                    |

The above schedule reflects the amortization of the net balance of remaining deferred outflows and inflows of resources at the measurement date.



## 6. **PENSION PLANS** (Continued)

Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.080 years for SCRS, which is being used to amortize the difference between expected and actual experience and the changes in proportionate share of employer contributions. The difference between each year's projected and actual investment earnings is required to be amortized over a close, 5-year period.

### ***Discount Rate***

The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Cod of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

### ***Sensitivity Analysis***

The following table presents the District's proportionate share of the SCRS NPL using the discount rate of 7.25%, as well as what the Districts' NPL would be if it were calculated using a discount rate that is 1.00% lower (6.25%) or 1.00% higher (8.25%) than the current rate.

|  | <b>1.00% Decrease<br/>(6.25%)</b> | <b>Current Discount<br/>Rate (7.25%)</b> | <b>1.00% Increase<br/>(8.25%)</b> |
|--|-----------------------------------|--|-----------------------------------|
| <b>School District's Proportionate Share of<br/>the Net Pension Liability (SCRS)</b> | <b>\$ 5,598,732</b>               | <b>\$ 4,381,491</b>                      | <b>\$ 3,511,280</b>               |

### ***Plans Fiduciary Net Position***

Detailed information regarding the fiduciary net position of the plan administered by PEBA is available in the separately issued CAFR containing financial statement and required supplementary information for SCRS. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

### ***Payable to Plans***

The School District reported a payable of approximately \$39,750 to the PEBA as of June 30, 2019, representing the required employer and employee contributions for the month of June 2019 for the SCRS. This amount is included in accrued salaries, fringe and benefits on the financial statements and was paid in July 2019.

## 7. **OTHER POST-EMPLOYMENT BENEFITS**

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFFA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

## **7. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

### ***Plan Descriptions***

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

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

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

### ***Benefits***

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

### ***Contributions and Funding Policies***

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2018 was 5.50 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2018. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

## **7. OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The District's contractually required contribution rate for the year ended June 30, 2019 was 6.05% of covered employee payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District for the SCRHITF and SCLTDITF were \$107,934 and \$616, respectively, for the year ended June 30, 2019. Employees are not required to contribute to the OPEB plan.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2018 totaled \$474,304,318. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of negative \$511,143.

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

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

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance 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 – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

### ***Actuarial Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuation for SCRHITF:

|                            |  |
|----------------------------|--|
| Valuation Date:            | June 30, 2017  |
| Actuarial Cost Method:     | Entry Age Normal   |
| Inflation:                 | 2.25%  |
| Investment Rate of Return: | 4.00, net of OPEB Plan investment expense; including inflation.  |
| Single Discount Rate:      | 3.62% as of June 30, 2018.   |
| Demographic Assumptions:   | Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.  |
| Mortality:                 | For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type. |

## 7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

|                         |   |
|-------------------------|---|
| Health Care Trend Rate: | Initial trend starting at 6.75% and gradually decreasing to an ultimate trend of 4.15% over a period of 14 years.   |
| Retiree Participation:  | 79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums. 20% participation for retirees who are eligible for Non-Funded Premiums. |
| Notes:                  | There were no benefit changes during the year; the discount rate changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018.   |

Additional information as of the latest actuarial valuation for SCLTDITF:

|  |  |
|--|--|
| Valuation Date:                            | June 30, 2017  |
| Actuarial Cost Method:                     | Entry Age Normal   |
| Inflation:                                 | 2.25%  |
| Investment Rate of Return:                 | 4.00, net of OPEB Plan investment expense; including inflation.  |
| Single Discount Rate:                      | 3.91% as of June 30, 2018  |
| Salary, Termination, and Retirement Rates: | Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.  |
| Disability Incidence:                      | The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans.  |
| Disability Recovery:                       | For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years. |
| Offsets:                                   | 40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group.                             |
| Expenses:                                  | Third party administrative expenses were included in the benefit projections.  |
| Notes:                                     | There were no benefit changes during the year; the discount rate changed from 3.87% as of June 30, 2017 to 3.91% as of June 30, 2018.  |

### **Roll Forward Disclosure**

The actuarial valuation was performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018.

### **Net OPEB Liability**

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trusts' Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2018:

| <u>OPEB Trust</u> | <u>Total OPEB Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Employers' Net OPEB Liability (Asset)</u> | <u>Plan Fiduciary Net Position As a Percentage of the Total OPEB Liability</u> |
|-------------------|-----------------------------|------------------------------------|--|--|
| SCRHITF           | \$ 15,387,115,010           | \$ 1,216,530,062                   | \$ 14,170,584,948                            | 7.91%  |
| SCLTDITF          | 39,261,091                  | 36,199,863                         | 3,061,228                                    | 92.20%   |

## 7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

### ***Single Discount Rate***

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.91% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.62%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain at \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

### ***Long-Term Expected Rate of Return***

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

| <b>Asset Class</b>                  | <b>Target Asset Allocation</b> | <b>Expected Arithmetic Real Rate of Return</b> | <b>Allocation Weighted Long-Term Expected Real Rate of Return</b> |
|-------------------------------------|--------------------------------|--|---|
| U.S. Domestic Fixed Income          | 80.00%                         | 2.09%  | 1.67%   |
| Cash                                | 20.00%                         | 0.84%  | 0.17%   |
| <b>Total</b>                        | <b>100.00%</b>                 |  | <b>1.84%</b>  |
| <b>Expected Inflation</b>           |                                |  | <b>2.25%</b>  |
| <b>Total Return</b>                 |                                |  | <b>4.09%</b>  |
| <b>Investment Return Assumption</b> |                                |  | <b>4.00%</b>  |

### ***Sensitivity Analysis***

The following table presents the District's proportionate share of the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

|                                   | <b>1.00% Decrease<br/>(2.62%)</b> | <b>Current Discount Rate<br/>(3.62%)</b> | <b>1.00% Increase<br/>(4.62%)</b> |
|-----------------------------------|-----------------------------------|--|-----------------------------------|
| <b>SCRHITF Net OPEB Liability</b> | <b>\$ 3,205,808</b>               | <b>\$ 2,721,177</b>                      | <b>\$ 2,330,526</b>               |

## 7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the District's proportionate share of the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

|                                   | <u>1.00% Decrease</u> | <u>Current Healthcare<br/>Cost Trend Rate</u> | <u>1.00% Increase</u> |
|-----------------------------------|-----------------------|---|-----------------------|
| <b>SCRHITF Net OPEB Liability</b> | <u>\$ 2,239,090</u>   | <u>\$ 2,721,177</u>                           | <u>\$ 3,344,428</u>   |

The following table represents the District's proportionate share of the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.91%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

|                                    | <u>1.00% Decrease<br/>(2.91%)</u> | <u>Current Discount Rate<br/>(3.91%)</u> | <u>1.00% Increase<br/>(4.91%)</u> |
|------------------------------------|-----------------------------------|--|-----------------------------------|
| <b>SCLTDITF Net OPEB Liability</b> | <u>\$ 411</u>                     | <u>\$ 275</u>                            | <u>\$ 142</u>                     |

### ***OPEB Liabilities and OPEB Expense***

At June 30, 2019, the District reported a liability of \$2,721,452 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the District's proportion was 0.019203% for SCRHITF and 0.008984% for SCLTDITF.

For the year ended June 30, 2019, the District recognized OPEB expense of \$197,703.

### ***Deferred Outflows and Inflows of Resources***

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>SCRHITF</u>                            |  |
|---|---|--|
|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
| Differences Between Expected and Actual Experience  | \$ 40,764                                 | \$ 948                                   |
| Changes of Assumptions  | -   | 221,586                                  |
| Net Difference Between Projected and Actual Investment Experience   | 10,434                                    | -  |
| Changes in Proportionate Share and Differences Between District Contributions and Proportionate Share of Total Plan Contributions | 235,264                                   | 25                                       |
| District Contributions Subsequent to the Measurement Date   | 107,934                                   | -  |
|   | <u>\$ 394,396</u>                         | <u>\$ 222,559</u>                        |

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

|   | <b>SCLTDITF</b>                           |  |
|---|---|--|
|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
| Changes of Assumptions  | \$ -                                      | \$ 18                                    |
| Net Difference Between Projected and Actual Investment<br>Experience  | 160                                       | 17                                       |
| Changes in Proportionate Share and Differences Between<br>District Contributions and Proportionate Share of<br>Total Plan Contributions | 5   | 3  |
| District Contributions Subsequent to the Measurement Date   | 616                                       | -  |
|   | <u>\$ 781</u>                             | <u>\$ 38</u>                             |

\$107,934 (SCRHITF) and \$616 (SCLTDITF) reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Difference Between Expected and Actual Experience</b> |                      |                      |
|--|----------------------|----------------------|
|  | <b>SCRHITF</b>       | <b>SCLTDITF</b>      |
|  | <b>June 30, 2018</b> | <b>June 30, 2018</b> |
| Initial Balance (Inflow)/Outflow                         | \$ 46,207            | \$ (19)              |
| Amortization Period                                      | 7.203                | 10.4006              |
| Ending June 30,  |                      |                      |
| 2018   | \$ (6,391)           | \$ 2                 |
| 2019   | (6,391)              | 2                    |
| 2020   | (6,391)              | 2                    |
| 2021   | (6,391)              | 2                    |
| 2022   | (6,391)              | 2                    |
| 2023   | (6,391)              | 2                    |
| Thereafter   | (7,861)              | 8                    |

  

| <b>Assumption Changes</b>        |                      |                      |
|----------------------------------|----------------------|----------------------|
|                                  | <b>SCRHITF</b>       | <b>SCLTDITF</b>      |
|                                  | <b>June 30, 2018</b> | <b>June 30, 2018</b> |
| Initial Balance (Inflow)/Outflow | \$ (263,354)         | \$ (20)              |
| Amortization Period              | 7.203                | 10.4006              |
| Ending June 30,                  |                      |                      |
| 2018                             | \$ 41,768            | \$ 2                 |
| 2019                             | 41,768               | 2                    |
| 2020                             | 41,768               | 2                    |
| 2021                             | 41,768               | 2                    |
| 2022                             | 41,768               | 2                    |
| 2023                             | 41,768               | 2                    |
| Thereafter                       | 12,747               | 7                    |

## 7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

|                                  | <b>Difference Between Projected and Actual Investment Earnings</b> |                      |
|----------------------------------|--|----------------------|
|                                  | <b>SCRHITF</b>   | <b>SCLTDITF</b>      |
|                                  | <b>June 30, 2018</b>   | <b>June 30, 2018</b> |
| Initial Balance (Inflow)/Outflow | \$ 13,322  | \$ 205               |
| Amortization Period              | 5  | 5                    |
| Ending June 30,                  |  |                      |
| 2018                             | \$ (2,888)   | \$ (45)              |
| 2019                             | (2,888)  | (45)                 |
| 2020                             | (2,888)  | (45)                 |
| 2021                             | (2,888)  | (45)                 |
| 2022                             | (1,771)  | (25)                 |
| 2023                             | -  | -                    |
| Thereafter                       | -  | -                    |

### ***Additional Financial and Actuarial Information***

Information in this note was compiled from the OPEB Trusts Funds' audited financial statement for the year ended June 30, 2018, and the accounting and financial reporting actuarial valuation as of June 30, 2018. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trusts Funds' audited financial statements.

## 8. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2019 (all of which are expected to be paid or received within one year), 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     | \$ -                | \$ -                    | \$ 8,005        | \$ 8,005       |
| Special Projects | 114,439             | -                       | -               | 114,439        |
|                  | <u>114,439</u>      | <u>-</u>                | <u>8,005</u>    | <u>122,444</u> |
| <b>Due to:</b>   |                     |                         |                 |                |
| General Fund     | -                   | 114,439                 | -               | 114,439        |
| EIA Fund         | 8,005               | -                       | -               | 8,005          |
|                  | <u>8,005</u>        | <u>114,439</u>          | <u>-</u>        | <u>122,444</u> |
|                  | <u>\$ 106,434</u>   | <u>\$ (114,439)</u>     | <u>\$ 8,005</u> | <u>\$ -</u>    |

The General Fund payable is a result of amounts due to the Special Revenue Fund and the EIA Fund for cash received or to be received by the General Fund that has been deferred in the Special Revenue Fund and the EIA Fund; it will be paid to these funds when expended by them in the following fiscal year.



## 9. TRANSFER FROM AND TO OTHER FUNDS

Transfers from and to other funds for the year ended June 30, 2019, consisted of the following:

|                            | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------------|---------------------|----------------------|
| General Fund               | \$ -                | \$ 270,194           |
| Special Revenue Fund       | 265,235             | -                    |
| Special Revenue Fund - EIA | 4,959               | -                    |
| <b>Total Transfers</b>     | <u>\$ 270,194</u>   | <u>\$ 270,194</u>    |

During the course of normal operations, the District has transactions between funds. Funds were transferred from the General Fund to the Special Revenue Fund and Special Revenue Fund – EIA to cover funding shortfalls in those programs.

## 10. 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.

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

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

### ***Government-Wide 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.

## **12. 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, 2019, totaled \$208,796.

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

|  |                          |
|--|--------------------------|
| <b>Year Ending June 30,</b>                |                          |
| 2020                                       | \$ 202,059               |
| 2021                                       | <u>16,956</u>            |
| <b>Total Future Minimum Lease Payments</b> | <u><u>\$ 219,015</u></u> |

## **13. 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.

## **14. SUBSEQUENT EVENTS**

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.

On July 1, 2019, two charter schools: GREEN Charter School of Spartanburg and Renaissance Collegiate Academy opened as charter schools authorized by and under the jurisdiction of the District's Board of Trustees. In June 2019, the Board of Trustees for the South Carolina Public Charter School District revoked the charter for Quest Leadership Academy. The school is currently in the process of appealing that decision.

On November 26, 2019, the District loaned one of its charter schools \$200,000 to assist with unanticipated construction costs at the school. The loan bears 0% interest for a term of thirty-six months.

## **15. COMPONENT UNIT INFORMATION**

East Light Academy was closed effective September 30, 2018. East Light Academy did not complete an audit for fiscal year ended June 30, 2019. 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:

Bettis Preparatory Leadership Academy  
69 Nicholson Road  
Trenton, SC 29847

Brashier Middle College  
1830 West Georgia Rd., Bldg 203  
Simpsonville, SC 29680

Bridges Preparatory School  
1100 Boundary Street  
Beaufort, SC 29902

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

Charleston Acceleration Academy  
1929 Grimball Road  
Charleston, SC 29412

East Link Academy  
78 Global Drive, Suite 200  
Greenville, SC 29607

East Point Academy  
1401 Leaphart Street  
West Columbia, SC 29169

Felton Laboratory Charter School  
115 Lance Street  
Orangeburg, SC 29117

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

GREEN Charter School  
1440 Pelham Road  
Greenville, SC 29615

Lowcountry Leadership Charter School  
5139 Gibson Road  
Hollywood, SC 29449

Lowcountry Montessori School  
749 Broad River Drive  
Beaufort, SC 29906

Meyer Center  
1132 Rutherford Rd.  
Greenville, SC 29609

Midlands Arts Conservatory  
36806 North Main Street  
Columbia, SC 29203

Midlands Middle College  
1260 Lexington Drive  
West Columbia, SC 29170

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

Palmetto Scholars Academy  
7499 Dorchester Road  
North Charleston, SC 29418

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

Polaris Tech Charter School  
1508 Grays Highway  
Ridgeland, SC 29936

Quest Leadership Academy  
29 Ridgeway Drive  
Greenville, SC 29605

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

GREEN Charter School (Midlands)  
7820 Broad River Rd.  
Irmo, SC 29063

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

Greer Middle College  
138 W. McElhaney Rd.  
Taylors, SC 29687

High Point Academy  
6655 Pottery Road  
Spartanburg, SC 29303

Lakes & Bridges Charter School  
161 School Road  
Easley, SC 29640

Lead Academy  
804 Mauldin Road  
Greenville, SC 29607

Legacy Early College  
900 Woodside Ave  
Greenville, SC 29611

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

South Carolina Connections Academy  
220 Stoneridge Drive, Suite 403  
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

Youth Leadership Academy  
698 Concord Church Road  
Pickens, SC 29671

**REQUIRED SUPPLEMENTAL INFORMATION**

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>Revenues</b>  |                            |                         |                     |   |
| Local  | \$ 33,084                  | \$ 33,084               | \$ 180,009          | \$ 146,925  |
| State  | 85,162,608                 | 85,162,608              | 85,828,011          | 665,403   |
| Intergovernmental  | 2,872,976                  | 2,872,976               | 2,990,375           | 117,399   |
| <b>Total Revenues</b>                                    | <b>88,068,668</b>          | <b>88,068,668</b>       | <b>88,998,395</b>   | <b>929,727</b>  |
| <b>Expenditures</b>                                      |                            |                         |                     |   |
| Current:   |                            |                         |                     |   |
| Support Services   | 3,275,266                  | 3,275,266               | 3,556,674           | (281,408)   |
| Intergovernmental  | 85,162,608                 | 85,162,608              | 86,788,869          | (1,626,261)   |
| Capital Outlay   | 68,444                     | 68,444                  | 68,444              | -   |
| <b>Total Expenditures</b>                                | <b>88,506,318</b>          | <b>88,506,318</b>       | <b>90,413,987</b>   | <b>(1,907,669)</b>  |
| <b>Other Financing Sources (Uses)</b>                    |                            |                         |                     |   |
| Operating Transfers from Other Funds                     | -                          | -                       | (270,194)           | (270,194)   |
| <b>Total Other Financing Sources (Uses)</b>              | <b>-</b>                   | <b>-</b>                | <b>(270,194)</b>    | <b>(270,194)</b>  |
| <b>Excess/(Deficiency) of Revenues over Expenditures</b> | <b>\$ (437,650)</b>        | <b>\$ (437,650)</b>     | <b>(1,685,786)</b>  | <b>\$ 2,567,202</b>   |
| <b>Fund Balance July 01, 2018</b>                        |                            |                         | <b>6,053,604</b>    |   |
| <b>Fund Balance June 30, 2019</b>                        |                            |                         | <b>\$ 4,367,818</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 DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SCRS  
LAST TEN FISCAL YEARS**

|   | Fiscal Year |      |      |      |             |             |             |             |             |             |
|---|-------------|------|------|------|-------------|-------------|-------------|-------------|-------------|-------------|
|   | 2010        | 2011 | 2012 | 2013 | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        |
| <b>SCRS</b>   |             |      |      |      |             |             |             |             |             |             |
| District's Proportion of the Net Pension Liability (Asset)  | N/A*        | N/A* | N/A* | N/A* | \$2,121,342 | \$2,036,217 | \$2,689,116 | \$3,548,512 | \$1,335,389 | \$4,381,491 |
| District's Proportionate Share of the Net Pension Liability (Asset)   | N/A*        | N/A* | N/A* | N/A* | 0.011827%   | 0.011827%   | 0.014179%   | 0.016613%   | 0.005932%   | 0.019554%   |
| District's Covered-Employee Payroll   | N/A*        | N/A* | N/A* | N/A* | \$ 986,530  | \$1,165,650 | \$1,463,615 | \$1,683,971 | \$1,463,813 | \$1,656,001 |
| 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* | 215.03%     | 174.69%     | 183.73%     | 210.72%     | 91.23%      | 264.58%     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | N/A*        | N/A* | N/A* | N/A* | 56.39%      | 56.92%      | 56.99%      | 52.90%      | 53.30%      | 54.10%      |

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), as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2018.

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

|  | Fiscal Year |      |      |      |            |            |            |            |            |            |
|--|-------------|------|------|------|------------|------------|------------|------------|------------|------------|
|  | 2010        | 2011 | 2012 | 2013 | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       |
| <b>SCRS</b>  |             |      |      |      |            |            |            |            |            |            |
| Contractually Required Contribution                                  | N/A*        | N/A* | N/A* | N/A* | \$ 113,820 | \$ 144,803 | \$ 177,929 | \$ 146,788 | \$ 203,287 | \$ 242,218 |
| Contributions in Relation to the Contractually Required Contribution | N/A*        | N/A* | N/A* | N/A* | (113,820)  | (144,803)  | (177,929)  | (146,788)  | (203,287)  | (242,218)  |
| Contribution Deficiency (Excess)                                     | N/A*        | N/A* | N/A* | N/A* | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| District's Covered-Employee Payroll                                  | N/A*        | N/A* | N/A* | N/A* | 1,165,650  | 1,463,615  | 1,683,971  | 1,463,813  | 1,656,001  | 1,784,031  |
| Contributions as a Percentage of Covered-Employee Payroll            | N/A*        | N/A* | N/A* | N/A* | 9.76%      | 9.89%      | 10.57%     | 10.03%     | 12.28%     | 13.58%     |

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.



**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SCRHTF AND SCLTDITF  
LAST TEN FISCAL YEARS**

|  | Fiscal Year |       |       |       |       |       |       |              |              |              |
|--|-------------|-------|-------|-------|-------|-------|-------|--------------|--------------|--------------|
|  | 2010*       | 2011* | 2012* | 2013* | 2014* | 2015* | 2016* | 2017         | 2018         | 2019         |
| <b>SCRHTF</b>  |             |       |       |       |       |       |       |              |              |              |
| District's Proportion of Net OPEB Liability  | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | \$ 2,511,465 | \$ 2,351,113 | \$ 2,721,177 |
| District's Proportionate Share of Net OPEB Liability   | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 0.017358%    | 0.017358%    | 0.192030%    |
| District's Covered-Employee Payroll  | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 1,683,971    | 1,463,813    | 1,656,001    |
| District's Proportionate Share of Net OPEB Liability as a Percentage of Its Covered-Employee Payroll     | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 149.14%      | 160.62%      | 164.32%      |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability                                  | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A          | 7.60%        | 7.91%        |
| <b>SCLTDITF</b>  |             |       |       |       |       |       |       |              |              |              |
| District's Proportion of Net OPEB Liability  | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | \$ 53        | \$ 139       | \$ 275       |
| District's Proportionate Share of Net OPEB Liability   | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 0.007686%    | 0.007686%    | 0.008984%    |
| District's Covered-Employee Payroll (1)  |             |       |       |       |       |       |       |              |              |              |
| District's Proportionate Share of Net OPEB Liability as a Percentage of Its Covered-Employee Payroll (1) |             |       |       |       |       |       |       |              |              |              |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability                                  | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | N/A          | 95.29%       | 92.20%       |

**\* Note:**

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

(1): Long-Term Disability is assessed per covered individual, not as a percentage of covered payroll.

**Source:**

Audit report on the Schedules of Employer and Non-Employer Entity Allocations and Other Post-Employment Benefit (OPEB) Amounts by Employer for the South Carolina Retiree Health Insurance and Long-Term Disability Insurance Trust Funds, as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2018.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SC  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - SCRHTF AND SCLTDITF  
LAST TEN FISCAL YEARS**

|  | Fiscal Year |       |       |       |       |       |       |              |              |              |
|--|-------------|-------|-------|-------|-------|-------|-------|--------------|--------------|--------------|
|  | 2010*       | 2011* | 2012* | 2013* | 2014* | 2015* | 2016* | 2017         | 2018         | 2019         |
| <b>SCRHTF</b>  |             |       |       |       |       |       |       |              |              |              |
| Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | \$ 78,021    | \$ 91,080    | \$ 107,934   |
|  | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | (78,021)     | (91,080)     | (107,934)    |
| Contribution Deficiency (Excess)   | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | \$ -         | \$ -         | \$ -         |
| District's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll            | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | \$ 1,463,615 | \$ 1,656,001 | \$ 1,784,031 |
|  | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | 5.33%        | 5.50%        | 6.05%        |
| <b>SCLTDITF</b>  |             |       |       |       |       |       |       |              |              |              |
| Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | \$ 556       | \$ 654       | \$ 616       |
|  | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | (556)        | (654)        | (616)        |
| Contribution Deficiency (Excess)   | N/A         | N/A   | N/A   | N/A   | N/A   | N/A   | N/A   | \$ -         | \$ -         | \$ -         |
| District's Covered-Employee Payroll (1) Contributions as a Percentage of Covered-Employee Payroll (1)    |             |       |       |       |       |       |       |              |              |              |

**\* Note:**

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

(1): Long-Term Disability is assessed per covered individual, not as a percentage of covered payroll.

**Source:**

District Quarterly Retirement Contribution Reports and Health Insurance Reports

## **SUPPLEMENTAL INFORMATION**

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|-------------------------|-------------------|---|
| <b>Revenues</b>  |                         |                   |   |
| <b>1000 Revenue from Local Sources</b>                 |                         |                   |   |
| 1500 Earnings on Investments:                          |                         |                   |   |
| 1510 Interest on Investments                           | \$ 33,084               | \$ 39,487         | \$ 6,403  |
| 1900 Other Revenue from Local Sources:                 |                         |                   |   |
| 1910 Rentals   | -                       | 18,900            | 18,900  |
| 1990 Miscellaneous Local Revenue                       |                         |                   |   |
| 1999 Revenue from Other Local Sources                  | -                       | 121,622           | 121,622   |
| <b>Total Local Sources</b>                             | <u>33,084</u>           | <u>180,009</u>    | <u>146,925</u>                                  |
| <b>2000 Intergovernmental Revenue</b>                  |                         |                   |   |
| 2200 Payments from Public Charter School               | <u>2,872,976</u>        | <u>2,990,375</u>  | <u>117,399</u>                                  |
| <b>Total Intergovernmental Revenues</b>                | <u>2,872,976</u>        | <u>2,990,375</u>  | <u>117,399</u>                                  |
| <b>3000 Revenue from State Sources</b>                 |                         |                   |   |
| 3100 Restricted State Funding:                         |                         |                   |   |
| 3180 Fringe Benefits Employer Contributions            | 18,824,973              | 20,451,278        | 1,626,305                                       |
| 3181 Retiree Insurance                                 | 635,307                 | 976,985           | 341,678   |
| 3199 Other Restricted State Grants                     | -                       | 165               | 165   |
| 3300 Education Finance Act (EFA):                      |                         |                   |   |
| 3330 Miscellaneous EFA Programs:                       |                         |                   |   |
| 3392 NBC Excess EFA Formula                            | -                       | 80,322            | 80,322  |
| 3399 Other EFA Programs                                | 65,702,328              | 64,302,084        | (1,400,244)                                     |
| 3900 Other State Revenue:                              |                         |                   |   |
| 3993 PEBA On-Behalf                                    | -                       | 17,177            | 17,177  |
| <b>Total State Sources</b>                             | <u>85,162,608</u>       | <u>85,828,011</u> | <u>665,403</u>                                  |
| <b>Total Revenues All Sources</b>                      | <u>88,068,668</u>       | <u>88,998,395</u> | <u>929,727</u>                                  |
| <b>Expenditures</b>                                    |                         |                   |   |
| <b>200 Support Services</b>                            |                         |                   |   |
| 220 Instructional Staff Services                       |                         |                   |   |
| 221 Improvement of Instruction Curriculum Development: |                         |                   |   |
| 300 Purchased Services                                 | -                       | 4,111             | (4,111)   |
| 223 Supervision of Special Programs:                   |                         |                   |   |
| 100 Salaries   | 215,870                 | 222,295           | (6,425)   |
| 140 Terminal Leave                                     | 3,500                   | 3,424             | 76  |
| 200 Employee Benefits                                  | 83,920                  | 111,783           | (27,863)  |
| 300 Purchased Services                                 | 30,000                  | 179,542           | (149,542)                                       |
| 400 Supplies and Materials                             | -                       | 27,142            | (27,142)  |
| 600 Other Objects                                      | -                       | 852               | (852)   |

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|-------------------------|---------------|---|
| 224 Improvement of Instruction Inserve and Staff Training: |                         |               |   |
| 300 Purchased Services                                     | \$ -                    | \$ 4,203      | \$ (4,203)                                      |
| 230 General Administration Services                        |                         |               |   |
| 231 Board of Education:                                    |                         |               |   |
| 300 Purchased Services                                     | 200,665                 | 226,521       | (25,856)  |
| 318 Audit Services   | 36,880                  | 28,595        | 8,285   |
| 400 Supplies and Materials                                 | 5,000                   | 9,464         | (4,464)   |
| 600 Other Objects  | 25,675                  | 15,592        | 10,083  |
| 232 Office of the Superintendent:                          |                         |               |   |
| 100 Salaries   | 332,080                 | 336,246       | (4,166)   |
| 200 Employee Benefits                                      | 115,619                 | 112,666       | 2,953   |
| 300 Purchased Services                                     | 49,211                  | 81,944        | (32,733)  |
| 400 Supplies and Materials                                 | 1,500                   | 8,287         | (6,787)   |
| 600 Other Objects  | 8,000                   | 2,575         | 5,425   |
| 233 School Administration:                                 |                         |               |   |
| 200 Employee Benefits                                      | 50,000                  | 65,003        | (15,003)  |
| 300 Purchased Services                                     | 116,308                 | 94,307        | 22,001  |
| 600 Other Objects  | -                       | 7,000         | (7,000)   |
| 250 Finance and Operations Services                        |                         |               |   |
| 252 Fiscal Services:                                       |                         |               |   |
| 100 Salaries   | 150,500                 | 152,267       | (1,767)   |
| 140 Terminal Leave   | -                       | 7,606         | (7,606)   |
| 180 Head of Organizational Unit                            | 113,725                 | 104,225       | 9,500   |
| 200 Employee Benefits                                      | 51,434                  | 57,866        | (6,432)   |
| 280 Head of Organizational Unit                            | 37,697                  | 39,260        | (1,563)   |
| 300 Purchased Services                                     | 80,980                  | 24,068        | 56,912  |
| 400 Supplies and Materials                                 | 1,250                   | 3,048         | (1,798)   |
| 600 Other Objects  | 3,100                   | 16,545        | (13,445)  |
| 254 Operation and Maintenance of Plant:                    |                         |               |   |
| 300 Purchased Services                                     | 231,405                 | 247,808       | (16,403)  |
| 400 Supplies and Materials                                 | 16,500                  | 13,921        | 2,579   |
| 260 Central Support Services                               |                         |               |   |
| 262 Planning, Research, Development & Evaluation:          |                         |               |   |
| 100 Salaries   | 351,951                 | 324,971       | 26,980  |
| 140 Terminal Leave   | 17,568                  | 28,587        | (11,019)  |
| 180 Head of Organizational Unit                            | 10,020                  | 10,020        | -   |
| 200 Employee Benefits                                      | 126,300                 | 118,094       | 8,206   |
| 280 Head of Organizational Unit                            | 4,017                   | 8,950         | (4,933)   |
| 300 Purchased Services                                     | 90,754                  | 76,117        | 14,637  |
| 400 Supplies and Materials                                 | 2,000                   | 2,185         | (185)   |
| 600 Other Objects  | -                       | 501           | (501)   |
| 263 Information Services:                                  |                         |               |   |
| 100 Salaries   | 84,730                  | 84,727        | 3   |
| 200 Employee Benefits                                      | 28,888                  | 28,700        | 188   |
| 300 Purchased Services                                     | 29,980                  | 35,173        | (5,193)   |
| 400 Supplies and Materials                                 | 5,000                   | 3,527         | 1,473   |
| 600 Other Objects  | -                       | 1,127         | (1,127)   |
| 264 Staff Services:  |                         |               |   |
| 100 Salaries   | 75,000                  | 75,000        | -   |
| 200 Employee Benefits                                      | 28,646                  | 28,168        | 478   |

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

|  | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|-------------------------|---------------------|---|
| 300 Purchased Services                                     | \$ 12,185               | \$ 21,222           | \$ (9,037)                                      |
| 400 Supplies and Materials                                 | 500                     | 1,243               | (743)   |
| 600 Other Objects  | 2,500                   | 176                 | 2,324   |
| 266 Technology and Data Processing Services:               |                         |                     |   |
| 100 Salaries   | 215,834                 | 215,834             | -   |
| 200 Employee Benefits                                      | 77,569                  | 80,299              | (2,730)   |
| 300 Purchased Services                                     | 141,505                 | 195,280             | (53,775)  |
| 400 Supplies and Materials                                 | 9,500                   | 8,256               | 1,244   |
| 500 Capital Outlay   | 68,444                  | 68,444              | -   |
| 600 Other Objects  | -                       | 351                 | (351)   |
| <b>Total Support Services</b>                              | <u>3,343,710</u>        | <u>3,625,118</u>    | <u>(281,408)</u>                                |
| <b>400 Other Charges</b>                                   |                         |                     |   |
| <b>410 Intergovernmental Expenditures</b>                  |                         |                     |   |
| 411 Payments to the South Carolina Department of Education |                         |                     |   |
| 720 Transits   | -                       | 183,530             | (183,530)                                       |
| 416 LEA Payments to Public Charter Schools                 |                         |                     |   |
| 720 Transits   | 85,162,608              | 86,605,339          | (1,442,731)                                     |
| <b>Total Intergovernmental Expenditures</b>                | <u>85,162,608</u>       | <u>86,788,869</u>   | <u>(1,626,261)</u>                              |
| <b>Total Expenditures</b>                                  | <u>88,506,318</u>       | <u>90,413,987</u>   | <u>(1,907,669)</u>                              |
| Interfund Transfers, From (To) Other Funds:                |                         |                     |   |
| 421-710 Transfer to Special Revenue Fund                   | -                       | (270,194)           | (270,194)                                       |
| <b>Total Other Financing Sources (Uses)</b>                | <u>-</u>                | <u>(270,194)</u>    | <u>(270,194)</u>                                |
| <b>Excess/(Deficiency) of Revenues over Expenditures</b>   | <u>\$ (437,650)</u>     | <u>(1,685,786)</u>  | <u>\$ (1,248,136)</u>                           |
| <b>Fund Balance, Beginning of Year</b>                     |                         | <u>6,053,604</u>    |   |
| <b>Fund Balance, End of Year</b>                           |                         | <u>\$ 4,367,818</u> |   |

*This Schedule is presented as prescribed by the South Carolina State Department of Education and includes only the District's financial 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 EXCLUDING EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

|  | TITLE I<br>(BA Projects)<br>(201/202) | IDEA<br>(CA Projects)<br>(203/204) | PRESCHOOL<br>HANDICAPPED<br>(CG Projects)<br>(205/206) | CATE<br>(VA Projects)<br>(207/208) | OTHER<br>DESIGNATED<br>RESTRICTED<br>STATE GRANTS<br>(900) | OTHER<br>SPECIAL<br>REVENUE<br>PROGRAMS<br>(200/600/800) | TOTAL      |
|--|---------------------------------------|------------------------------------|--|------------------------------------|--|--|------------|
| <b>Revenues</b>  |                                       |                                    |  |                                    |  |  |            |
| 1000 Revenue from Local Sources  |                                       |                                    |  |                                    |  |  |            |
| 1900 Other Revenue from Local Sources:   |                                       |                                    |  |                                    |  |  |            |
| 1930 Special Needs Transportation - Medicaid   | \$ -                                  | \$ -                               | \$ -   | \$ -                               | \$ -   | \$ 663,530   | \$ 663,530 |
| <b>Total Local Sources</b>   | -                                     | -                                  | -  | -                                  | -  | 663,530  | 663,530    |
| 2000 Intergovernmental Revenue:  |                                       |                                    |  |                                    |  |  |            |
| 2100 Payments from Other Governmental Units  | -                                     | -                                  | -  | -                                  | -  | 2,560  | 2,560      |
| <b>Total Intergovernmental Revenues</b>  | -                                     | -                                  | -  | -                                  | -  | 2,560  | 2,560      |
| 3000 Revenue from State Sources  |                                       |                                    |  |                                    |  |  |            |
| 3100 Restricted State Funding:   |                                       |                                    |  |                                    |  |  |            |
| 3118 EEDA Career Specialists   | -                                     | -                                  | -  | -                                  | 612,989  | -  | 612,989    |
| 3127 Student Health and Fitness - PE Teachers  | -                                     | -                                  | -  | -                                  | 121,760  | -  | 121,760    |
| 3130 Special Programs:   |                                       |                                    |  |                                    |  |  |            |
| 3135 Reading Coaches   | -                                     | -                                  | -  | -                                  | 897,487  | -  | 897,487    |
| 3136 Student Health and Fitness - Nurses   | -                                     | -                                  | -  | -                                  | 581,934  | -  | 581,934    |
| 3187 Teacher Supplies  | -                                     | -                                  | -  | -                                  | 321,750  | -  | 321,750    |
| 3193 Education License Plates  | -                                     | -                                  | -  | -                                  | 888  | -  | 888        |
| 3199 Other Restricted State Grants   | -                                     | -                                  | -  | -                                  | -  | 294  | 294        |
| 3600 Education Lottery:  |                                       |                                    |  |                                    |  |  |            |
| 3670 School Safety - Facility and Infrastructure Safety Upgrades                           | -                                     | -                                  | -  | -                                  | 356,431  | -  | 356,431    |
| <b>Total State Sources</b>   | -                                     | -                                  | -  | -                                  | 2,893,239  | 294  | 2,893,533  |
| <b>4000 Revenue from Federal Sources</b>   |                                       |                                    |  |                                    |  |  |            |
| 4200 Occupational Education:   |                                       |                                    |  |                                    |  |  |            |
| 4210 Perkins Aid, Title I - Career and Technical Education - Basic Grants to States        | -                                     | -                                  | -  | 160,407                            | -  | -  | 160,407    |
| 4300 Elementary and Secondary Education Act of 1965 (ESEA):                                |                                       |                                    |  |                                    |  |  |            |
| 4310 Title I, Basic State Grant Programs   | 4,410,408                             | -                                  | -  | -                                  | -  | 161,554  | 4,571,962  |
| 4314 School Improvement Grant  | -                                     | -                                  | -  | -                                  | -  | 534,679  | 534,679    |
| 4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III | -                                     | -                                  | -  | -                                  | -  | 17,748   | 17,748     |
| 4351 Improving Teacher Quality (Carryover Provision)                                       | -                                     | -                                  | -  | -                                  | -  | 207,395  | 207,395    |

SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

|   | TITLE I<br>(BA Projects)<br>(201/202) | IDEA<br>(CA Projects)<br>(203/204) | PRESCHOOL<br>HANDICAPPED<br>(CG Projects)<br>(205/206) | CATE<br>(VA Projects)<br>(207/208) | OTHER<br>DESIGNATED<br>RESTRICTED<br>STATE GRANTS<br>(900) | OTHER<br>SPECIAL<br>REVENUE<br>PROGRAMS<br>(200/600/800) | TOTAL        |
|---|---------------------------------------|------------------------------------|--|------------------------------------|--|--|--------------|
| 4500 Programs for Children with Disabilities:<br>4510 Individuals With Disabilities Education Act (IDEA)<br>4520 Preschool Grants (Carryover Provision) | \$ -                                  | \$ 2,867,261                       | \$ -   | \$ -                               | \$ -   | \$ 8,754   | \$ 2,876,015 |
| 4900 Other Federal Sources:<br>4924 21st Century Community Learning Centers Program,<br>(Title IV, 21st Century Schools)                                | -                                     | -                                  | 85,345   | -                                  | -  | -  | 85,345       |
| <b>Total Federal Sources</b>  | 4,410,408                             | 2,867,261                          | 85,345   | 160,407                            | -  | 205,280  | 8,658,831    |
| <b>Total Revenues All Sources</b>   | 4,410,408                             | 2,867,261                          | 85,345   | 160,407                            | 2,893,239  | 1,801,794  | 12,218,454   |
| <b>Expenditures</b>   |                                       |                                    |  |                                    |  |  |              |
| <b>200 Support Services</b>   |                                       |                                    |  |                                    |  |  |              |
| 220 Instructional Staff Services  |                                       |                                    |  |                                    |  |  |              |
| 223 Supervision of Special Programs:  |                                       |                                    |  |                                    |  |  |              |
| 100 Salaries  | 65,560                                | 123,247                            | -  | 5,441                              | -  | 1,600  | 195,848      |
| 200 Employee Benefits   | 28,068                                | 26,753                             | -  | -                                  | -  | -  | 54,821       |
| 300 Purchased Services  | 1,434                                 | -                                  | -  | -                                  | -  | 13,053   | 14,487       |
| 400 Supplies and Materials  | -                                     | 908                                | -  | -                                  | -  | -  | 908          |
| 224 Improvement of Instruction Inserve and Staff Training:  |                                       |                                    |  |                                    |  |  |              |
| 300 Purchased Services  | -                                     | 45,000                             | -  | -                                  | -  | 100  | 45,100       |
| 250 Finance and Operations Services   |                                       |                                    |  |                                    |  |  |              |
| 252 Fiscal Services:  |                                       |                                    |  |                                    |  |  |              |
| 100 Salaries  | 20,833                                | -                                  | -  | -                                  | -  | -  | 20,833       |
| 200 Employee Benefits   | 8,742                                 | -                                  | -  | -                                  | -  | -  | 8,742        |
| <b>Total Support Services</b>   | 124,637                               | 195,908                            | -  | 5,441                              | -  | 14,753   | 340,739      |
| <b>410 Intergovernmental Expenditures</b>   |                                       |                                    |  |                                    |  |  |              |
| 411 Payments to the South Carolina Department of Education  |                                       |                                    |  |                                    |  |  |              |
| 720 Transits  | -                                     | -                                  | -  | 1,839                              | -  | -  | 1,839        |
| 416 LEA Payments to Public Charter Schools  |                                       |                                    |  |                                    |  |  |              |
| 720 Transits  | 4,299,873                             | 2,672,808                          | 87,714   | 154,966                            | 2,893,239  | 2,032,511  | 12,141,111   |
| <b>Total Intergovernmental Expenditures</b>   | 4,299,873                             | 2,672,808                          | 87,714   | 156,805                            | 2,893,239  | 2,032,511  | 12,142,950   |
| <b>Total Expenditures</b>   | 4,424,510                             | 2,868,716                          | 87,714   | 162,246                            | 2,893,239  | 2,047,264  | 12,483,689   |



SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

|  | TITLE I<br>(BA Projects)<br>(201/202) | IDEA<br>(CA Projects)<br>(203/204) | PRESCHOOL<br>HANDICAPPED<br>(CG Projects)<br>(205/206) | CATE<br>(VA Projects)<br>(207/208) | OTHER<br>DESIGNATED<br>RESTRICTED<br>STATE GRANTS<br>(900) | OTHER<br>SPECIAL<br>REVENUE<br>PROGRAMS<br>(200/600/800) | TOTAL      |
|--|---------------------------------------|------------------------------------|--|------------------------------------|--|--|------------|
| <b>Other Financing Sources (Uses)</b>                    |                                       |                                    |  |                                    |  |  |            |
| Interfund Transfers, From (To) Other Funds:              |                                       |                                    |  |                                    |  |  |            |
| 5210 Transfer from General Fund (Exclude Indirect Costs) | \$ 14,102                             | \$ 1,455                           | \$ 2,369   | \$ 1,839                           | \$ -   | \$ 245,470   | \$ 265,235 |
| <b>Total Other Financing Sources (Uses)</b>              | 14,102                                | 1,455                              | 2,369  | 1,839                              | -  | 245,470  | 265,235    |
| <b>Excess/(Deficiency) of Revenues over Expenditures</b> | -                                     | -                                  | -  | -                                  | -  | -  | -          |
| <b>Fund Balance, Beginning of Year</b>                   | -                                     | -                                  | -  | -                                  | -  | -  | -          |
| <b>Fund Balance, End of Year</b>                         | \$ -                                  | \$ -                               | \$ -   | \$ -                               | \$ -   | \$ -   | \$ -       |

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, 2019

| Subfund                                       | Revenue Code | Programs  | Revenues |           | Expenditures | Special Revenue Interfund Transfers |    | Other Fund Transfers |    | Special Revenue Unearned Revenue |
|---|--------------|---|----------|-----------|--------------|-------------------------------------|----|----------------------|----|----------------------------------|
|   |              |   |          |           |              | In (Out)                            |    | In (Out)             |    |                                  |
| 917   | 3187         | Teacher Supplies  | \$       | 321,750   | \$           | 321,750                             | \$ | -                    | \$ | -                                |
| 919   | 3193         | Education License Plates                                    |          | 888       |              | 888                                 |    | -                    |    | -                                |
| 928   | 3118         | EEDA - Career Specialist                                    |          | 612,989   |              | 612,989                             |    | -                    |    | -                                |
| 935   | 3135         | Reading Coaches   |          | 897,487   |              | 897,487                             |    | -                    |    | -                                |
| 936   | 3136         | Student Health and Fitness - Nurses                         |          | 581,934   |              | 581,934                             |    | -                    |    | -                                |
| 937   | 3127         | Student Health and Fitness - PE Teachers                    |          | 121,760   |              | 121,760                             |    | -                    |    | -                                |
| 970   | 3670         | School Safety - Facility and Infrastructure Safety Upgrades |          | 356,431   |              | 356,431                             |    | -                    |    | -                                |
| <b>Totals - Other Restricted State Grants</b> |              |   | \$       | 2,893,239 | \$           | 2,893,239                           | \$ | -                    | \$ | -                                |

*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 OTHER SPECIAL REVENUE PROGRAMS  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

| Subfund | Revenue Code | Programs  | Revenues     | Expenditures | Special Revenue              |                               | Special Revenue |          |
|---------|--------------|---|--------------|--------------|------------------------------|-------------------------------|-----------------|----------|
|         |              |   |              |              | Interfund Transfers In (Out) | Other Fund Transfers In (Out) | Fund            | Unearned |
| 210     | 4997         | Title IV, Part A - Student Support and Academic Enrichment (SSAE)                     | \$ -         | \$ 17,927    | \$ -                         | \$ 17,927                     | \$ -            | -        |
| 212     | 4510         | Extended School Year Handicapped Services   | 8,754        | 8,754        | -                            | -                             | -               | -        |
| 224     | 4924         | 21st Century Community Learning Centers Program (Title IV, 21st Century Schools)      |              |              |                              |                               |                 |          |
| 234     | 4314         | School Improvement Grant  | 205,280      | 323,762      | -                            | 118,482                       | -               | -        |
| 238     | 4310         | Title I School Improvement Mini Grant   | 534,679      | 534,679      | -                            | -                             | -               | -        |
| 240     | 4310         | Title I Direct Student Services   | 50,800       | 69,223       | -                            | 18,423                        | -               | -        |
| 264     | 4341         | Language Instruction for Limited English Proficient and Immigrant Students, Title III | 110,754      | 110,754      | -                            | -                             | -               | -        |
| 267     | 4351         | Improving Teacher Quality   | 17,748       | 17,748       | -                            | -                             | -               | -        |
| 280     | 1930         | Medicaid  | 207,395      | 298,033      | -                            | 90,638                        | -               | -        |
| 800     | 3199         | Profoundly Mentally Disabled  | 294          | 663,530      | -                            | -                             | -               | -        |
| 803     | 2102         | Payments from DHEC  | 2,560        | 2,560        | -                            | -                             | -               | 3,291    |
|         |              |   | \$ 1,801,794 | \$ 2,047,264 | \$ -                         | \$ 245,470                    | \$ 3,291        |          |

*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 - EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

**Revenues**

**3000 Revenue from State Sources**

|   |                   |
|---|-------------------|
| 3500 Education Improvement Act:   |                   |
| 3502 ADEPT  | \$ 21,984         |
| 3507 Aid to District Technology   | 295,669           |
| 3509 Arts in Education  | 12,468            |
| 3518 Formative Assessment   | 58,653            |
| 3519 Grade 10 Assessments   | 115,808           |
| 3526 Refurbishment of K-8 Science Kits                                    | 71,189            |
| 3529 Career and Technology Education                                      | 160,123           |
| 3532 National Board Certification (NBC) Salary Supplement                 | 358,199           |
| 3533 Teacher of the Year Awards   | 1,077             |
| 3538 Students At Risk of School Failure                                   | 1,597,190         |
| 3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children) | 450,215           |
| 3550 Teacher Salary Increase (No Carryover Provision)                     | 3,060,320         |
| 3555 Teacher Salary Fringe (No Carryover Provision)                       | 627,794           |
| 3557 Summer Reading Program   | 98,891            |
| 3571 Palmetto Priority Schools  | 1,000,000         |
| 3583 Charter School Funding   | 80,227,926        |
| 3595 EEDA - Supplies and Materials - Career Awareness                     | 31,689            |
| 3597 Aid to Districts   | 554,284           |
| 3599 Other EIA  | 29,784            |
|   | <hr/>             |
| <b>Total State Sources</b>  | <b>88,773,263</b> |
|   | <hr/>             |
| <b>Total Revenues All Sources</b>   | <b>88,773,263</b> |
|   | <hr/>             |

**Expenditures**

**200 Support Services**

|  |               |
|--|---------------|
| 220 Instructional Staff Services                       |               |
| 221 Improvement of Instruction Curriculum Development: |               |
| 100 Salaries   | 16,600        |
| 400 Supplies and Materials                             | 31,212        |
| 223 Supervision of Special Programs:                   |               |
| 100 Salaries   | 3,634         |
| 400 Supplies and Materials                             | 47,299        |
|  | <hr/>         |
| <b>Total Support Services</b>                          | <b>98,745</b> |
|  | <hr/>         |

**400 Other Charges:**

**410 Intergovernmental Expenditures**

|  |            |
|--|------------|
| 411 Payments to the South Carolina Department of Education |            |
| 720 Transits   | 4,959      |
| 416 LEA Payments to Public Charter Schools                 |            |
| 720 Transits   | 88,674,518 |
|  | <hr/>      |

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

|  |                      |
|--|----------------------|
| <b>Total Intergovernmental Expenditures</b>              | <u>\$ 88,679,477</u> |
| <b>Total Expenditures</b>                                | <u>88,778,222</u>    |
| <b>Other Financing Sources (Uses)</b>                    |                      |
| Interfund Transfers, From (To) Other Funds:              |                      |
| 5210 Transfer from General Fund (Exclude Indirect Costs) | <u>4,959</u>         |
| <b>Total Other Financing Sources (Uses)</b>              | <u>4,959</u>         |
| <b>Excess/(Deficiency) of Revenues over Expenditures</b> | -                    |
| <b>Fund Balance, Beginning of Year</b>                   | <u>-</u>             |
| <b>Fund Balance, End of Year</b>                         | <u><u>\$ -</u></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 - EDUCATION IMPROVEMENT ACT  
SUMMARY SCHEDULE BY PROGRAM  
FOR FISCAL YEAR ENDED JUNE 30, 2019**

| Program   | Revenues             |             | Expenditures         | EIA Interfund Transfers |                 | Other Fund Transfers | EIA Fund Unearned Revenue |
|---|----------------------|-------------|----------------------|-------------------------|-----------------|----------------------|---------------------------|
|   | In                   | (Out)       |                      | In                      | (Out)           |                      |                           |
| 3500 Education Improvement Act:                       |                      |             |                      |                         |                 |                      |                           |
| 3502 ADEPT  | \$ 21,984            | \$ -        | \$ 21,984            | \$ -                    | \$ -            | \$ -                 | \$ -                      |
| 3507 Aid to District Technology                       | 295,669              | -           | 295,669              | -                       | -               | -                    | -                         |
| 3509 Arts in Education                                | 12,468               | -           | 12,468               | -                       | -               | -                    | -                         |
| 3518 Formative Assessment                             | 58,653               | -           | 58,653               | -                       | -               | -                    | -                         |
| 3519 Grade 10 Assessments                             | 115,808              | -           | 115,808              | -                       | -               | -                    | 14,139                    |
| 3526 Refurbishment of Science Kits                    | 71,189               | -           | 71,189               | -                       | -               | -                    | -                         |
| 3529 Career and Technology Education                  | 160,123              | -           | 165,082              | -                       | 4,959           | -                    | -                         |
| 3532 National Board Certification                     | 358,199              | -           | 358,199              | -                       | -               | -                    | -                         |
| 3533 Teacher of the Year Awards                       | 1,077                | -           | 1,077                | -                       | -               | -                    | -                         |
| 3538 Students at Risk of School Failure               | 1,597,190            | -           | 1,597,190            | -                       | -               | -                    | -                         |
| 3540 Four-Year Old Early Childhood                    | 450,215              | -           | 450,215              | -                       | -               | -                    | -                         |
| 3550 Teacher Salary Increase                          | 3,060,320            | -           | 3,060,320            | -                       | -               | -                    | -                         |
| 3555 Teacher Salary Fringe                            | 627,794              | -           | 627,794              | -                       | -               | -                    | -                         |
| 3557 Summer Reading Program                           | 98,891               | -           | 98,891               | -                       | -               | -                    | -                         |
| 3571 Palmetto Priority Schools                        | 1,000,000            | -           | 1,000,000            | -                       | -               | -                    | -                         |
| 3583 Charter School Funding                           | 80,227,926           | -           | 80,227,926           | -                       | -               | -                    | -                         |
| 3595 EEDA - Supplies and Materials - Career Awareness | 31,689               | -           | 31,689               | -                       | -               | -                    | -                         |
| 3597 Aide to Districts                                | 554,284              | -           | 554,284              | -                       | -               | -                    | -                         |
| 3599 Other EIA Funds                                  | 29,784               | -           | 29,784               | -                       | -               | -                    | -                         |
| <b>Total</b>  | <b>\$ 88,773,263</b> | <b>\$ -</b> | <b>\$ 88,778,222</b> | <b>\$ -</b>             | <b>\$ 4,959</b> | <b>\$ 14,139</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  
DETAILED SCHEDULE OF DUE TO STATE  
DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT  
FOR FISCAL YEAR ENDED JUNE 30, 2019

| Program   | Grant or<br>Project<br>Number | Revenue &<br>Subfund<br>Code | Description       | Amount<br>Due       | Status of<br>Amount Due<br>to Grantors |
|---|-------------------------------|------------------------------|-------------------|---------------------|--|
| Industry Cerifications/Credentials  | EIA Fund                      | 3528/328                     | Unexpended Funds  | \$ 15,221.25        | Unpaid                                 |
| Career and Technology Education   | EIA Fund                      | 3529/329                     | Unexpended Funds  | 4,959.18            | Unpaid                                 |
| National Board Certification (NBC) Salary Supplement                              | EIA Fund                      | 3532/332                     | Unexpended Funds  | 16,032.50           | Unpaid                                 |
| Title I, Basic State Grant Programs   | FY19 Title I                  | 4310/201                     | Overclaimed Costs | 42,685.88           | Unpaid                                 |
| Preschool Grants  | FY18 Preschool                | 4520/205                     | Overclaimed Costs | 12,226.49           | Unpaid                                 |
| Perkins Aid, Title I - Career and Technical Education -<br>Basic Grants to States | FY19 CATE                     | 4210/207                     | Overclaimed Costs | 4,249.20            | Unpaid                                 |
| <b>Total Amount Due to State Department of Education</b>                          |                               |                              |                   | <u>\$ 95,374.50</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  
LOCATION RECONCILIATION SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

| <b>Location ID</b> | <b>Location Description</b> | <b>Education Level</b> | <b>Cost Type</b> | <b>Total Expenditures</b> |
|--------------------|-----------------------------|------------------------|------------------|---------------------------|
| 00                 | District Office             | Non-School             | Central          | \$ 4,319,008              |
| 03                 | SC Connections              | Charter School         | School           | 39,125,749                |
| 06                 | Spartanburg                 | Charter School         | School           | 5,660,788                 |
| 10                 | Palmetto Scholars Academy   | Charter School         | School           | 4,520,707                 |
| 11                 | York Prep                   | Charter School         | School           | 14,804,336                |
| 13                 | East Point                  | Charter School         | School           | 6,413,684                 |
| 14                 | SC Whitmore                 | Charter School         | School           | 3,489,001                 |
| 17                 | Youth Leadership            | Charter School         | School           | 1,344,109                 |
| 19                 | Cape Romain                 | Charter School         | School           | 1,949,039                 |
| 20                 | Fox Creek                   | Charter School         | School           | 7,079,556                 |
| 21                 | Midlands Middle College     | Charter School         | School           | 1,077,656                 |
| 23                 | Lowcountry Leadership       | Charter School         | School           | 5,272,419                 |
| 26                 | Green                       | Charter School         | School           | 7,386,095                 |
| 27                 | Bridges                     | Charter School         | School           | 6,406,700                 |
| 29                 | PeeDee Math and Science     | Charter School         | School           | 2,293,805                 |
| 30                 | Quest                       | Charter School         | School           | 2,702,814                 |
| 33                 | Riverwalk Academy           | Charter School         | School           | 4,499,606                 |
| 34                 | High Point                  | Charter School         | School           | 12,677,934                |
| 36                 | LEAD Academy                | Charter School         | School           | 4,272,020                 |
| 37                 | Lowcountry Montessori       | Charter School         | School           | 3,535,220                 |
| 39                 | NEXT                        | Charter School         | School           | 3,998,409                 |
| 40                 | Tall Pines                  | Charter School         | School           | 1,815,720                 |
| 42                 | Felton                      | Charter School         | School           | 4,210,482                 |
| 43                 | Greenville Tech             | Charter School         | School           | 4,616,824                 |
| 44                 | Green Midlands              | Charter School         | School           | 2,484,450                 |
| 46                 | Brashier                    | Charter School         | School           | 4,281,189                 |
| 47                 | Greer Middle                | Charter School         | School           | 4,488,834                 |
| 48                 | Legacy                      | Charter School         | School           | 16,999,397                |
| 49                 | Meyers                      | Charter School         | School           | 1,433,519                 |
| 50                 | East Link                   | Charter School         | School           | 873,245                   |
| 51                 | Bettis Prep                 | Charter School         | School           | 950,846                   |
| 52                 | East Light                  | Charter School         | School           | 225,022                   |
| 53                 | Polaris                     | Charter School         | School           | 2,878,678                 |
| 54                 | Lakes and Bridges           | Charter School         | School           | 1,440,654                 |
| 55                 | Charleston Acceleration     | Charter School         | School           | 1,389,266                 |
| 56                 | Midlands Arts Conservatory  | Charter School         | School           | 759,117                   |

|   |                       |
|---|-----------------------|
| <b>Total Expenditures/Disbursements for All Funds</b> | <b>\$ 191,675,898</b> |
|---|-----------------------|

Above expenditures are reconciled to the District's Audit statements as follows:

|  |               |
|--|---------------|
| General Fund (Subfund 100s)  | \$ 90,413,987 |
| Special Revenue Fund - Special Projects (Subfund 200s, 800s, 900s) | 12,483,689    |
| Special Revenue Fund - EIA Fund (Subfund 300s)                     | 88,778,222    |

|   |                       |
|---|-----------------------|
| <b>Total Expenditures/Disbursements for All Funds</b> | <b>\$ 191,675,898</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**

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT  
COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| <b>LEA<br/>Subfund<br/>Code</b>             | <b>Federal Grantor/Pass-Through Grantor<br/>Program Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-Through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>Passed Through to<br/>Subrecipients<br/>(Charter Schools)</b> |
|---|---|------------------------------------|--|---------------------------------|--|
| <b>U. S. Department of Education</b>        |   |                                    |  |                                 |  |
| Pass-Through State Department of Education: |   |                                    |  |                                 |  |
| 201   | Title I - Regular Grants to LEA's                             | 84.010                             | H63010100119                                 | \$ 3,440,118                    | \$ 3,320,925   |
| 201   | Title I - Regular Grants to LEA's - Carryover                 | 84.010                             | H63010100118                                 | 970,290                         | 964,846  |
| 238   | Title I School Improvement Mini Grant                         | 84.010                             | H63010100118                                 | 50,800                          | 50,800   |
| 240   | Title I Direct Student Services                               | 84.010                             | H63010100118                                 | 110,754                         | 110,754  |
| <b>Total CFDA 84.010 (Major Program)</b>    |   |                                    |  | <b>4,571,962</b>                | <b>4,447,325</b>   |
| IDEA Cluster                                |   |                                    |  |                                 |  |
| 203   | IDEA - Children with Disabilities                             | 84.027                             | H63010100919                                 | 2,452,528                       | 2,302,528  |
| 203   | IDEA - Children with Disabilities                             | 84.027                             | H63010100918                                 | 336,724                         | 290,816  |
| 203   | IDEA - Children with Disabilities                             | 84.027                             | H63010100917                                 | 78,009                          | 78,009   |
| 205   | Special Education Pre-school Grant                            | 84.173                             | H63010100819                                 | 69,549                          | 69,549   |
| 205   | Special Education Pre-school Grant                            | 84.173                             | H63010100818                                 | 15,796                          | 15,796   |
| 212   | IDEA - Extended School Year                                   | 84.027                             | H63010100919                                 | 8,754                           | 8,754  |
| <b>Total IDEA Cluster (Major Program)</b>   |   |                                    |  | <b>2,961,360</b>                | <b>2,765,452</b>   |
| 207   | Vocational Education - Subprogram 04                          | 84.048                             | H63010107119                                 | 16,657                          | 16,657   |
| 207   | Vocational Education - Subprogram 06                          | 84.048                             | H63010107118                                 | 125,363                         | 125,363  |
| 207   | Vocational Education - Subprogram 11                          | 84.048                             | H63010107118                                 | 11,946                          | 11,946   |
| 207   | Vocational Education - Subprogram 15                          | 84.048                             | H63010107118                                 | 6,441                           | 1,000  |
| <b>Total CFDA 84.048</b>                    |   |                                    |  | <b>160,407</b>                  | <b>154,966</b>   |
| 224   | 21st Century Community Learning Centers                       | 84.287                             | H63010006919                                 | 99,850                          | 99,850   |
| 224   | 21st Century Community Learning Centers                       | 84.287                             | H63010006918                                 | 105,430                         | 105,430  |
| <b>Total CFDA 84.048</b>                    |   |                                    |  | <b>205,280</b>                  | <b>205,280</b>   |
| 234   | School Improvement Grants                                     | 84.377                             | H63010010416                                 | 534,679                         | 534,679  |
| 264   | English Language Acquisition Grants (Title III, Part A)       | 84.365                             | H63010006718                                 | 8,805                           | 6,468  |
| 264   | English Language Acquisition Grants (Title III, Part A)       | 84.365                             | H63010006717                                 | 8,943                           | -  |
| <b>Total CFDA 84.365</b>                    |   |                                    |  | <b>17,748</b>                   | <b>6,468</b>   |
| 267   | Improving Teacher Quality                                     | 84.367                             | H63010006819                                 | 108,838                         | 108,838  |
| 267   | Improving Teacher Quality                                     | 84.367                             | H63010006818                                 | 98,557                          | 95,382   |
| <b>Total CFDA 84.367</b>                    |   |                                    |  | <b>207,395</b>                  | <b>204,220</b>   |
| <b>Total U. S. Department of Education</b>  |   |                                    |  | <b>8,658,831</b>                | <b>8,318,390</b>   |
| <b>Total Federal Awards Expended</b>        |   |                                    |  | <b>\$ 8,658,831</b>             | <b>\$ 8,318,390</b>  |

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**COLUMBIA, SOUTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

**1. GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the South Carolina Public Charter School District for the year ended June 30, 2019. The information in the schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**2. BASIS OF ACCOUNTING**

The accompanying SEFA has been prepared using the modified accrual basis of accounting. Expenditures reported on the SEFA are reporting on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. SUBRECIPIENTS (CHARTER SCHOOLS)**

Approximately 96.07% of the federal awards received by the District were provided to the charter schools within the District. The amounts passed through to the charter schools are noted in a separate column in the SEFA.

**4. DE MINIMIS INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

## PARTNERS

C.C. McGregor, CPA  
1906–1968

G.D. Skipper, CPA  
L.R. Leaphart, Jr, CPA  
M.J. Binnicker, CPA  
D.L. Richardson, CPA  
E.C. Inabinet, CPA

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D.K. Strickland, CPA

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G.P. Davis, CPA  
H.O. Crider, Jr., CPA

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V.K. Laroche, CPA  
G.N. Mundy, CPA  
M.L. Layman, CPA  
P.A. Betette, Jr, CPA

D.M. Herpel, CPA  
F.C. Gillam, Jr, CPA  
H.S. Mims, CPA  
T. Solorzano, CPA

C.W. Bolen, CPA  
D.C. Scott, CPA  
G.F. Huntley, CPA

## 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, and each major fund of the South Carolina Public Charter School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 30, 2020. Our report includes a reference to other auditors. Other auditors audited the financial statements of Bettis Preparatory Leadership Academy, Brashier Middle College, Bridges Preparatory School, Cape Romain Environmental Education Charter School, Charleston Acceleration Academy, East Link Academy, East Point Academy, Felton Laboratory Charter School, Fox Creek High School, GREEN Charter School, GREEN Charter School of the Midlands, Greenville Technical Charter High School, Greer Middle College, High Point Academy, Lakes & Bridges Charter School, Lead Academy, Legacy Early College, Lowcountry Leadership Charter School, Lowcountry Montessori School, Meyer Center for Special Children, Midlands Arts Conservatory, Midlands Middle College, NEXT High School (two campus'), Palmetto Scholars Academy, Pee Dee Math, Science, and Technology Academy, Polaris Tech Charter School, Quest Leadership Academy, Riverwalk Academy, South Carolina Connections Academy, Inc., 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 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 South Carolina Public Charter School District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify 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 deficiency described in the accompanying schedule of findings and questioned costs as items 2019-004 to be a material weakness.

#### COLUMBIA

3830 FOREST DRIVE | PO BOX 135 | COLUMBIA, SC 29202  
(803) 787-0003 | FAX (803) 787-2299

#### ORANGEBURG

1190 BOULEVARD STREET | ORANGEBURG, SC 29115  
(803) 536-1015 | FAX (803) 536-1020

#### BARNWELL

340 FULDNER ROAD | PO BOX 1305 | BARNWELL, SC 29812  
(803) 259-1163 | FAX (803) 259-5469

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-003 to be significant deficiencies.

### **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 items 2019-002, 2019-003, and 2019-004.

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

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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.



Columbia, South Carolina  
January 30, 2020

## PARTNERS

C.C. McGregor, CPA  
1906–1968

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G.F. Huntley, CPA

## 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 District's major federal programs for the year ended June 30, 2019. The 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 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 qualified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### ***Basis for Qualified Opinions on Individuals with Disabilities Act (IDEA) and Title I Grants to Local Educational Agencies***

As described in Finding 2019-004 in the accompanying schedule of findings and questioned costs, South Carolina Public Charter School District did not comply with requirements regarding the following:

| <u>Finding #</u> | <u>CFDA #</u> | <u>Program (or Cluster) Name</u>             | <u>Compliance Requirement</u> |
|------------------|---------------|--|-------------------------------|
| 2019-004         | 84.027        | Individuals with Disabilities Act (IDEA)     | Reporting                     |
| 2019-004         | 84.010        | Title I Grants to Local Educational Agencies | Reporting                     |

Compliance with such requirements is necessary, in our opinion, for District to comply with the requirements applicable to that program.

#### COLUMBIA

3830 FOREST DRIVE | PO BOX 135 | COLUMBIA, SC 29202  
(803) 787-0003 | FAX (803) 787-2299

#### ORANGEBURG

1190 BOULEVARD STREET | ORANGEBURG, SC 29115  
(803) 536-1015 | FAX (803) 536-1020

#### BARNWELL

340 FULDNER ROAD | PO BOX 1305 | BARNWELL, SC 29812  
(803) 259-1163 | FAX (803) 259-5469

## ***Qualified Opinions on Individuals with Disabilities Act (IDEA) and Title I Grants to Local Educational Agencies***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Individuals with Disabilities Act (IDEA) and Title I Grants to Local Educational Agencies for the year ended June 30, 2019.

### **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 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 District's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-004 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

South Carolina Public Charter School District's response to the internal control over compliance 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 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.

*McGruder & Company, LLP*

Columbia, South Carolina  
January 30, 2020

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**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:  | Yes       |
| (b.) Type of auditors' report issued on compliance for major programs:                     | Qualified |
| (c.) Audit findings that are required to be reported in accordance with Uniform Guidance : | 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)             |
| 84.010              | Title I Grants to Local Educational Agencies |

- |   |           |
|---|-----------|
| (e.) Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| (f.) Auditee qualified as low risk auditee?                                   | No        |



**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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

**FINDING 2019-001 (Internal Control – Significant Deficiency) – 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 payment, processing and approval of the cash disbursement function. There is potential for errors to occur in the cash disbursement process and not be detected by employees performing their assigned functions.
- *Cause*
  - o The District's procedures that were in place for cash disbursements were not being followed as designed.
- *Identification of a Repeat Findings*
  - o Repeat finding from previous audit, 2018-001
- *Recommendation*
  - o Management should ensure procedures and internal controls over cash disbursements are being followed within the guidelines established in the District's policies.
- *Views of Responsible Officials and Planned Corrective Actions*
  - o The District agrees with the finding and will adhere to the corrective action plan.

**FINDING 2019-002 (Compliance) – Failure to Comply with Audit Submission Requirements**

- *Criteria*
  - o The District's financial audit reporting package was required to be submitted to the SC Department of Education by December 2, 2019.
- *Condition/Effect*
  - o The District financial audit reporting package was not submitted by the due date. The District is not in compliance with state law regarding timely submission of audits.
- *Cause*
  - o Due to turnover in the position of CFO and Finance Director, there were issues with continuity and also locating the District's records and reconciling accounts. Due to the significance of the issues encountered, the District was unable to have its audit completed by the required due date.
- *Recommendation*
  - o It is important that the District maintain continuity within the Finance office and continue training and monitoring within both that department and other departments upon which the Finance Department depends.
- *Views of Responsible Officials and Planned Corrective Actions*
  - o The District agrees with the finding and will adhere to the corrective action plan.

**FINDING 2019-003 (Internal Control and Compliance – Significant Deficiency) - Allowable Costs  
Individuals with Disabilities Act (IDEA) Cluster- CFDA 84.027 and 84.173 (Major Program)  
Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)**

- See Findings and Questioned Costs Relating to Federal Awards Finding 2019-003 as it relates to the financial statements reported in accordance with Government Auditing Standards.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

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

**FINDING 2019-004 (Internal Control and Compliance – Material Weakness) – Reporting  
Individuals with Disabilities Act (IDEA) Cluster- CFDA 84.027 and 84.173 (Major Program)  
Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)**

- See Findings and Questioned Costs Relating to Federal Awards Finding 2019-004 as it relates to the financial statements reported in accordance with Government Auditing Standards.

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

**FINDING 2019-003 (Internal Control – Significant Deficiency) - Allowable Costs  
Individuals with Disabilities Act (IDEA) Cluster- CFDA 84.027 and 84.173 (Major Program)  
Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)  
  
Federal Agency: US Department of Education  
Pass-Through Agency: South Carolina Department of Education  
Grant No.'s: H63010100119, H63010100118, H6301000919, H6301000918, H6301000917,  
H63010100819, H63010100818**

- *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 fully comply with the South Carolina Department of Education's ("SCDE") requirements for support for federal salaries and wages for this program. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications. These certifications are to be prepared at least semi-annually and will be signed by the employee or the supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports. The District had reasonable supporting documentation for the payroll charged to these grants, but the charter schools within the District did not timely complete the certifications as required by the SCDE.
- *Cause*
  - o The District's internal controls over salaries and wages charged to federal programs were not operating effectively to ensure that the documentation for federal salaries and wages by the Charter Schools were timely prepared in accordance with the requirements.
- *Questioned Costs*
  - o Not Determined
- *Identification of a Repeat Findings*
  - o Repeat finding from previous audit, 2018-002
- *Recommendation*
  - o The District should implement procedures to ensure all documents to support the salaries and wages charged to federal programs are prepared by the Charter Schools in a timely manner and meet the SCDE requirements.
- *Views of Responsible Officials and Planned Corrective Actions*
  - o The District agrees with the finding and will adhere to the corrective action plan.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**III. Findings and Questioned Costs Relating to Federal Awards (Continued)**

**FINDING 2019-004 (Internal Control and Compliance – Material Weakness) – Reporting  
Individuals with Disabilities Act (IDEA) Cluster- CFDA 84.027 and 84.173 (Major Program)  
Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)**

**Federal Agency: US Department of Education**

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

**Grant No.'s: H63010100119, H63010100118, H6301000919, H6301000918, H6301000917,  
H63010100819, H63010100818**

- *Criteria*
  - o Expenditures of federal awards are required to be claimed in the South Carolina Department of Education's ("SCDE") Grants Accounting Processing System ("GAPS") based on the approved budgeted functions and objects for those expenditures. Supporting documentation for federal expenditures for the District and each Charter School is required to support the amounts claimed in GAPS by the District for these grants.
- *Condition/Effect*
  - o The District did not fully comply with the SCDE requirements to claim federal expenditures within the approved budgeted function and/or objects for these grants. The District had supporting documentation for the total expenditures claimed and the total claims did not exceed the overall approved budgeted functions and/or objects for these grants. The District was unable to reconcile portions of the supporting documentation to the actual function and/or objects claimed in GAPS.
- *Cause*
  - o The District's internal controls over federal expenditures were not operating effectively to ensure that claims were reconciled to supporting documentation and claimed within the appropriate functions and/or objects within the SCDE reporting requirements for these federal programs.
- *Questioned Costs*
  - o Not Determined
- *Recommendation*
  - o The District should implement procedures to ensure all supporting documents to support the federal expenditures are reconciled prior to claims being submitted in GAPS.
- *Views of Responsible Officials and Planned Corrective Actions*
  - o The District agrees with the finding and will adhere to the corrective action plan.

**SOUTH CAROLINA PUBLIC CHARTER SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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

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

**FINDING 2018-001 (Internal Control – Significant Deficiency) – Disbursements**

- *Condition*
  - o The District's internal controls surrounding the processing and payment of cash disbursement were not operating as designed.
- *Recommendation*
  - o Management should ensure procedures and internal controls over cash disbursements are being followed within the guidelines established in the District's policies.
- *Current Status*
  - o This finding was repeated in the current year. See Finding 2019-001

**Prior Year Findings and Questioned Costs Relating to Federal Awards**

**FINDING 2018-002 (Internal Control and Compliance – Material Weakness) – Subrecipient Monitoring - Support of Federal Salaries and Wages – Individuals with Disabilities Act (IDEA) - CFDA 84.027 (Major Program) and Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)**

- *Condition*
  - 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 for subrecipients (Charter Schools). The District is required to maintain PARs or semi-annual certifications for all individuals charged to federal programs during the year.
- *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 for subrecipients (Charter Schools).
- *Current Status*
  - o This finding was repeated in the current year. See Finding 2019-003

**FINDING 2018-003 (Internal Control and Compliance – Material Weakness) – Unallowable Costs – Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program) and Improving Teacher Quality (Title II, Part A) – CFDA 84.367**

- *Condition*
  - o During the most recent monitoring visits by the South Carolina Department of Education, the oversight agency, it was noted that the District claimed federal expenditures that were deemed unallowable under the federal programs during the period of performance (July 1, 2016 – June 30, 2018). The District is required to maintained proper support for all federal expenditures and determining whether those expenditures are allowable under the federal programs.
- *Recommendation*
  - o The District should implement procedures to ensure all documents to support the federal expenditures charged to federal programs are allowable and meet the federal requirements.
- *Current Status*
  - o This finding was not repeated in the current year.



**Superintendent:**

Elliot Smalley

**Board of Trustees:**

John Payne, Chair

Cyndi Mosteller, Vice Chair

Kathleen Bounds, Secretary

Keith Callicutt, PhD

Kip D. Miller

Teresa Pope, PhD

January 30, 2020

South Carolina Department of Education  
Attn: Melissa Meyers, Director of Auditing Services  
1429 Senate Street  
Columbia, SC 29201

During the audit of the South Carolina Public Charter School District's financial statements for the fiscal year ended June 30, 2019 you reported one material weakness and two significant deficiencies. We view this feedback as an opportunity to improve our internal controls and financial health and our monitoring of charter school subrecipients of federal funds. Our response to these findings, including steps taken before receiving the findings, are detailed below.

**FINDING 2019-001 Internal Control - Disbursements**

**Responsible Individual:** Nick Michael, Finance Director and Michael Thom, Chief Financial Officer

**Corrective Actions:** Progress has been made in this area since FY 2018, with significant reduction. Expensify is now used to capture all employee travel reimbursements. A process is in place to review every transaction entered. Additional training for reviewers will be held to ensure that all policies and procedures are being followed. In addition, new finance department staff is now in place with many years of experience with South Carolina school district and SC Department of Education disbursements and internal control processes. This staff will be conducting a review of the policies and procedures to see if any additional revamping is needed.

**Time Frame:** February 28, 2020

**FINDING 2019-002 Failure to Comply with Audit Submission Requirements**

**Responsible Individual:** Nick Michael, Finance Director and Michael Thom, Chief Financial Officer

**Corrective Action:** Due to transition in the financial staff at the end of Fiscal Year 2019, the audit process took longer. With new staff in place with years of experience with South Carolina school districts, financial reporting and auditing processes, the audit process will start sooner for Fiscal Year 2020 and run tighter and the deadline of December 1st will be met.

**Time Frame:** December 1, 2020

**FINDING 2019-003** (Internal Control and Compliance – Significant Deficiency) - Allowable Costs Individuals with Disabilities Act (IDEA) Cluster- CFDA 84.027 and 84.173 (Major Program) Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)- Salaries and Wages

**Responsible Individual:** Emily Paul, Chief Program Officer

**Corrective Actions:** The district continues to make significant improvement in comparison to previous years, and has reduced this finding from a material weakness to a significant deficiency. While just 7 of the 40 documents tested were out of compliance, the district was able to produce all documentation requested, and all 7 errors were at the school level. The district acknowledges schools' confusion related to when to use a PARs versus when to use a semi annual certificate, and has created technical assistance webinars and resources on the specific criteria for each, starting in January 2019 and again in January 2020. The district has also introduced a new coversheet in which schools are required to document if employees are a 'PARs employee' or a 'semi-annual employee', which is verified by comparing approved activities in the grant application.

**Time Frame:** July 1, 2020

**FINDING 2019-004** (Internal Control and Compliance – Material Weakness) – Reporting Individuals with Disabilities Act (IDEA) Cluster- CFDA 84.027 and 84.173 (Major Program) Title I Grants to Local Educational Agencies – CFDA 84.010 (Major Program)

**Responsible Individual:** Nick Michael, Director of Finance

**Corrective Actions:** The district has hired new finance staff, including two highly qualified individuals with significant experience in South Carolina Department of Education financial standards and requirements. The district has also required the Grants Accountant to reconcile the claims being made in GAPs with the approved activities function/object codes in the grant application before finalizing the claims in GAPs to ensure the Grants Accountant is claiming from the correct function/object codes in GAPs. The newly hired financial staff has reviewed the reconciliation process and is ensuring that controls are in place.

**Time Frame:** July 1, 2020