

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

**ISSUED BY  
LANCASTER COUNTY SCHOOL DISTRICT**

**GENE MOORE, ED.D.  
SUPERINTENDENT**

**PREPARED BY  
FINANCE DEPARTMENT**

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**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

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November 20, 2012

## **To the Citizens of Lancaster County**

Lancaster, South Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Lancaster County School District for the fiscal year ended June 30, 2012. We believe the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the school district. In addition, we believe we have included all disclosures necessary for the reader to understand the school district's financial activity.

### **The Report**

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the school district management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Section 59-17-100 of the South Carolina Code of Laws requires an annual single audit report due by December 1<sup>st</sup> following the close of the fiscal year. The firm of McGregor & Company, LLP was selected by the Board of Trustees to perform this audit. The auditor's report on the basic financial statements is included in the Financial section of the report. The auditor's reports related specifically to the single audit are included in the Single Audit Section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The financial reporting entity includes all the funds of the primary government (Lancaster County School District) to include a blended component unit, Lancaster Educational Assistance Program, Inc. (LEAP). LEAP is a not-for-profit 501 (c) (3) corporation. Additionally, the Discovery School (Charter School) is considered a public school and is a part of the district for

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purpose of state law and state constitution and is included in the basic financial statements of the district as a discretely presented component unit. Component units are legally separate entities for which the primary government is financially accountable. Our school district is not included in any other “reporting entity” as defined by the Governmental Accounting Standards Board Statement 14, “The Financial Reporting Entity.”

## **Profile of the School District**

The school district is under the management and control of the Board of Trustees. The Board of Trustees consists of seven members, elected from single member districts for a four-year term. The Board of Trustees has decision-making authority, including the power to hire management, the ability to significantly influence operations, and the accountability for fiscal matters. The Board of Trustees appoints the superintendent. The superintendent is responsible for implementing board policies. The school district provides educational services, including child development, kindergarten, primary, secondary and adult education to those students residing within the district’s jurisdiction. The school district operates nine elementary schools, five middle schools, four high schools, a child development center, and an alternative school. Average daily membership for the 2011-2012 year totaled 11,554 students.

Our district is located along the north central Piedmont section of South Carolina, approximately 21 miles south of Charlotte, North Carolina. The county is 549 square miles and includes the cities/communities of Lancaster (county seat), Indian Land, Heath Springs, Kershaw, Van Wyck, and Elgin. Charlotte looms to our north, and growth from the Queen City has poured into Lancaster County. The district is located along the north central Piedmont section of South Carolina, approximately 21 miles south of Charlotte, North Carolina, and benefits from its close proximity to Charlotte. The county’s tax base is currently stable but poised for continued expansion of both residential and commercial growth along its northern border as the economy strengthens.

Lancaster is also home to the USC Lancaster, one of the five regional campuses of the University of South Carolina. Since its inception in 1959, USC Lancaster has become a comprehensive learning center, offering high-quality university programs and services to approximately 1,200 full- and part-time students from a service area of six counties (Lancaster, Chester, Chesterfield, Kershaw, Fairfield, and York). Likewise, York Technical College maintains a campus in Lancaster and Kershaw.

## **Local Economy**

Lancaster County's population has grown by 24.9% over the past decade. The 2000 Census showed Lancaster with a population of 61,351, increasing to 76,652 in 2010. This growth has been concentrated in the northern end of Lancaster County where planned development districts account for an estimated 14,000 home permits either underway or approved. The majority of these are single family homes ranging in value from \$200,000 to over \$1,000,000. Included in these numbers is the 1,800 acre Sun City Carolina Lakes Retirement Community with an estimated 1,800 homes currently in place and a total of 4,500 homes expected.



## **INTRODUCTORY SECTION**

Lancaster County and the Lancaster County Economic Development Corporation (LCEDC) are members of the 16-county Charlotte Regional Partnership. This membership allows them to take advantage of marketing efforts and business and industry recruitment by the Charlotte Partnership staff. The County's local economy continues to grow and become more diversified, as evidenced by the following recent announcements:

- Retail growth continues in the northern end of Lancaster County. A new Publix grocery store will be open by November 2012. This store is estimated to employ an average of 100 people. Publix is a Fortune 500 company that has been consistently ranked as one of the top supermarket chains in the country.
- Since the opening of Walmart in August 2010, several smaller retailers have opened in the adjoining area. McDonald's, Chick-fil-A, Discount Tire, Krispy Kreme, GNC, GameStop, a dentist office and a nail salon have all opened in the northern end of Lancaster County.
- In June, 2011, AkzoNobel Specialty Plastics, an Amsterdam-based specialty chemicals supplier, established a new 20,000 square-foot color design lab in its existing 110,000-square foot paint-film plant which will create 30 new jobs. AkzoNobel's new lab will serve its automotive, fashion, furniture, art and architectural customers. The company's facility is located on SC Highway 9 Bypass on the western side of Lancaster.
- Red Ventures, a high-tech marketing firm that opened in Lancaster County in 2009, is located at the 521 Corporate Park in the Indian Land area of the County. Red Ventures occupies a 150,000 square-foot facility with nearly 1000 employees. The company recently announced the acquisition of 16 additional acres for the construction of a third building that will allow Red Ventures to hire an additional 1000 employees.
- Hand Held Products, Inc. opened in 2007 in the northern end of Lancaster County in a 40,000 square-foot building in Bailes Ridge Corporate Park. The company that manufactures high-performance image and laser-based data collection hardware was acquired by Honeywell International, Inc. in late 2007. Honeywell plans to expand with the addition of 20,000 square feet to the existing building. The company currently has about 150 employees.
- Cooley Group expects to double its employment to 120 in the next year. Cooley opened in 2002 and began producing plastic coated membranes. During the expansion, Cooley expects to spend \$10 million on machinery.
- Lennar Group, a nationwide homebuilder is building a new 400 home community in the northern Indian Land area of Lancaster County.

Lancaster County's unemployment rate for August 2012 was 12.40%, down from the rate one year ago of 14.40%. The state average for August 2012 was 9.60%.

## **Long-Term Financing**

The district maintains a capital improvement schedule and a technology needs schedule used to project major financial needs over a period of five years. These schedules are the basis for budgeting to meet capital needs and for addressing future debt issuance as needed. The district also maintains a district-wide furniture replacement schedule that is updated annually and used to budget for anticipated needs. The district has also participated in several growth studies and purchased land for future school sites based on these studies.

The district issues general obligation bonds annually to meet the needs identified in the capital improvement plan above and cover the annual payments due on the districts' installment debt. Debt Service millage was increased by five mills during the fiscal year for a total of 43.50 mills as the district began plans for construction of a new elementary school to be completed for use by FY 2015.

## **Major Initiatives and Accomplishments**

Our school district believes that the primary responsibility of all school personnel is to the educational development of students. The budget is designed to support the efforts of students, classrooms, teachers, administrators, and staff to achieve their full potential. Federal, state, and local grants are actively sought to provide additional funding for the education of our students. Recent district, program, teacher, and student accomplishments include:

- **Our Office of Research & Development authored the following school grants**
  - Supporting Teens through Education and Protection Program (STEP) - \$549,692
  - AdvanceSC – Agribusiness Incubator - \$20,000
  - Partners for Youth Elementary Homework Centers - \$29,500
  - SCDE 21<sup>st</sup> CCLC - \$141,082
  - SCDE 21<sup>st</sup> CCLC - \$ 89,952
- **Honors and Awards**
  - **113 National Board Certified Teachers**
  - **41 South Carolina Junior Scholars**
  - **6 Duke TIP 2012 Scholars Qualifying for State Recognition**
  - **SC Scholastic Press Asso. 2012 Palmetto Award –*The Rambler*-Lancaster High**
  - **SC All-State 2011-2012- *The Rambler*-Lancaster High**
  - **Junior Civinette Awards**
    - » SC 2011 Advisor of the Year-Stacey Kirkley - Lancaster High
    - » SC 2011 First Place in Social Causes Project - Lancaster High
    - » SC 2011-2012 Corresponding Secretary-Dai Miller - Lancaster High

- **Junior Civitan Awards**
  - » SC 2011 Club of the Year - Lancaster High
  - » SC 2011 Campus Project of the Year - Lancaster High
  - » SC 2011 Ongoing Campaign of the Year-1st Place – Lancaster High
  - » SC 2011 Environmental Project of the Year-1<sup>st</sup> Place – Lancaster High
  - » SC 2011 Most Hours Served-Brandon Craig - Lancaster High
  - » International 2011 Environmental Project of the Year-1<sup>st</sup> Place – Lancaster High
  - » International 2011 Club of the Year – Lancaster High
  - » International 2011 Ongoing Campaign of the Year-1st Place – Lancaster High
  - » International 2011 Honor Club of Distinction – Lancaster High
  - » International 2011 Junior Civitan of the Year – Brandon Craig – Lancaster High
  - » International 2011 Junior Civitan Officer of the Year – Richie Harper – Lancaster High
- **Palmetto Administrator-Winter 2012 article-Linda Blackwell-North Elementary Principal**
- **Dick & Tunky Riley-*What Works* –SC Award for Excellence-Clinton Elementary**
- **Character Education Partnership Promising Practice National Award 2011-2012-Warrior Time Advisory Council-Indian Land Middle**
  - » *Think Big!* program
  - » *You've Got Mail* program
- **VIF International Educator of the Year-Veronica Raffin-McDonald Green Elementary**
- **Science P.L.U.S. Institute at Roper Mountain Science Center 2012-Ronnie Wall-Andrew Jackson High**
- **SC Shrine Bowl 2012 Coach-Mike Wells- Buford High**
- **SC Class AAAA 2011-2012 50-Yard Freestyle Swimming State Championship-Jory Pettit-Lancaster High**
- **Universal Cheerleaders Association All-American for 2011-2012**
  - » Ashiana Thompson-A.R. Rucker Middle
  - » Heather Whetstone-A.R. Rucker Middle
- **SC State 2012 Wrestling Champion**
  - » 105-lb Class-Dalen Byerly-Indian Land Middle
  - » 180-lb Class-Rondreas Truesdale-Indian Land High
- **SC Dept. of Education Palmetto Gold Awards 2011-2012**
  - » Discovery School
  - » Indian Land Elementary
  - » Indian Land High
  - » Indian Land Middle
  - » McDonald Green Elementary

- **SC Dept. of Education Palmetto Silver Awards 2011-2012**
  - » A.R. Rucker Middle
  - » Andrew Jackson Middle
  - » Brooklyn Springs Elementary
  - » Buford Elementary
  - » Buford Middle
  - » Erwin Elementary
  - » Heath Springs Elementary
  - » Kershaw Elementary
  - » North Elementary
  - » South Middle

### **School District Focus**

Fiscal Year 2011-2012 was a year of transition as federal stimulus funding came to an end and reliance on local and state funding increased. Controls put in place with the FY 2010-2011 budget resulted in savings and an increase in fund balance for year-end of \$1,108,042. The focus in building the FY 2011-2012 budget was on maintaining to minimize the impact on education. The FY 2011-2012 budget was balanced using \$575,762 in equity. Operating millage was increase by 3.25 mills for a total of 140.00 mills. We continued to use a 94% collection rate for taxes with the FY 2011-2012 budget due to high unemployment in the county and higher than normal delinquent taxes anticipated. Overall state funding was estimated to increase by 7.14% or \$2,246,540. Even with this increase, state funding was still down by almost \$5.8 million when compared to FY 2008-2009 budgeted state funding. For the third straight year there was no increase in the payroll schedules for inflation. All payroll step increases were frozen for a second straight year and teacher/pupil class ratios remained high. In the previous two fiscal years employees days had been furloughed; however, there were no plans to furlough days with the FY 2011-2012 budget.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lancaster County School District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the eighth consecutive year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The successful completion of this comprehensive annual financial report is the result of the commitment and hard work of staff members from several departments. We would like to thank the entire Financial Services staff for their hard work and the Department of Public Information for their assistance. We are especially grateful to our Board of Trustees for its continued support.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gene Moore". The signature is written in black ink and is positioned above the printed name.

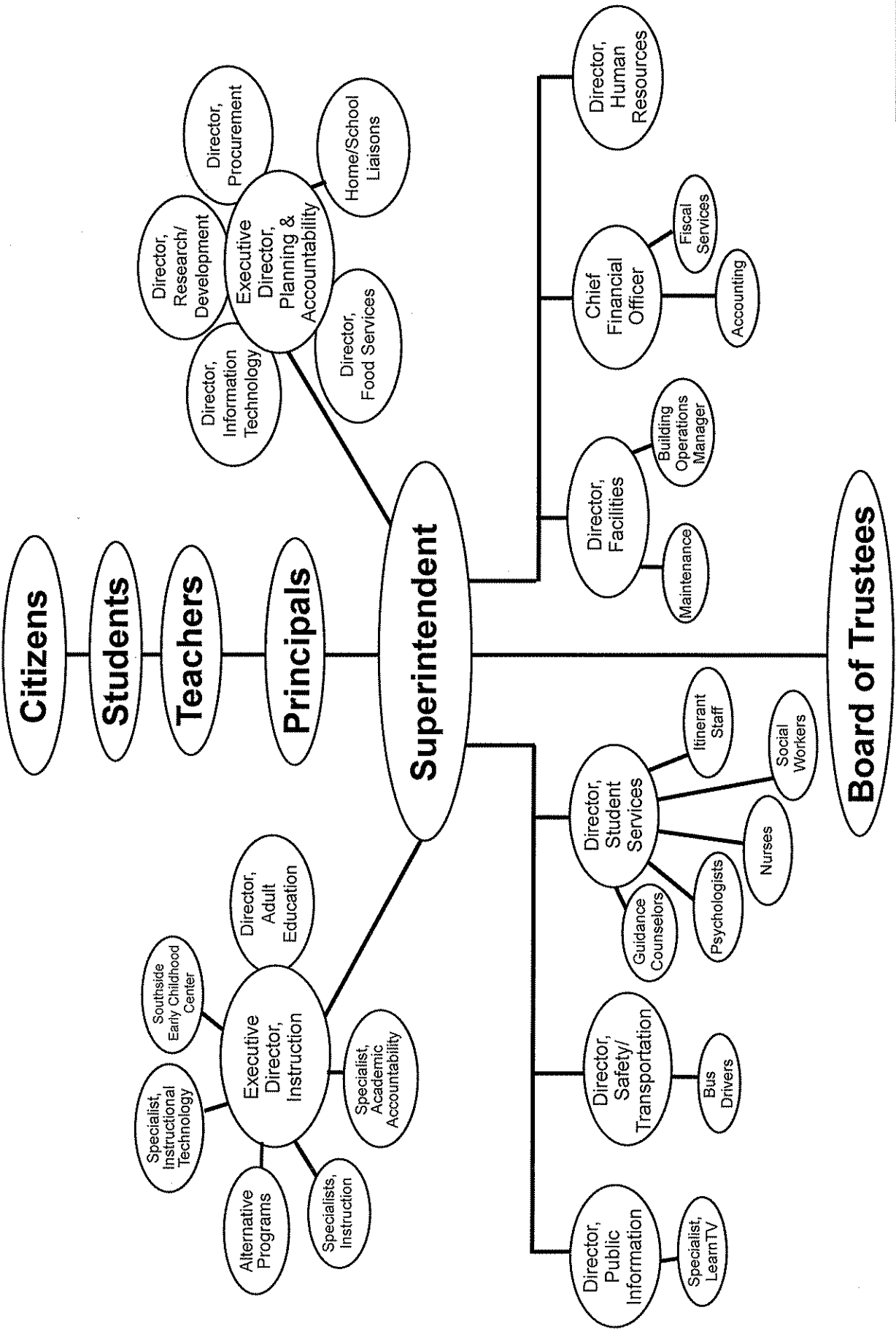
Gene Moore, ED.D.  
Superintendent

A handwritten signature in cursive script that reads "Tony Walker". The signature is written in black ink and is positioned above the printed name.

Tony Walker, CPA  
Chief Financial Officer

# Organizational Chart

2011-12



**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**SCHOOL DISTRICT OFFICIALS**

**JUNE 30, 2012**

**Board of Trustees**

Bobby Parker, Chairman

Margaret Gamble, Vice Chairman

Janice Dabney, Secretary

William Sumner, Jr.

Don L. McCorkle

Tyrom Faulkner

Mary Etta Taylor

**Administrative Staff**

Gene Moore, ED.D., Superintendent

Tony Walker, CPA, Chief Financial Officer



# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Lancaster County School District  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Danison*

President

*Jeffrey R. Emen*

Executive Director

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## **FINANCIAL SECTION**

# McGregor & COMPANY<sup>LLP</sup>

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## PARTNERS

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1906-1968

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W.W. Francis, CPA

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T.M. McCall, CPA  
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J.P. McGuire, CPA  
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## ASSOCIATES

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A.M. Kenney, CPA

## INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members of  
the Board of Trustees of  
Lancaster County School District  
Lancaster, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lancaster County School District, Lancaster, South Carolina, as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in U. S. *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lancaster County School District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2012, on our consideration of Lancaster County School District's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 22 and page 54 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, that 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lancaster County School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules 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 financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lancaster County School District's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*McGuire & Company, LLP*

Columbia, South Carolina  
November 9, 2012

**Lancaster County School District  
Management's Discussion and Analysis  
Year Ended June 30, 2012**

This section of Lancaster County School District's annual financial report presents management's discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2012. We encourage readers to consider the information presented here in conjunction with the district's transmittal letter, basic financial statements, and notes to the basic financial statements to enhance their understanding of the district's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2011-2012 are as follows:

- The assets of the district exceeded its liabilities at the close of the fiscal year ended June 30, 2012 by approximately \$61.4 million (net assets). Of this amount approximately \$16.3 million (unrestricted net assets) may be used to meet the district's ongoing obligations.
- The district's total net assets increased by approximately \$6.1 million. The largest factors in the increase were \$1.5 million in local tax dollars above the budget as tax collections became more stable than in past years and delinquent tax collections were up. We also received \$1 million more than budgeted in state funds that were released during the year to help cover the cost of employee and retiree benefits. Employer benefits and utility cost came in under budget for the year by almost \$750,000. Capital improvements over the past years have helped reduce energy cost. Repayment of bond principal accounted for most of the remainder.
- As of the close of the current fiscal year, the district's governmental funds reported combined ending fund balances of approximately \$31.7 million, an increase of approximately \$4.0 million. Approximately 46% of this total amount, \$14.6 million is unassigned.
- The unassigned fund balance for the general fund was \$14,567,464 or 93.63%. This represents a \$3,141,626 increase from the prior year.
- The district's long-term liabilities decreased by \$3,150,186 during the year. This was primarily due to principal payments of \$3,100,000.

### **Overview of Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, including general, special revenue, debt service, capital projects, fiduciary, proprietary and (3) notes to the financial statements.

**The government-wide financial statements** report information about the district as a whole, using accounting methods similar to those used by private-sector companies.

**The statement of net assets** includes all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the district's net assets may serve as an indicator of whether the district's financial position is improving or deteriorating, respectively.

**The statement of activities** accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. This statement includes some items such as uncollected taxes and unused compensated absences, reported as revenues and expenses that will only result in cash flows in future fiscal periods.

The government-wide financial statements include not only the school district itself (known as the primary government), but also component units. The component units include one legally separated charter school and a not-for-profit corporation (Lancaster Educational Assistance Program, Inc. or LEAP) for which the school district is financially accountable. Financial information for the charter school is reported separately from the financial information presented for the primary government itself.

The not-for-profit corporation (LEAP) is a "blended" component unit, and as such, is included in the governmental activities of the school district. The government-wide financial statements can be found on pages 23-24 of this report.

**The fund financial statements** provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to track specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying long-term debt) or to show that it is properly using certain revenues (such as local, state and federal grants.)

All of the district's funds can be divided into three categories: governmental, proprietary and fiduciary.

**Governmental funds** include the district's basic services, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the "Reconciliation of Governmental Funds Balance Sheet with the Statement of Net Assets" and the "Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with the District-wide Statement of Activities" to help explain the relationship (or differences) between them. The governmental fund basic financial statements can be found beginning on page 25 of this report.

**Proprietary funds (enterprise funds)** are used to account for operations that are financed and operated in a manner similar to private business enterprises. Food service is the district's only proprietary fund.

**Fiduciary funds (pupil activity funds)** are funds for which the district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. It is the district's responsibility to ensure that all assets reported in these funds are being used for their intended purpose and by those to whom the assets belong. The district excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**The notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33-53 of this report.

**Required supplementary information** is included concerning the district's budget. The district adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund on page 54 of this report.

## **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The district's net assets were more on June 30, 2012 than they were the year before, increasing to \$61,381,013, (See figure A-1). Most of the increase in the district's financial position came from its governmental activities, the net assets of which increased \$5,758,002 to \$59,888,554. The net assets of the district's business-type activities increased \$357,496 to \$1,492,459.

Figure A-1		Condensed Statement of Net Assets					
	Governmental Activities		Business-Type Activities		Total Activities		
	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11	
Current Assets	\$ 45,973,551	\$ 42,462,095	\$1,052,150	\$ 592,655	\$ 47,025,701	\$ 43,054,750	
Capital Assets	115,058,421	115,711,763	470,369	570,429	115,528,790	116,282,192	
Total Assets	161,031,972	158,173,858	1,522,519	1,163,084	162,554,491	159,336,942	
Total Current Liabilities	12,860,792	12,610,494	30,060	28,121	12,890,852	12,638,615	
Total Noncurrent Liabilities	88,282,626	91,432,812	0	0	88,282,626	91,432,812	
Total Liabilities	101,143,418	104,043,306	30,060	28,121	101,173,478	104,071,427	
Net Assets							
Invested in Capital Assets							
Net of Related Debt	27,972,214	25,498,685	470,369	570,429	28,442,583	26,069,114	
Restricted	16,610,712	15,952,388	0	0	16,610,712	15,952,388	
Unrestricted	15,305,628	12,679,479	1,022,090	564,534	16,327,718	13,244,013	
Total Net Assets	59,888,554	54,130,552	1,492,459	1,134,963	61,381,013	55,265,515	

The district's financial position is the product of many factors. Funds available for capital projects were decreased during the year by \$973,406. Property taxes receivables decreased by \$605,702 over the prior year to a total of \$2,231,587. Accounts receivable decreased by \$5,189,565 over the prior year to a total of \$160,664. This large decrease in accounts receivable was mainly due to a property insurance claim outstanding at the end of the prior year



of approximately \$4.9 million. There was a net decrease of \$753,402 in capital assets for current year depreciation and disposal of obsolete or lost assets which exceeded additions to capital assets for the year. Long term liabilities decreased by \$3,150,186 mostly due to principal payments of \$3.1 million and principal due within one year of \$3.43 million. Accrued interest on bonds totaling \$500,919, and compensated absences of \$1,141,200 are reflected in the government-wide financial statements.

### Changes in Net Assets:

The district's total revenues for the fiscal year ended June 30, 2012 were \$109,052,455 (see figure A-2). Property taxes accounted for 32.83 percent of the district's revenue. Grants accounted for 65.40 percent, with the remaining 1.77 percent coming from charges for services, investment earnings, unrestricted grants, and miscellaneous sources.

The district's total cost of all programs and services for the year ended June 30, 2012 was \$102,936,957 (see figure A-2). The district's expenses are predominantly related to instruction (54.23 percent). The district's support services accounted for 35.38 percent and business activities accounted for 4.78 percent of total cost. Community services, pupil activities, intergovernmental and interest on long-term debt made up the remaining 5.61 percent.

Both governmental activities and business-type activities increased over the prior year. Total revenues surpassed expenses increasing net assets \$6,115,498.

Figure A-2 Condensed Changes in Net Assets from Operating Results						
	Governmental Activities		Business-Type Activities		Total Activities	
	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11
<b>Program Revenues</b>						
Charges for Services	\$ 86,903	\$ 61,994	\$ 1,611,509	\$ 1,572,107	\$ 1,698,412	\$ 1,634,101
Operating Grants	67,418,258	66,993,322	3,899,979	3,625,926	71,318,237	70,619,248
Capital Grants	3,119	4,034	0	0	3,119	4,034
<b>General Revenues</b>						
Property Taxes	35,806,753	31,874,725	0	0	35,806,753	31,874,725
Insurance Proceeds	0	4,894,906	0	0	0	4,894,906
Other	225,169	216,793	765	2,069	225,934	218,862
<b>Total Revenues</b>	<b>103,540,202</b>	<b>104,045,774</b>	<b>5,512,253</b>	<b>5,200,102</b>	<b>109,052,455</b>	<b>109,245,876</b>
<b>Program Expenses</b>						
Instructional	55,826,663	54,761,743			55,826,663	54,761,743
Support Services	36,413,973	36,224,608			36,413,973	36,224,608
Food Service	0	0	4,919,588	4,808,028	4,919,588	4,808,028
Other	5,776,733	5,529,948			5,776,733	5,529,948
<b>Total Expenses</b>	<b>98,017,369</b>	<b>96,516,299</b>	<b>4,919,588</b>	<b>4,808,028</b>	<b>102,936,957</b>	<b>101,324,327</b>
<b>Excess (Deficiency)</b>						
Before Transfers	5,522,833	7,529,475	592,665	392,074	6,115,498	7,921,549
Transfers In/(Out)	235,169	219,935	(235,169)	(219,935)	0	0
<b>Changes in Net Assets</b>	<b>5,758,002</b>	<b>7,749,410</b>	<b>357,496</b>	<b>172,139</b>	<b>6,115,498</b>	<b>7,921,549</b>

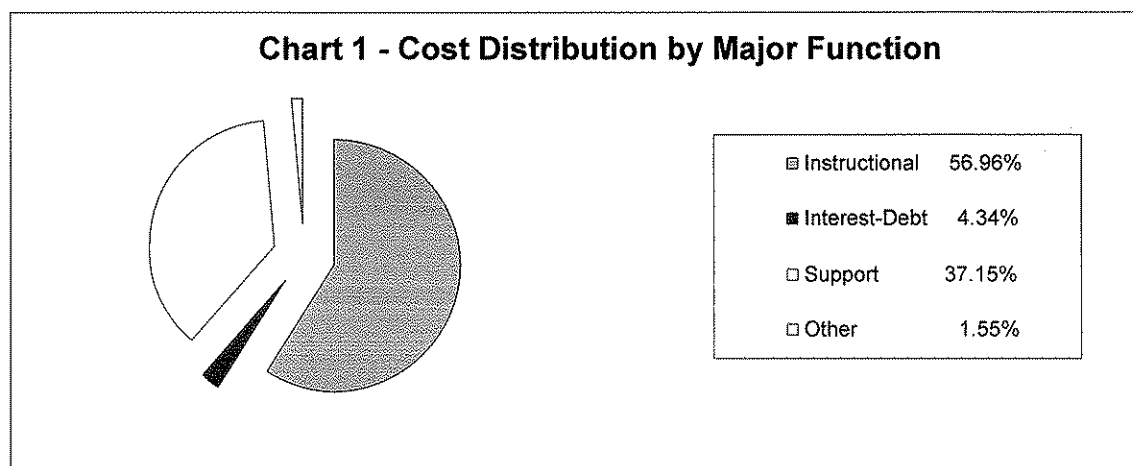
**Governmental Activities:**

Revenues and transfers in exceeded expenses for the district's governmental activities by \$5,758,002. Revenues and transfers totaled \$103,775,371 and expenses totaled \$98,017,369 for the year ended June 30, 2012 (see figure A-2).

Figure A-3 below presents the cost of five major functional activities: instruction, support services, community services, pupil activities and interest on long-term debt. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net (expense) revenue shows the financial burden placed on the district's taxpayers by each of these functions. The cost of all governmental activities this year was \$98,017,369.

Figure A-3 Cost of the Five Major Functional Activities for Governmental Activities				
	Total Expense		Net (Expense) Revenue	
	FY 12	FY 11	FY 12	FY 11
Instruction	\$ 55,826,663	\$ 54,761,743	(\$ 15,637,741)	(\$ 14,668,600)
Support Services	36,413,973	36,224,608	(9,973,914)	(10,126,739)
Community Services	1,176,010	1,139,831	(296,711)	(271,493)
Pupil Activities	344,787	119,900	(344,787)	(119,900)
Interest on Long-Term Debt	4,255,936	4,270,217	(4,255,936)	(4,270,217)
<b>Total</b>	<b>98,017,369</b>	<b>96,516,299</b>	<b>(30,509,089)</b>	<b>(29,456,949)</b>

Chart 1 below presents a percentage breakdown of the total expense distribution by major function.

**Business-Type Activities:**

Revenues exceed expenses and transfers out of the district's business-type activities by \$357,496. Revenues totaled \$5,512,253 and expenses and transfers out totaled \$5,154,757 for the year ended June 30, 2012 (see figure A-2).

## **Financial Analysis of the District's Funds**

### **Governmental Funds:**

The district uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the district as a whole is reflected in its governmental funds as well.

The focus of the district's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the district's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the district completed the year, its governmental funds reported combined fund balances of \$31,695,300. This was an increase of \$3,966,304 to last year's ending fund balances of \$27,728,996.

Approximately \$14,567,464 or 45.96 percent constitutes the unassigned portion of the district's fund balance. This balance is maintained as an operating balance for the district to meet cash flow obligations throughout the year. The remaining fund balance is classified as nonspendable, committed, assigned or restricted for the following spending constraints:

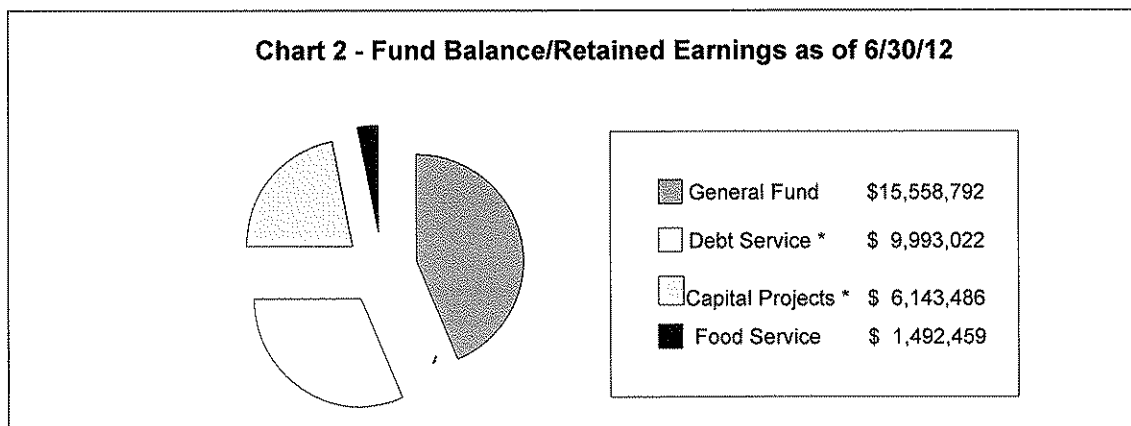
- \$ 36,355 assigned for encumbered operating school expenditures
- 954,973 assigned for subsequent year's expenses
- 3,406,898 restricted for debt service-district
- 6,586,124 restricted for debt service-LEAP
- 6,143,482 restricted for capital projects-district
- 4 restricted for capital projects-LEAP

The general fund is the principal operating fund of the district. The general fund balance showed an increase of \$3,195,104. The debt service-district fund balance showed an increase of \$1,904,252. The capital projects-district showed a decrease of \$976,406. The fiscal year 2004-2005 issuance of LEAP installment purchase revenue bonds led to the creation of the debt service-LEAP fund which ended the year with a balance of \$6,586,124 and the creation of the capital projects-LEAP fund which ended the year with a balance of \$4.

### **Proprietary Funds:**

Proprietary funds are used to account for operations similar to private business enterprises. The food service fund is the district's only proprietary fund. The year end food service fund balance was \$1,492,459. This was an increase of \$357,496 from last year's ending retained earnings of \$1,134,963.

Chart 2 below provides a breakdown of total fund balance and retained earnings as of June 30, 2012.



\* Includes LEAP (Lancaster Educational Assistance Program)

#### **General Fund Budgetary Highlights:**

District's management built the general fund budget with the use of \$575,762 in equity to balance. State funding levels were estimated to increase for the year; however, the district was losing federal stimulus funds of approximately \$2.6 million that had helped in the previous year with general operating expenses. It was the district's goal to preserve equity at approximately \$11.4 million. Budgeted revenues included the maximum increase in school operating millage allowed of 3.25 mills. Budgeted expenses included no step increases in payroll for a second year along with no payroll chart increase for inflation, and continued teacher/pupil ratios at the higher levels set in the previous year. There was also a 20% cut in school allocations for the year.

It has been the practice of the district to review and revise its general fund budget at mid-year for any variations from the originally approved budget or anticipated changes in revenues and expenses. Mid-year budget revisions were approved by the Board of Trustees in January 2012. Revenue adjustments included increases for local tax revenue projections by \$590,939 for updated estimates and decreased state revenue projections by \$93,332 to reflect updated information from the State Department of Education. Use of equity to balance was also reduced by \$256,173. Budgeted expenses were increased by \$241,434 mainly to add back the 20% allocation to schools that had been cut in the original budget.

For the year, ad valorem tax collections exceeded the budget of \$21,352,235 by \$784,333 or 3.67%. Other local revenues exceeded the budget by \$1,030,466 for the year. Overall local revenues exceeded the budget of \$23,134,533 by 7.84% due to conservative budget practices and tax collections returning closer to normal after two previous years of high delinquent taxes. The district received additional allocations from the state of approximately \$.9 million to help with employer fringe benefits above the budget amounts of \$10,389,118. Total state revenues for the year exceeded the budget of \$45,089,593 by \$1,106,269 or 2.45%.

Salaries and fringe benefits were slightly under budget of \$60,957,097 for the year by \$246,946 or 0.41%. Purchased services were under the budget of \$4,680,022 by 5.16% or \$241,522. Energy was under budget of \$2,528,241 by \$279,250 or 11.05% due to conservation measures taken by the District. All other expenses were slightly over budget of \$1,460,946 by \$23,515 or 1.61% for the year.

## **Capital Assets and Debt Administration**

### **Capital Assets:**

By the end of fiscal year 2012, the district had invested \$168,017,007 in capital assets, including school buildings and facilities, vehicles, furniture, furnishings and equipment. Total depreciation expense for the year was \$4,338,147. The following schedule (figure A-4), presents capital asset balances net of depreciation for the fiscal year ended June 30, 2012.

<b>Figure A-4 Capital Assets (Net of Depreciation)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<b>FY 12</b>	<b>FY 11</b>	<b>FY 12</b>	<b>FY 11</b>	<b>FY 12</b>	<b>FY 11</b>
<b>Land</b>	\$ 3,518,367	\$ 3,357,341	\$ 0	\$ 0	\$ 3,518,367	\$ 3,357,341
<b>Buildings &amp; Improvements</b>	106,024,210	109,123,391	0	0	106,024,210	109,123,391
<b>Furniture &amp; Equipment</b>	2,568,759	2,404,615	470,369	570,429	3,039,128	2,975,044
<b>Construction in Progress</b>	2,947,085	826,416			2,947,085	826,416
<b>Total Cost</b>	<b>115,058,421</b>	<b>115,711,763</b>	<b>470,369</b>	<b>570,429</b>	<b>115,528,790</b>	<b>116,282,192</b>

Additional information on the district's capital assets can be found in Note 5 to the financial statements.

### **Long-Term Debt:**

At year end, the district had \$17,805,000 in general obligation bonds debt outstanding (see figure A-5), of which \$2,450,000 is due within one year.

State statutes currently limit the amount of general obligation debt a district may issue, without referendum, to 8 percent of its total assessed valuation. The current debt limitation for the district is \$22,521,361. More detailed information about the district's long-term debt is presented in Note 7 to the financial statements.

<b>Figure A-5 Outstanding Long-Term Debt</b>				
	<b>July 1, 2011 Balance</b>	<b>Additions to (Reductions in) Principal</b>	<b>June 30, 2012 Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>	\$20,445,000	(\$2,640,000)	\$17,805,000	\$2,450,000
<b>LEAP Installment Bonds</b>	69,355,000	(460,000)	68,895,000	980,000

## **Economic Factors Bearing on the District's Future**

In the fiscal year 2012-2013 budget the district balanced revenues with the use of \$954,973 in general fund equity to cover budgeted expenses for the year. The Board of Trustees and district management have a clear understanding of the importance of maintaining a healthy fund balance. Board Policy was approved in 2005 to maintain a general fund balance of no less than 8 percent of the current year's budgeted general fund expenses. Unassigned general fund equity at July 01, 2012 was \$14,567,464 or 19.14% of the \$76,109,810 budgeted expenses for fiscal year 2012-2013.

With local tax collections becoming more stable estimates for local revenues increased by approximately \$.9 million and state revenues are estimated to increase by approximately \$4.0 million for FY 2012-2013.

With fiscal year 2012-2013 the district began plans for the construction of a new elementary school to be opened for the 2014-2015 school year. The value of the school operating mill slightly grew by 0.67% or \$909 to \$136,484. With the need to increase the Debt Service millage for the new school construction, the Board of Trustees elected to hold school operating millage constant at 140 mills with no increase in millage for fiscal year 2012-2013. With inflation estimated at 3.16% and population growth estimated at 1.23% in the county, the Board of Trustees could have increased school operating millage by 5 mills.

The state reimbursement for residential property tax FY 2012-2013 was calculated using a 3.45% increase for the consumer price index and a statewide growth percentage of 1.01%. This amounts to an increase of \$464,398 for a total budget of \$7,737,234.

The state base student cost used for the FY 2011-2012 budget was \$1,880 and the estimated base student cost for FY 2012-2013 was budgeted at \$2,012. This was an increase of 6.50% or \$132 in base student cost. This was an increase of approximately \$2 million in state funding but still well below the funding level from FY 2007-2008 of \$2,476 (an estimated \$5.2 million less) and the recommended funding level for FY 2012-2013 of \$2,720 (an estimated \$8.0 million less).

Overall general fund budgeted expenses for FY 2012-2013 increased by \$5,304,979. For salaries and fringe benefits, the FY 2012-2013 budget increased by approximately \$5.0 million. This increase covered a state mandated 2% increase along with a two step increase. One step increase was for the current year and one step was to make-up a prior year frozen step. The district remains one step behind due to another prior year freeze, but hopes to make this up in the FY 2013-2014 budget. The remaining budget increase of \$210,086 was mainly due to increases in property insurance and county fire fees.

Debt Service millage was increased by 3.50 mills for a total of 47.00 mills for fiscal year 2012-2013 to meet existing debt requirements plus \$21,720,000 in general obligation debt that was issued during the year and will be repaid over the next eight years. This new debt was issued to cover scheduled installment debt payments of \$2,706,939, and discharge \$1,742,890 in bond anticipation notes issued in the prior year, and approximately \$18.3 million used to meet the district's scheduled five year capital needs plan and to provide for new school construction approved by the Board of Trustees.

The Board of Trustees will revise the district's budget at mid-year, as they have in past years, based on the current economic conditions and revised estimated revenues and expenses for the year.

## **Contacting the District's Financial Management**

This financial report is designed to provide the district's citizens, taxpayers, customers, investors, and creditors with a general overview of the district's finances and to demonstrate the district's accountability for all funding received. If you have questions about this report or need additional financial information, contact Lancaster County School District, Finance Department, 300 South Catawba, Lancaster, South Carolina, 29720.

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## **BASIC FINANCIAL STATEMENTS**

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and Cash Equivalents	\$ 26,234,115	\$ 908,595	\$ 27,142,710	
Cash and Cash Equivalents - Restricted	6,586,128		6,586,128	
Property Taxes Receivable, Net	2,231,587		2,231,587	
Accounts Receivable	160,564	100	160,664	
Internal Balances	215,807	(215,807)	-	
Due from Pupil Activities	93,527		93,527	
Due from County Government	7,595,557		7,595,557	
Due from State Government	1,357,726	442	1,358,168	
Due from Federal Government	1,498,540	249,126	1,747,666	
Inventory		109,694	109,694	
Capital Assets:				
Non-Depreciable Capital Assets	6,465,452		6,465,452	
Depreciable Capital Assets, Net	108,592,969	470,369	109,063,338	
<b>Total Assets</b>	<b>161,031,972</b>	<b>1,522,519</b>	<b>162,554,491</b>	<b>-</b>
<b>Liabilities</b>				
Accounts Payable and Accrued Liabilities	8,017,950		8,017,950	
Due to State Department of Education	7		7	
Due to Federal Government	453		453	
Unearned Revenue	2,601,463	30,060	2,631,523	
Accrued Interest	500,919		500,919	
Short Term Note Payable	1,740,000		1,740,000	
Noncurrent Liabilities:				
Due Within One Year	4,044,907		4,044,907	
Due in More Than One Year	84,237,719		84,237,719	
<b>Total Liabilities</b>	<b>101,143,418</b>	<b>30,060</b>	<b>101,173,478</b>	<b>-</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	27,972,214	470,369	28,442,583	
Restricted for:				
Debt Service	10,467,226		10,467,226	
Capital Projects	6,143,486		6,143,486	
Unrestricted	15,305,628	1,022,090	16,327,718	
<b>Total Net Assets</b>	<b>59,888,554</b>	<b>1,492,459</b>	<b>61,381,013</b>	<b>-</b>

The Accompanying Notes are an Integral Part of These Financial Statements

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

FOR FISCAL YEAR ENDED JUNE 30, 2012

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-Type Activities	
			Operating Grants and Contributions	Capital Grants and Contributions		Total	Component Unit
<b>Governmental Activities:</b>							
Instruction	\$ 55,826,863	\$ 86,903	\$ 40,102,019		\$ (15,637,741)	\$ (15,637,741)	
Support Services	36,413,973		26,436,940	\$ 3,119	(9,973,914)	(9,973,914)	
Community Services	1,176,010		879,299		(296,711)	(296,711)	
Pupil Activities	344,787				(344,787)	(344,787)	
Interest and Other Charges	4,255,936				(4,255,936)	(4,255,936)	
<b>Total Governmental Activities</b>	<b>98,017,369</b>	<b>86,903</b>	<b>67,418,258</b>	<b>3,119</b>	<b>(30,509,089)</b>	<b>(30,509,089)</b>	
<b>Business-Type Activities:</b>							
Food Service	4,919,588	1,611,509	3,899,979		-	\$ 591,900	591,900
<b>Total School District</b>	<b>102,936,957</b>	<b>1,698,412</b>	<b>71,318,237</b>	<b>3,119</b>	<b>(30,509,089)</b>	<b>591,900</b>	<b>(29,917,189)</b>
<b>Component Units:</b>							
Charter School	614,753		614,753				\$ -
<b>General Revenues:</b>							
Taxes							
Property Taxes, Levied for General Purposes					\$ 23,793,704	\$ 23,793,704	
Property Taxes, Levied for Debt Service					12,013,049	12,013,049	
Grants and Contributions Not Restricted to Specific Programs					140,467	140,467	
Unrestricted Investment Earnings					57,831	\$ 765	58,596
Miscellaneous					26,871	26,871	
<b>Subtotal, General Revenues</b>					<b>36,031,922</b>	<b>765</b>	<b>36,032,687</b>
<b>Excess (Deficiency) of Revenues Over Expenses Before Special Items</b>					<b>5,522,833</b>	<b>592,665</b>	<b>6,115,498</b>
Transfers Between Government and Business-Type Activities					235,169	(235,169)	-
<b>Change in Net Assets</b>					<b>5,758,002</b>	<b>357,496</b>	<b>6,115,498</b>
<b>Net Assets, Beginning of Year</b>					<b>54,130,552</b>	<b>1,134,963</b>	<b>55,265,515</b>
<b>Net Assets, End of Year</b>					<b>59,888,554</b>	<b>1,492,459</b>	<b>61,381,013</b>

The Accompanying Notes are an Integral Part of These Financial Statements

## LANCASTER COUNTY SCHOOL DISTRICT

## LANCASTER, SOUTH CAROLINA

## BALANCE SHEET

## GOVERNMENTAL FUNDS

JUNE 30, 2012

	Major Funds							Total
	General	Special Projects	EIA	Debt Service	Debt Service-LEAP	Capital Projects	Capital Projects-LEAP	Governmental Funds
<b>Assets</b>								
Cash and Cash Equivalents	\$ 26,234,115							\$ 26,234,115
Cash and Cash Equivalents - Restricted					\$ 6,586,124		\$ 4	6,586,128
Property Tax Receivable, Net	256,441			\$ 111,987				368,428
Accounts Receivable	17,308	\$ 103,546	\$ 20,050			\$ 19,660		160,564
Due from Other Funds			1,605,556			4,545,051		6,150,607
Due from Pupil Activities	93,527							93,527
Due from County Government	981,875			3,294,911		3,318,771		7,595,557
Due from State Government	894,075	2,210	461,441					1,357,726
Due from Federal Government		1,498,540						1,498,540
<b>Total Assets</b>	<b>28,477,341</b>	<b>1,604,296</b>	<b>2,087,047</b>	<b>3,406,898</b>	<b>6,586,124</b>	<b>7,883,482</b>	<b>4</b>	<b>50,045,192</b>
<b>Liabilities and Fund Balances</b>								
Accounts Payable and Accrued Liabilities	8,017,950							8,017,950
Notes Payable	55,219					1,740,000		1,795,219
Due to Other Funds	4,845,380	1,089,420						5,934,800
Due to Other Governmental Units		453	7					460
Deferred Revenue		514,423	2,087,040					2,601,463
<b>Total Liabilities</b>	<b>12,918,549</b>	<b>1,604,296</b>	<b>2,087,047</b>	<b>-</b>	<b>-</b>	<b>1,740,000</b>	<b>-</b>	<b>18,349,892</b>
<b>Fund Balances</b>								
Restricted				3,406,898	6,586,124	6,143,482	4	16,136,508
Assigned	991,328							991,328
Unassigned	14,567,464							14,567,464
<b>Total Fund Balances</b>	<b>15,558,792</b>	<b>-</b>	<b>-</b>	<b>3,406,898</b>	<b>6,586,124</b>	<b>6,143,482</b>	<b>4</b>	<b>31,695,300</b>
<b>Total Liabilities and Fund Balances</b>	<b>28,477,341</b>	<b>1,604,296</b>	<b>2,087,047</b>	<b>3,406,898</b>	<b>6,586,124</b>	<b>7,883,482</b>	<b>4</b>	<b>50,045,192</b>

The Accompanying Notes are an Integral Part of These Financial Statements

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
WITH THE STATEMENT OF NET ASSETS

JUNE 30, 2012

**Total Fund Balances - Governmental Funds** \$ 31,695,300

Amounts Reported for Governmental Activities in the Statement of Net  
Assets are Different Because of the Following:

Capital assets used in governmental activities are not financial resources and  
therefore are not reported as assets in governmental funds.

The Cost of Capital Assets is	\$166,277,283	
Accumulated Depreciation is	<u>(51,218,862)</u>	115,058,421

Property taxes receivable will be collected this year but are not available soon enough  
to pay for current period's expenditures, and therefore are deferred in the funds. 1,863,159

Long-term liabilities, including bonds payable, are not due and payable in the current  
period and therefore are not reported as liabilities in the funds. Long-term  
liabilities at year end consist of:

Bonds Payable and Related Premium	87,086,207	
Accrued Interest on the Bonds	500,919	
Compensated Absences	<u>1,141,200</u>	(88,728,326)

**Total Net Assets - Governmental Activities** 59,888,554

The Accompanying Notes are an Integral Part of These Financial Statements

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	Major Funds							
	General	Special Revenue Special Projects	Special Revenue EIA	Debt Service - District	Debt Service - LEAP	Capital Projects - District	Capital Projects - LEAP	Total Governmental Funds
Revenues								
Local Sources:								
Taxes	\$ 22,448,082			\$ 11,636,311				\$ 34,084,393
Investment Earnings	50,665			3,258	\$ 694	\$ 3,209	\$ 5	57,831
Other Local Sources	2,450,585	\$ 923,393	\$ 2,900	525,614		63,932		3,966,424
State	46,195,862	1,526,264	8,253,958	686,872		3,119		56,666,075
Federal		9,457,423						9,457,423
Total Revenues	71,145,194	11,907,080	8,256,858	12,852,055	694	70,260	5	104,232,146
Expenditures								
Current								
Instruction	42,240,412	6,233,988	5,159,711					53,634,111
Support Services	26,563,833	3,992,036	1,679,303			2,971,510	123,888	35,330,570
Community Services		1,176,010						1,176,010
Pupil Activities	329,787		15,000					344,787
Intergovernmental Expenditures	784,552	7,775						792,327
Debt Service								
Principal				2,640,000	460,000			3,100,000
Interest and Fiscal Agent Fees				767,803	3,464,025	8,845		4,240,673
Capital Outlay	77,857	262,513	62,419			1,479,744		1,882,533
Total Expenditures	69,996,441	11,672,322	6,916,433	3,407,803	3,924,025	4,460,099	123,888	100,501,011
Excess (Deficiency) of Revenue Over Expenditures	1,148,753	234,758	1,340,425	9,444,252	(3,923,331)	(4,389,839)	(123,883)	3,731,135
Other Financing Sources (Uses)								
Transfers In	2,010,351				3,923,569	5,343,563		11,277,483
Transfers (Out)		(234,758)	(1,340,425)	(7,540,000)		(1,927,130)	(1)	(11,042,314)
Total Other Financing Sources (Uses)	2,010,351	(234,758)	(1,340,425)	(7,540,000)	3,923,569	3,416,433	(1)	235,169
Net Changes in Fund Balances	3,159,104	-	-	1,904,252	238	(973,406)	(123,884)	3,966,304
Fund Balance, Beginning of Year	12,399,688		-	1,502,646	6,585,686	7,116,888	123,888	27,728,996
Fund Balance, End of Year	15,558,792	-	-	3,406,898	6,586,124	6,143,482	4	31,695,300

The Accompanying Notes are an Integral Part of These Financial Statements

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds \$ 3,966,304

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over the estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 3,607,720	
Depreciation expense	(4,213,724)	(606,004)

The statement of activities reports gains or losses arising from the disposal of capital assets. Conversely, governmental funds do not report any gains or loss on disposal of capital assets. (47,338)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used. 4,909

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Activities. 3,100,000

Certain deferred revenues reported in the governmental funds are recognized subject to a reserve for uncollectible amounts in the statement of activities. This is the additional amount of taxes receivable recognized under the accrual basis. (718,815)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount is the net change in accrued interest for the year. 32,075

Bond premiums are revenues the year they are received by the governmental funds but are amortized over the lives of the bonds in the Statement of Activities. 26,871

**Change in Net Assets of Governmental Activities** 5,758,002

The Accompanying Notes are an Integral Part of These Financial Statements

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

STATEMENT OF NET ASSETS  
PROPRIETARY FUND

JUNE 30, 2012

	<u>Enterprise Fund Food Service</u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 908,595
Accounts Receivable	100
Due from State Government	442
Due from Federal Government	249,126
Inventories - Supplies and Materials	<u>109,694</u>
<b>Total Current Assets</b>	<u>1,267,957</u>
Noncurrent Assets:	
Equipment	1,739,724
Less: Accumulated Depreciation	<u>(1,269,355)</u>
<b>Total Noncurrent Assets</b>	<u>470,369</u>
<b>Total Assets</b>	<u>1,738,326</u>
<b>Liabilities</b>	
Current Liabilities:	
Deferred Revenue	30,060
Due To Other Funds	<u>215,807</u>
<b>Total Current Liabilities</b>	<u>245,867</u>
<b>Total Liabilities</b>	<u>245,867</u>
<b>Net Assets</b>	
Invested in Capital Assets	470,369
Unrestricted	<u>1,022,090</u>
<b>Total Net Assets</b>	<u><u>1,492,459</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements



LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<b>Enterprise Fund Food Services</b>
<b>Operating Revenues</b>	
Proceeds From Sale of Meals	\$ 1,611,509
<b>Total Operating Revenues</b>	<u>1,611,509</u>
<b>Operating Expenses</b>	
Food Costs	2,562,736
Salaries and Wages	1,715,359
Depreciation	124,423
Supplies and Materials	228,336
Other Operating Costs	<u>288,734</u>
<b>Total Operating Expenses</b>	<u>4,919,588</u>
<b>Operating Loss</b>	<u>(3,308,079)</u>
<b>Nonoperating Revenues</b>	
Interest Income	765
USDA Reimbursements	3,514,187
Commodities Received From USDA	363,483
Other Federal and State Aid	18,868
Other Revenue	<u>3,441</u>
<b>Total Nonoperating Revenue</b>	<u>3,900,744</u>
<b>Income (Loss) Before Transfers</b>	592,665
<b>Transfers In (Out)</b>	<u>(235,169)</u>
<b>Change in Net Assets</b>	357,496
<b>Net Assets, Beginning of Year</b>	<u>1,134,963</u>
<b>Net Assets, End of Year</b>	<u><u>1,492,459</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE - FOOD SERVICE FUND**  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

<b>Cash Flows from Operating Activities</b>	
Cash Received from Patrons	\$ 1,613,448
Cash Payments to Suppliers for Goods and Services	(2,715,170)
Cash Payments to Employees for Services	<u>(1,715,359)</u>
<b>Net Cash Used by Operating Activities</b>	<u>(2,817,081)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Operating Grants Received	3,441
Cash Received from USDA Reimbursements	3,280,777
Other Federal and State Aid	18,868
Transfers - Out to Other Funds	<u>(292,297)</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>3,010,789</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	<u>(24,363)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>765</u>
<b>Net Increase in Cash and Cash Equivalents</b>	170,110
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>738,485</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>908,595</u></u>
<b>Reconciliation of Operating Income (Loss) to</b>	
<b>Net Cash Used by Operating Activities</b>	
Operating Income (Loss)	(3,308,079)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation	124,423
USDA Donated Commodities	363,483
Changes in Operating Assets and Liabilities:	
Inventory	1,153
Deferred Revenue	<u>1,939</u>
<b>Net Cash Used by Operating Activities</b>	<u><u>(2,817,081)</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUND - AGENCY**  
**JUNE 30, 2012**

	<u><b>Agency Funds</b></u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,629,938
Accounts Receivable	<u>2,431</u>
<b>Total Assets</b>	<u><u>1,632,369</u></u>
<b>Liabilities</b>	
Due to School District	93,527
Due to Student Organizations	<u>1,538,842</u>
<b>Total Liabilities</b>	<u><u>1,632,369</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

# **LANCASTER COUNTY SCHOOL DISTRICT**

## **LANCASTER, SOUTH CAROLINA**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Reporting Entity**

**Lancaster County School District** (the "District") operates under the direction of an elected Board of Trustees, with a superintendent serving as the chief administrative officer, and provides education services to approximately 11,500 students in the County of Lancaster, South Carolina. The District does not exercise control over any other governmental agencies or authorities.

Effective July 1, 1997, the District became fiscally independent and is no longer considered a component unit of Lancaster County. As such, the Lancaster County School District is the basic level of government which has financial accountability and control over all activities related to the public school education in the County of Lancaster, South Carolina. The District receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since District Board of Trustees members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

**Discretely Presented Component Unit:** The component unit column in the basic financial statements includes the financial data of the District's component unit, The Discovery Charter School (the "Charter School"). This unit is reported in a separate column to emphasize that it is legally separate from the District. The Charter School operates under a charter granted by the District and is considered, under South Carolina Law, to be a public school and part of the District. It is administered and governed by its governing body as agreed to by the charter applicant and the District. The governing body is elected annually. The South Carolina State Department of Education regulations require that charter schools be discretely presented in the financial statements, but blended with the School District balances in the supplementary schedules. As a result, the amounts reported as revenues, expenditures and changes in fund balances for the Special Revenue Fund - Special Projects Fund in the supplementary schedules do not agree to the amounts reported as revenues, expenditures, and changes in fund balances for the Special Revenue Fund - Special Projects Fund in the financial statements. All accounting policies and reporting requirements applicable to the District were equally adopted at the Charter School reporting level. The Charter School does not issue separate financial statements.

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

### **Reporting Entity (Continued)**

**Blended Component Units:** Lancaster Education Assistance Program, Inc. ("LEAP") is a not-for-profit 501(c)(3) organization incorporated for the specific charitable purpose of serving as a "support organization" for capital projects of the District. LEAP board members are appointed by the Board of the District. Because LEAP exclusively benefits the District, the LEAP financial information is blended with that of the District in these basic financial statements. Separate LEAP financial information is included in individual columns throughout the financial statements. Complete, separately issued financial statements may be obtained from the Lancaster Education Assistance Program, Inc. 300 South Catawba Street, Lancaster, SC 29720.

### **Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide basic financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District (the primary government) and its component units. As a general rule, the effect of interfund activity has been eliminated from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government, the District, is reported separately from certain legally separate component units for which the District is financially accountable.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as does the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Investment earnings and intergovernmental revenues received from Lancaster County are accrued because they are measurable at year-end and are collected within 60 days after year-end. Most other intergovernmental revenues are not susceptible to accrual because they generally are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Grants and similar items are recognized as revenue as soon as

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

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

all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year for which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The governmental fund basic financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered "Measurable" when transferred to the District's account by the County Treasurer and are recognized at that time. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

### Measurement Focus, Basis of Accounting and Basis of Presentation (Cont.)

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

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

*The General Fund, a major fund*, is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes that are received on the basis of projects approved by various authorizing agencies which are not budgeted in General Fund operations. The majority of the monies for approved projects are received pursuant to federal legislation and the Education Improvement Act. The allowable expenditures of the projects are specified in the enabling legislation and related regulation, and may not be used to supplant District expenditures which would otherwise have been made.

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

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

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

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

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

*The Capital Projects Fund – District, a major fund,* is used to account for all financial resources that are restricted, committed, or assigned to expenditure for capital outlays except for those financed in the Enterprise Fund and the LEAP Capital Projects Fund.

*The Capital Projects Fund – LEAP, a major fund,* is used to account for all financial resources that are restricted, committed, or assigned to expenditure for capital outlays for LEAP.

**Proprietary Fund Type** funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are food service charges. Operating expenses for the District's Enterprise Fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types include the following fund:

*The Food Service Fund* is an enterprise fund and is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

*Agency Fund* - The District's Pupil Activity Funds are established as agency funds of the schools to account for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for general operation of the District. This accounting reflects the agency relationship of the District to the student activity organizations.



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

### **Measurement Focus, Basis of Accounting and Basis of Presentation (Cont.)**

Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the School District. Fiduciary funds are reported by fund type.

### **Budgets and Budgetary Accounting**

Annual budgets and formal budgetary integration are employed as management control devices during the year for the General Fund, Special Revenue Fund, and Debt Service Fund. The General Fund is the only fund with a legally adopted budget. Capital projects are budgeted on a long-term project basis, rather than annual appropriations. The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The School District presents a formal General Fund budget to the school board prior to year-end and the final budget is approved prior to July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Any General Fund budget revision between major allocations throughout the year must be approved by the Board of Trustees.
3. Budgets are adopted for Special Revenue Fund projects through the submission of a project application and the subsequent approval of the application by the appropriate authorizing agency.
4. Budgets are adopted on the modified accrual basis of accounting for the General and Special Revenue Fund, and are consistent with U. S. generally accepted accounting principles.

General Fund expenditures may not legally exceed budgeted appropriations at the major component level unless in a supplementary action, the Board approves an increase or decrease to the major component. The General Fund budget as presented herein has been amended from that originally adopted.

The Board of Trustees of Lancaster County School District delegates to management the authority, within the General Fund, to transfer funds within individual components. Budgetary control is exercised on the component level. Budget transfers are approved as follows:

1. Initial approval by the respective department head or principal.
2. Final approval by the Chief Financial Officer.

The budgets are prepared on a basis consistent with actual financial statement presentation to provide meaningful comparisons. Appropriations lapse at the end of the fiscal year.

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

### **Budgets and Budgetary Accounting (Continued)**

The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrance accounting is used for the General Fund, Special Revenue Fund and Capital Project Fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances lapse at year end, except for the General Fund, which is carried forward as assigned fund balance until liquidated.

### **Cash Equivalents and Investments**

The District's cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District records its investments at fair value. The State Treasurer's Investment Pool operates in accordance with the appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

### **Accounts Receivable**

Accounts receivable consists of property taxes levied against Lancaster County taxpayers. Accounts receivable also include amounts due from the Federal government, State and Local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

### **Allowance for Doubtful Accounts**

All receivables that historically experience uncollectible amounts are shown net of an allowance for doubtful accounts. This amount is determined by analyzing the percentage of receivables that were not collected in prior years.

### **Inventories**

Under the system of accounting for inventories, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting and are subsequently charged to expense when consumed. Inventories include food, supplies and commodities. An amount for commodities received from the USDA, but not consumed as of June 30, 2012, has been recorded at fair market value as provided by the United States Department of Agriculture.

### **Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost equal to or more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

### **Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings	50
Building and Site Improvements	20
Furnishings	20
Furniture and Equipment	10
Vehicles	10
Technology Equipment	7
Library Book Collections	5

Proprietary Fund equipment purchases are capitalized in the Proprietary Fund at cost and depreciated on a straight-line basis over 12 years at the rate of 8.33% per year.

### **Deferred Revenues**

Deferred revenues in the governmental funds include amounts received from grant and contract sponsors that have not yet been earned.

### **Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

### **Compensated Absences**

Compensated absences are absences for which employees will be paid. A liability for compensated absences is accrued as employees earn the rights to the benefits.

District employees can accumulate sick leave up to ninety days for payment at a specified rate upon retirement, provided they have accumulated at least sixty days. Vested sick leave pay is recorded as an expenditure in the current year to the extent it is paid during the year.

As of June 30, 2012, the liability for compensated absences has been recorded in the amount of \$1,141,200. The amount expected to be paid from current resources is \$569,630.

The District has established a "sick leave bank" governed by an elected board for the purpose of extending additional sick leave to employees that have exhausted all available leave during catastrophic times. Membership is optional and requires an employee giving one day of their sick leave to join. Days given are approved by the Board and maximum leave an employee can take in any year is 90 days. Due to the uncertainty of the timing and value of the days to be granted, the liability to the District is considered to be immeasurable.

### **Net Assets**

The District's net assets in the government-wide financial statements are classified as follows:

***Invested in Capital Assets, Net of Related Debt:*** This represents the District's total investments in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

***Restricted Net Assets - Expendable:*** Restricted expendable net assets include resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by third parties.

***Restricted Net Assets - Non-Expendable:*** Non-expendable restricted net assets consist of funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

***Unrestricted Net Assets:*** Unrestricted net assets represent resources derived from ad valorem taxes, earnings on investments, and various local and state unrestricted grants, contracts and revenues.

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

### **Classification of Fund Balances**

Beginning in fiscal year 2011, the District implemented GASBS 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form or are required to be maintained in tact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grants, bondholders and higher levels of government) through constitutional provisions or enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, which is the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts the District intends to use for a specific purpose; intent can be expressed by the governing body, which is the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

It is the District's policy to apply restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. For the unrestricted fund balances when committed, assigned or unassigned resources are available for use, it is the District's policy to use committed, assigned, and unassigned resources, in this order.

At June 30, 2012, the District's assigned fund balance in the General Fund consists of subsequent year expenditures and encumbered operating school expenditures in the amounts of \$954,973 and \$36,355, respectively. These assigned balances were approved by the District's Board of Trustees.

### **Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District along with other school districts within the state are insured under the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance fund. The District pays annual premiums to the Insurance Reserve Fund for its general insurance coverage. The Insurance Reserve Fund is self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities. There have been no significant reductions in insurance coverage from the prior year. The District has not incurred any material claims during the past three fiscal years.

The District continues to carry insurance for other risks of loss including employee health, dental, group life, and accident insurance through the State of South Carolina. The State accumulates assets to cover risks that its members incur in their normal operations. Specifically, the State assumes substantially all of the risk for the above.

## **NOTE 2 STEWARDSHIP, COMPLIANCE AND RESPONSIBILITY**

### **Estimates**

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

### **Excess of Expenditures Over Appropriations**

The legal level of budgetary control is at the function level. This is the level at which expenditures should not exceed appropriations. For the fiscal year ended June 30, 2012, the District had no excess of expenditures over appropriations at this level.

## **NOTE 3 DEPOSITS AND INVESTMENTS**

All of the District's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the District's agent in the District's name. Under the Pooling Method, uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the District, these deposits are considered to be held by the District's agent in the District's name. The amount of the pledged collateral is based on an approval averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the District or the escrow agent. Because of the inability to measure the exact amount of collateral pledged on behalf of the District under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of South Carolina enforces strict standards of financial accountability for each depository electing the Pooling Method.

### **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. Savings and loan associations to the extent they are secured by the Federal Deposit Insurance Corporation;
4. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian;
5. Repurchase agreements if properly collateralized.

As of June 30, 2012, the District had the following investments, which meet the above requirements:

Investment Type	Credit Rating	Fair Market Value	Weighted Average Maturity (Years)
SC Treasurer's Investment Pool	Unrated	\$ 20,983,953	Less than 1 year

These investments are all included in cash and cash equivalents.

### **NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy to have all amounts over FDIC coverage collateralized with U.S. Treasuries by the District's Agent, in the District's name. Custodial credit risk for investments is the risk that, in the event of a failure, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2012, the District had no exposure to custodial credit risk.

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

Concentration of Credit Risk – The District places no limit on the amount it may invest in any one issuer.

### **NOTE 4 PROPERTY TAXES**

Property taxes are levied by Lancaster County (the County) on real and personal properties owned on the preceding January 1 of each fiscal year ended June 30. Liens are attached to the property at the time the taxes are levied, which usually occurs in November of each year. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

January 16 Through February 16 - 3% of Tax  
February 16 Through March 15 - 8% of Tax  
After March 15 - 13% of Tax Plus Collection Cost

Current year real and personal property taxes become delinquent on April 1. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

The revised assessed value of the certified roll, upon which the levy for the 2012 fiscal year was based, was \$281,517,018. The millage rate charged for the District was 140.0 mills for current operations and 43.5 mills for Debt Service.

In June of 2006, Act 388 created a new Homestead Exemption Fund (the "Homestead Exemption Fund") which is funded from the additional one cent sales tax imposed by Act 388 and the amounts previously designated for the Property Tax Relief Exemption will be applied to such Homestead Exemption Fund. Act 388 provides a third exemption for one hundred percent of the fair market value of owner occupied residential property, to the extent not already covered by the Property Tax Relief Exemption, from all property taxes imposed for school operating purposes but not including millage imposed for the repayment of general obligation debt for property tax years beginning after January 1, 2007.

## NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,357,341	\$ 171,545	\$ (10,519)	\$ 3,518,367
Construction in Progress	826,416	2,133,180	(12,511)	2,947,085
<b>Total Capital Assets, Not Being Depreciated</b>	<b>4,183,757</b>	<b>2,304,725</b>	<b>(23,030)</b>	<b>6,465,452</b>
Capital Assets, Being Depreciated:				
Buildings and Improvements	152,889,886	651,145	(18,300)	153,522,731
Furniture and Equipment	5,711,096	664,361	(86,357)	6,289,100
<b>Total Capital Assets Being Depreciated</b>	<b>158,600,982</b>	<b>1,315,506</b>	<b>(104,657)</b>	<b>159,811,831</b>
Less: Accumulated Depreciation for:				
Buildings and Improvements	(43,766,495)	(3,744,387)	12,361	(47,498,521)
Furniture and Equipment	(3,306,481)	(469,337)	55,477	(3,720,341)
<b>Total Accumulated Depreciation</b>	<b>(47,072,976)</b>	<b>(4,213,724)</b>	<b>67,838</b>	<b>(51,218,862)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>111,528,006</b>	<b>(2,898,218)</b>	<b>(36,819)</b>	<b>108,592,969</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>115,711,763</b>	<b>(593,493)</b>	<b>(59,849)</b>	<b>115,058,421</b>
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-Type Activities:</b>				
Property and Equipment - Historical Cost	\$ 1,715,361	\$ 24,363		\$1,739,724
Less: Accumulated Depreciation	(1,144,932)	(124,423)		(1,269,355)
<b>Business-Type Activities Capital Assets, Net</b>	<b>570,429</b>	<b>(100,060)</b>		<b>470,369</b>



**NOTE 5 CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,403,170
Support Services	<u>2,810,554</u>
<b>Total</b>	<u><b>4,213,724</b></u>

Depreciation expense for Business-Type Activities was \$124,423.

**Construction Commitments**

The District has several ongoing construction projects as of June 30, 2012, consisting primarily of capital projects with LEAP. The projects include renovations at existing schools. Total outstanding construction commitments at June 30, 2012, are approximately \$2,748,901.

**NOTE 6 SHORT-TERM OBLIGATIONS**

<u>Short-Term Obligations</u>	<u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2012</u>
Governmental Activities:				
General Obligation Bonds	<u>\$1,740,000</u>	<u>\$9,280,000</u>	<u>\$9,280,000</u>	<u>\$1,740,000</u>
<b>Total Governmental Activities</b>	<u><b>1,740,000</b></u>	<u><b>9,280,000</b></u>	<u><b>9,280,000</b></u>	<u><b>1,740,000</b></u>

The District issued \$7,540,000 of general obligation bonds during the fiscal year for the primary purpose of making payments to LEAP with excess funds being used for capital projects. These bonds were retired utilizing debt service fund property tax revenues.

The District issued a Bond Anticipation Note on May 3, 2012. The note is due and payable on October 1, 2012 at an interest rate of 0.404%.

The District has continuous authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed valuation of property subject to levy by the District, applicable to debt issued subsequent to November 30, 1982. The District had \$17,805,000 general obligation debt outstanding at June 30, 2012, which was issued and approved by referendum. The District had no general obligation debt outstanding at June 30, 2012, that is subject to the 8% limitation.

## NOTE 7 LONG-TERM OBLIGATIONS

The following is a summary of changes in the District's long-term obligations for the year ended June 30, 2012:

Long-Term Obligations	June 30, 2011	Additions	Reductions	June 30, 2012	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$20,445,000		\$2,640,000	\$17,805,000	\$2,450,000
Premium	141,381		12,118	129,263	12,118
LEAP 2006 Bond Issue	69,355,000		460,000	68,895,000	980,000
Premium	271,697		14,753	256,944	14,753
Note Payable-SC Energy	73,625		18,406	55,219	18,406
Accrued Compensation Absences	1,146,109	\$567,171	572,080	1,141,200	569,630
<b>Total Governmental Activities</b>	<u>91,432,812</u>	<u>567,171</u>	<u>3,717,357</u>	<u>88,282,626</u>	<u>4,044,907</u>

General Fund resources typically have been used in prior years to liquidate compensated absences payable and the debt service funds have been used to liquidate all other long-term obligations.

Details for each debt issue outstanding as of June 30, 2012, are as follows:

General obligation bonds payable at June 30, 2012, is comprised of the following individual issue:

Issued March 17, 2009 with interest from 3.0 to 4.0% \$ 17,805,000

\$70,150,000 of LEAP Installment Purchase Revenue Bond Series 2004 to finance the cost of acquiring, constructing, renovating and installing educational facilities (the "Capital Projects") to be sold by LEAP to the District pursuant to a school Facilities Purchase and Occupancy Agreement and dated November 1, 2004, and refinancing the District's General Obligation Bonds, Series 1996 and a portion of its General Obligation Bonds, Series 1999 for a total advance refunding of \$19,425,000. The Installment Purchase Revenue Bonds, Series 2004 are due in annual installments ranging from \$45,000 to \$10,165,000 beginning December, 2007 through December, 2030 with interest ranging from 4.0% to 5.25%. They are subject to redemption at LEAP's option beginning in 2014. In connection with the LEAP 2004 Bond Issue, a premium of \$368,821 was recorded and is being amortized over the life of the bonds. The unamortized premium at June 30, 2012, was \$256,944.

The District was awarded a grant from the SC Energy Office during fiscal year 2010-2011 with part of the award being an issuance of a loan at 25 percent of the total award. The loan has zero percent interest and must be paid back in equal installments with the final payment due on November 1, 2014.

**NOTE 7 LONG-TERM OBLIGATIONS (Continued)**

Interest paid on the debt issued by the District is exempt from federal income tax. The District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, primarily during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings resulting from arbitrage must be rebated to the federal government on the fifth anniversary of the issuance of the tax-exempt debt and every five years thereafter until the debt has been repaid, in accordance with the arbitrage regulations. The District has no arbitrage liability outstanding at June 30, 2012.

The annual requirements for debt service on bonds outstanding at June 30, 2012, are summarized as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 3,430,000	\$ 4,069,375	\$ 7,499,375
2014	3,665,000	3,940,500	7,605,500
2015	3,910,000	3,793,150	7,703,150
2016	4,180,000	3,634,575	7,814,575
2017	4,475,000	3,455,369	7,930,369
2018-2022	27,640,000	13,551,781	41,191,781
2023-2027	33,625,000	5,291,375	38,916,375
2028-2030	5,775,000	442,625	6,217,625
<b>Total</b>	<b>86,700,000</b>	<b>38,178,750</b>	<b>124,878,750</b>

The LEAP bonds are not a debt of the District; however, as LEAP is blended with the operations of the District, the debt of LEAP is included with the District's other obligations as required by GAAP.

**NOTE 8 EMPLOYEE RETIREMENT PLANS**

Substantially all School District employees are members of the South Carolina Retirement System (SCRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. The System provides retirement and disability benefits, cost of living adjustments on an ad hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS is issued and publicly available on their website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to the South Carolina Retirement System, P. O. Box 11960, Columbia, South Carolina 29211-1960.

## **NOTE 8    EMPLOYEE RETIREMENT PLANS (Continued)**

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the South Carolina Code of Laws. Employees are required to contribute 6.50% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 9.385% of annual covered payroll. In addition, the School District contributes .15% of payroll to a group life insurance benefit for their participants and 4.3% for retiree health care coverage. The School District's contributions to the System, including group life insurance and retiree health coverage, for the years ended June 30, 2012, 2011, and 2010 were \$7,301,068, \$7,165,298, and \$7,389,847, respectively, which are equal to 100% of the required contributions.

Normal retirement age is defined as 28 years of service or age 65 with five years of earned service. Plan members who are at least age 55 with 25 years of service or age 60 with 5 years of earned service may elect early retirement with reduced benefits from the retirement system.

Certain School District safety officials are members of the SCRS Police Officers' Retirement System (PORS). Participating employees are required to contribute 6.50% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 11.363% of annual covered payroll. In addition, the School District contributes .20% of payroll to both a group life insurance benefit and an accidental death benefit for their participants and 4.3% for retiree surcharge. For the fiscal year, total contribution requirements to the PORS were \$3,053 (excluding the surcharge) from the School District as employer and \$1,687 from its employees as plan members.

Employees eligible for service retirement may participate in the Teacher and Employee Retention Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. TERI participants with retirement dates on or after July 1, 2005, make the same pre-tax contributions to the SCRS as active members. In addition, they are eligible to receive group life insurance benefits, but are ineligible to receive service credit or disability retirement benefits.

Certain School District employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The School District assumes no liability for this plan other than for payment of contributions to designated insurance companies. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first thirty days of employment.

## **NOTE 8    EMPLOYEE RETIREMENT PLANS (Continued)**

Under State law, employee contributions to the ORP are required at the same rates as for the SCRS, 6.50% of their annual covered salary in fiscal year 2012. The School District is required to contribute at an actuarially determined rate. The current rate is 4.385% plus the retiree surcharge of 4.3% and the group health insurance benefit of .15% of annual covered payroll. In addition, the School District contributes 5% of annual covered payroll to the respective annuity policy providers. The School District's contributions to the System, including group life insurance and retiree health coverage for the years ended June 30, 2012 and 2011 were \$404,668 and \$391,762, respectively, which are equal to the required contributions. All amounts were remitted to the respective annuity policy providers as required. The obligation for payment of benefits resides with the insurance companies.

**Plan Description** - 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. The District contributes to the Retiree Medical Plan (RMP) and the Long-Term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit and their last five years of service were served consecutively in a full-time, benefits-eligible position with the District. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability Benefits (BLTD) are provided to active state, public school district and participating local government employees approved for disability.

**Funding Policies** - Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these post employment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by state general fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.3% and 3.9% of annual covered payroll for 2012 and 2011, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District paid \$2,467,284 and \$2,264,434 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2012 and 2011, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments.

**NOTE 8 EMPLOYEE RETIREMENT PLANS (Continued)**

Effective May 1, 2008, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long-Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, South Carolina 29201.

**NOTE 9 INTERFUND TRANSFERS**

During the course of normal operations, the District has numerous transactions between funds to provide services, construct assets, service debts, etc. These transactions are generally reflected as transfers. Total transfers during the year ended June 30, 2012, consisted of the following individual fund amounts:

	Transfers In	Transfers Out
General Fund	\$ 2,010,351	
Special Projects Fund		\$ 234,758
EIA Fund		1,340,425
Proprietary Fund		235,169
Debt Service Fund		7,540,000
Debt Service Fund – LEAP	3,923,569	
Capital Projects Fund	<u>5,343,563</u>	<u>1,927,131</u>
<b>Total</b>	<u>11,277,483</u>	<u>11,277,483</u>

As of June 30, 2012, amounts due from (to) other funds related to the District's pooled cash are as follows:

	General Fund	Special Projects	EIA Fund	Capital Projects District	Enterprise Fund	Total
Due From:						
General Fund			\$1,605,556	\$4,545,051		\$6,150,607
Special Projects Fund	\$1,089,420					1,089,420
Enterprise Fund	<u>215,807</u>					<u>215,807</u>
	<u>1,305,227</u>		-	<u>4,545,051</u>		<u>7,455,834</u>
Due to:						
General Fund		\$1,089,420			\$215,807	1,305,227
EIA Fund	1,605,556					1,605,556
Capital Projects	<u>4,545,051</u>					<u>4,545,051</u>
	<u>6,150,607</u>	<u>1,089,420</u>	-	-	<u>215,807</u>	<u>7,455,834</u>
	<u>(4,845,380)</u>	<u>(1,089,420)</u>	<u>1,605,556</u>	<u>4,545,051</u>	<u>(215,807)</u>	-

#### **NOTE 11 RECEIVABLES/ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The amount presented in the statement of net assets for property taxes is net of the following allowance for doubtful accounts:

Property Taxes, Current	\$ 3,433,210
Allowance for Doubtful Accounts	<u>(1,201,623)</u>
Property Taxes, Current	<u>2,231,587</u>

The balance of \$160,664 presented in the statement of net assets for accounts receivable is made up of other receivables.

#### **NOTE 12 COMMITMENTS AND CONTINGENCIES**

The District participates in a number of state and federally assisted programs which are subject to program compliance audits by the State or Federal Government and their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

In the ordinary course of business the District may become party to lawsuits. In order to protect the District against potential losses that may arise in connection with a lawsuit, management has procured various insurance policies and coverages. The District has not incurred any significant claims or uninsured losses in the three years ending June 30, 2012.

#### **NOTE 13 LEGAL COMPLIANCE**

All schedules and exhibits are presented in the level of detail as required by the South Carolina State Department of Education.

#### **NOTE 14 CONCENTRATIONS OF CREDIT RISK AND OTHER CONCENTRATIONS**

Financial instruments which potentially subject the District to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable.

The District's cash and cash equivalents are placed with various financial institutions and the State of South Carolina. The deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per insured financial institution (See Note 3). Consistent with the District's mission to provide accessible educational services, credit is granted in the normal course of business. Collections of these receivable amounts are directly affected by certain economic conditions.

The District provides educational and instructional services to the residents of Lancaster County. In fulfilling its mission, the District relies significantly on Federal and State grants as well as local tax revenues. Any material reductions in these revenue sources could adversely impact the District's future financial condition.

## **NOTE 15 FUNDING FLEXIBILITY**

The State of South Carolina passed a Joint Resolution to provide funding flexibility for the fiscal year ended June 30, 2012. Under the resolution, school districts may transfer revenue between programs to any instructional program with the same funding source and may make expenditures for instructional programs and essential operating costs from any state source without regard to fund type except school building bond funds. Certain funds and other exceptions apply. The District used this flexibility for the current fiscal year by making certain transfers allowed under the Joint Resolution. The impact of applying funding flexibility to the District's General Fund was not measured.

## **NOTE 16 SUBSEQUENT EVENTS**

**Debt Issuance** - The District issued \$21,720,000 in General Obligation Bonds on September 27, 2012. These bonds have stated interest rates ranging from 2% - 5%. The first principal and interest payment is due on March 1, 2013 with annual principal and interest payments due through March 1, 2021.

**Land Purchase** – The District purchased a parcel of land for the new construction of Indian Land Elementary School on July 31, 2012 in the amount of \$1,100,000.

The District evaluated the effects of these 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.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenue</b>				
Local	\$22,512,036	\$23,134,533	\$ 24,949,332	\$ 1,814,799
State	45,256,690	45,089,593	46,195,862	1,106,269
<b>Total Revenue</b>	<u>67,768,726</u>	<u>68,224,126</u>	<u>71,145,194</u>	<u>2,921,068</u>
<b>Expenditures</b>				
Instruction	39,819,196	41,854,118	42,243,713	(389,595)
Support Services	27,389,680	27,772,188	26,638,389	1,133,799
Intergovernmental Expenditures	779,871	784,746	784,552	194
<b>Total Expenditures</b>	<u>67,988,747</u>	<u>70,411,052</u>	<u>69,666,654</u>	<u>744,398</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<u>(220,021)</u>	<u>(2,186,926)</u>	<u>1,478,540</u>	<u>3,665,466</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	1,846,580	1,611,164	1,680,564	69,400
<b>Total Other Financing Sources (Uses)</b>	<u>1,846,580</u>	<u>1,611,164</u>	<u>1,680,564</u>	<u>69,400</u>
<b>Net Change in Fund Balance</b>	<u>1,626,559</u>	<u>(575,762)</u>	<u>3,159,104</u>	<u><u>3,734,866</u></u>
<b>Fund Balance, Beginning of Year</b>	<u>10,207,378</u>	<u>9,985,444</u>	<u>12,399,688</u>	
<b>Fund Balance, End of Year</b>	<u><u>11,833,937</u></u>	<u><u>9,409,682</u></u>	<u><u>15,558,792</u></u>	

Footnote: The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America.

**COMBINING AND INDIVIDUAL  
FUND SCHEDULES**

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## **GENERAL FUND**

Accounts for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenues, and miscellaneous revenues are recorded in this fund except amounts which are specifically collected to service debt or for which the District collects other funds in a fiduciary capacity. Operational expenditures for general education, support services and other departments of the District are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the statement are also mandated by the South Carolina Department of Education.

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
<b>1000 Revenue from Local Sources</b>			
1100 Taxes			
1110 Ad Valorem Taxes - Including Delinquent Taxes	\$ 21,352,235	\$ 22,136,568	\$ 784,333
1140 Penalties and Interest on Taxes	200,000	311,514	111,514
1200 Revenue From Local Governmental Units Other Than LEA's			
1280 Revenue In-Lieu-Of Taxes	1,157,298	1,915,561	758,263
1300 Tuition			
1310 Regular Day School from Patrons	23,000	13,469	(9,531)
1320 Regular Day School from Other LEA's	-	25,365	25,365
1500 Earnings on Investments			
1510 Interest on Investments	30,000	50,665	20,665
1900 Miscellaneous Local Revenue			
1910 Rentals	22,000	23,485	1,485
1920 Contributions & Donations Private Sources	-	321	321
1930 Medicaid	350,000	363,736	13,736
1993 Receipt of Insurance Proceeds	-	30,642	30,642
1999 Revenue from Other Local Sources	-	78,006	78,006
<b>Total Local Sources</b>	<b>23,134,533</b>	<b>24,949,332</b>	<b>1,814,799</b>
<b>3000 Revenue from State Sources</b>			
3100 Restricted State Funding			
3110 Occupational Education			
3113 12-Months (AG) Program	\$ 23,174	\$ 23,174	-
3130 Special Programs			
3131 Handicapped Transportation	-	13,811	\$ 13,811
3160 School Bus Drivers' Salary	451,893	556,789	104,896
3161 Transportation Workers' Compensation	-	2,501	2,501
3162 EFA Workers' Compensation	42,725	42,725	-
3180 Fringe Benefits Employer Contributions	8,978,511	9,585,558	607,047
3181 Retiree Insurance	1,410,607	1,701,817	291,210
3199 Other Restricted State Grants	-	4,235	4,235

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues (Continued)</b>			
<b>3000 Revenue from State Sources (Continued)</b>			
3300 Education Finance Act			
3310 Full-Time Programs			
3311 Kindergarten	\$ 1,724,808	\$ 1,724,808	\$ -
3312 Primary	4,302,656	4,302,656	-
3313 Elementary	5,730,999	5,698,273	(32,726)
3314 High School	1,099,553	1,099,553	-
3315 Trainable Mentally Handicapped	151,966	151,966	-
3316 Speech Handicapped (Part-Time Program)	878,394	878,394	-
3317 Homebound	86,256	86,256	-
3320 Part-Time Programs			
3321 Emotionally Handicapped	147,188	147,188	-
3322 Educable Mentally Handicapped	139,551	139,551	-
3323 Learning Disabilities	2,265,980	2,231,516	(34,464)
3324 Hearing Handicapped	117,674	117,674	-
3325 Visually Handicapped	77,346	77,346	-
3326 Orthopedically Handicapped	63,068	63,068	-
3327 Vocational	4,397,025	4,311,924	(85,101)
3331 Autism	196,789	196,789	-
3375 Education Foundation Supplement	-	254,344	254,344
3800 State Revenue In-Lieu-Of Taxes			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	3,724,743	3,724,743	-
3820 Homestead Exemption (Tier 2)	1,189,965	1,189,965	-
3825 Reimbursement for Property Tax Relief (Tier 3)	7,272,836	7,276,761	3,925
3830 Merchants' Inventory Tax	185,886	185,886	-
3840 Manufacturers' Depreciation Reimbursement	250,000	214,802	(35,198)
3890 Other State Property Revenues	165,000	161,689	(3,311)
3900 Other State Revenue			
3999 Revenue from Other State Sources	15,000	30,100	15,100
<b>Total State Sources</b>	<b>45,089,593</b>	<b>46,195,862</b>	<b>1,106,269</b>
<b>Total Revenue All Sources</b>	<b>68,224,126</b>	<b>71,145,194</b>	<b>2,921,068</b>

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures</b>			
<b>100 Instruction</b>			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	\$ 2,415,455	\$ 2,532,864	\$ (117,409)
200 Employee Benefits	903,719	891,329	12,390
400 Supplies and Materials	19,481	18,613	868
112 Primary Programs			
100 Salaries	4,648,386	4,778,990	(130,604)
200 Employee Benefits	1,513,886	1,534,959	(21,073)
300 Purchased Services	2,774	2,773	1
400 Supplies and Materials	47,542	47,358	184
113 Elementary Programs			
100 Salaries	10,212,821	10,156,636	56,185
200 Employee Benefits	3,234,439	3,203,682	30,757
300 Purchased Services	126,642	109,416	17,226
400 Supplies and Materials	124,636	124,436	200
500 Capital Outlay	1,067	1,067	-
600 Other Objects	23,500	32,513	(9,013)
114 High School Programs			
100 Salaries	7,251,836	7,566,139	(314,303)
200 Employee Benefits	2,440,312	2,416,121	24,191
300 Purchased Services	54,790	40,748	14,042
400 Supplies and Materials	88,646	85,292	3,354
500 Capital Outlay	1,948	1,948	-
115 Vocational Programs			
100 Salaries	1,737,682	1,740,586	(2,904)
200 Employee Benefits	553,967	546,861	7,106
300 Purchased Services	5,476	3,637	1,839
400 Supplies and Materials	74,786	73,827	959
500 Capital Outlay	3,303	3,301	2



**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures (Continued)</b>			
<b>100 Instruction (Continued)</b>			
120 Exceptional Programs			
121 Educable Mentally Handicapped			
100 Salaries	\$ 864,457	\$ 856,627	\$ 7,830
200 Employee Benefits	314,812	291,724	23,088
400 Supplies and Materials	878	863	15
122 Trainable Mentally Handicapped			
100 Salaries	551,330	546,295	5,035
200 Employee Benefits	196,498	193,238	3,260
400 Supplies and Materials	438	432	6
123 Orthopedically Handicapped			
100 Salaries	81,733	81,605	128
200 Employee Benefits	19,666	19,785	(119)
124 Visually Handicapped			
300 Purchased Services	67,920	67,920	-
125 Hearing Handicapped			
100 Salaries	75,176	79,559	(4,383)
200 Employee Benefits	26,859	24,337	2,522
400 Supplies and Materials	250	243	7
126 Speech Handicapped			
100 Salaries	611,524	577,702	33,822
200 Employee Benefits	199,804	186,466	13,338
300 Purchased Services	1,125	1,204	(79)
400 Supplies and Materials	10,510	974	9,536
600 Other Objects	-	1,475	(1,475)
127 Learning Disabilities			
100 Salaries	1,917,105	1,917,006	99
200 Employee Benefits	596,460	593,855	2,605
400 Supplies and Materials	1,575	1,500	75
128 Emotionally Handicapped			
100 Salaries	235,064	234,168	896
200 Employee Benefits	96,521	90,280	6,241
400 Supplies and Materials	192	192	-

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures (Continued)</b>			
<b>100 Instruction (Continued)</b>			
130 Pre-school Programs			
137 Pre-school Handicapped			
Self-Contained (3 and 4 Year Olds)			
100 Salaries	\$ 106,563	\$ 108,309	\$ (1,746)
200 Employee Benefits	32,698	32,746	(48)
139 Early Childhood Programs			
100 Salaries	6,857	5,328	1,529
200 Employee Benefits	1,620	1,631	(11)
140 Special Programs			
141 Gifted and Talented - Academic			
100 Salaries	72,422	46,311	26,111
200 Employee Benefits	18,777	14,235	4,542
145 Homebound			
100 Salaries	90,000	104,309	(14,309)
200 Employee Benefits	19,337	21,711	(2,374)
300 Purchased Services	23,680	20,061	3,619
160 Other Exceptional Programs			
161 Autism			
100 Salaries	64,283	136,440	(72,157)
200 Employee Benefits	22,368	32,765	(10,397)
180 Adult/Continuing Educational Programs			
188 Parenting/Family Literacy			
100 Salaries	24,589	24,589	-
200 Employee Benefits	10,567	10,692	(125)
190 Instructional Pupil Activity			
100 Salaries	2,779	3,334	(555)
200 Employee Benefits	587	706	(119)
<b>Total Instruction</b>	<u>41,854,118</u>	<u>42,243,713</u>	<u>(389,595)</u>

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL**

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures (Continued)</b>			
<b>200 Support Services</b>			
210 Pupil Services			
211 Attendance and Social Work Services			
100 Salaries	\$ 70,043	\$ 70,119	\$ (76)
200 Employee Benefits	21,690	21,857	(167)
300 Purchased Services	8,622	5,715	2,907
400 Supplies and Materials	2,000	41	1,959
212 Guidance Services			
100 Salaries	1,678,595	1,688,236	(9,641)
200 Employee Benefits	554,381	541,135	13,246
300 Purchased Services	3,629	3,625	4
400 Supplies and Materials	10,743	10,178	565
600 Other Objects	640	640	-
213 Health Services			
100 Salaries	361,819	402,865	(41,046)
200 Employee Benefits	131,486	138,080	(6,594)
300 Purchased Services	2,621	2,738	(117)
400 Supplies and Materials	20,817	20,715	102
214 Psychological Services			
100 Salaries	53,054	49,396	3,658
200 Employee Benefits	21,369	20,901	468
217 Career Specialist			
100 Salaries	7,806	7,980	(174)
200 Employee Benefits	2,249	2,276	(27)
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development			
100 Salaries	180,148	180,147	1
200 Employee Benefits	52,243	49,203	3,040
300 Purchased Services	40	38	2
400 Supplies and Materials	4,032	3,656	376
600 Other Objects	1,028	1,027	1
222 Library and Media Services			
100 Salaries	1,396,537	1,402,671	(6,134)
200 Employee Benefits	472,710	455,714	16,996
300 Purchased Services	200	100	100
400 Supplies and Materials	55,678	54,440	1,238
500 Capital Outlay	171	171	-
223 Supervision of Special Programs			
100 Salaries	212,408	209,600	2,808
200 Employee Benefits	76,151	74,866	1,285
300 Purchased Services	-	88	(88)

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures (Continued)</b>			
<b>200 Support Services (Continued)</b>			
220 Instructional Staff Services (Continued)			
224 Improvement of Instruction-In-Service and Staff Training			
100 Salaries	\$ 103,787	\$ 95,204	\$ 8,583
200 Employee Benefits	27,112	25,495	1,617
300 Purchased Services	7,633	5,289	2,344
400 Supplies and Materials	900	-	900
230 General Administration Services			
231 Board of Education			
100 Salaries	150,244	60,860	89,384
200 Employee Benefits	887,379	597,054	290,325
300 Purchased Services	97,644	128,486	(30,842)
318 Audit Services	36,500	36,500	-
400 Supplies and Materials	9,000	8,226	774
600 Other Objects	22,013	22,059	(46)
232 Office of the Superintendent			
100 Salaries	322,949	323,372	(423)
140 Terminal Leave	-	495	(495)
200 Employee Benefits	82,772	79,018	3,754
300 Purchased Services	12,750	8,885	3,865
400 Supplies and Materials	47,435	39,809	7,626
600 Other Objects	6,700	6,004	696
233 School Administration			
100 Salaries	4,697,737	4,727,582	(29,845)
200 Employee Benefits	1,456,865	1,479,306	(22,441)
300 Purchased Services	25,059	22,264	2,795
400 Supplies and Materials	41,825	40,818	1,007
500 Capital Outlay	890	890	-
600 Other Objects	12,049	11,545	504
250 Finance and Operations Services			
252 Fiscal Services			
100 Salaries	576,289	578,484	(2,195)
200 Employee Benefits	178,347	198,259	(19,912)
300 Purchased Services	29,617	29,731	(114)
400 Supplies and Materials	7,672	4,820	2,852
600 Other Objects	2,773	2,613	160

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures (Continued)</b>			
<b>200 Support Services (Continued)</b>			
250 Finance and Operations Services (Continued)			
254 Operation and Maintenance of Plant			
100 Salaries	\$ 1,033,295	\$ 1,047,613	\$ (14,318)
200 Employee Benefits	364,635	357,337	7,298
300 Purchased Services	3,025,973	2,937,827	88,146
321 Public Utilities (Excludes Gas, Oil Elec. and Other Heating Fuels)	377,270	371,231	6,039
400 Supplies and Materials	487,292	559,400	(72,108)
470 Energy (Includes Gas, Oil, Elec. and Other Heating Fuels)	2,528,241	2,248,991	279,250
500 Capital Outlay	36,827	39,261	(2,434)
255 Student Transportation (State Mandated)			
100 Salaries	1,248,089	1,154,911	93,178
200 Employee Benefits	446,721	348,199	98,522
300 Purchased Services	33,273	27,131	6,142
400 Supplies and Materials	5,850	4,780	1,070
600 Other Objects	2,000	1,544	456
256 Food Service	4,000	1,660	2,340
200 Employee Benefits	494,314	492,662	1,652
257 Internal Services			
100 Salaries	245,813	230,932	14,881
200 Employee Benefits	73,720	72,005	1,715
300 Purchased Services	14,350	13,472	878
400 Supplies and Materials	2,280	2,060	220
600 Other Objects	600	534	66
258 Security			
100 Salaries	156,044	173,387	(17,343)
200 Employee Benefits	18,455	42,772	(24,317)
300 Purchased Services	280,269	217,797	62,472
400 Supplies and Materials	4,097	4,097	-

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures (Continued)</b>			
<b>200 Support Services (Continued)</b>			
260 Central Support Services			
262 Planning, Research, Development and Evaluation			
100 Salaries	\$ 91,239	\$ 93,239	\$ (2,000)
200 Employee Benefits	24,770	24,768	2
300 Purchased Services	18,600	17,028	1,572
400 Supplies and Materials	20,650	19,184	1,466
600 Other Objects	11,565	11,387	178
263 Information Services			
100 Salaries	88,849	88,849	-
200 Employee Benefits	24,127	24,144	(17)
300 Purchased Services	27,830	25,346	2,484
400 Supplies and Materials	1,403	1,315	88
600 Other Objects	280	280	-
264 Staff Services			
100 Salaries	255,413	264,427	(9,014)
200 Employee Benefits	79,691	82,697	(3,006)
300 Purchased Services	68,539	42,042	26,497
400 Supplies and Materials	4,677	3,371	1,306
500 Capital Outlay	1,100	-	1,100
600 Other Objects	34,284	34,309	(25)
266 Technology and Data Processing Services			
100 Salaries	214,120	66,635	147,485
200 Employee Benefits	90,874	58,895	31,979
300 Purchased Services	327,196	297,407	29,789
400 Supplies and Materials	66,984	66,919	65
500 Capital Outlay	48,939	29,676	19,263
270 Support Services Pupil Activity			
271 Pupil Services Activities			
100 Salaries	858,766	837,139	21,627
200 Employee Benefits	199,033	165,443	33,590
600 Other Objects	83,000	83,000	-
<b>Total Support Services</b>	<u>27,772,188</u>	<u>26,638,389</u>	<u>1,133,799</u>

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**GENERAL FUND**

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

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>400 Other Charges</b>			
410 Intergovernmental Expenditures			
411 Payments to the State Department of Education			
720 Transits	\$ 150,875	\$ 159,536	\$ (8,661)
412 Payments to Other Governmental Units			
720 Transits	40,000	13,203	26,797
416 Payments to Public Charter Schools			
720 Transits	593,871	611,813	(17,942)
<b>Total Intergovernmental Expenditures</b>	<u>784,746</u>	<u>784,552</u>	<u>194</u>
<b>Total Expenditures</b>	<u>70,411,052</u>	<u>69,666,654</u>	<u>744,398</u>
<b>Other Financing Sources (Uses)</b>			
<b>Interfund Transfers, From (To) Other Funds</b>			
<b>400 Other Charges</b>			
426 Transfer To Pupil Activity			
710 Transits	(330,013)	(329,787)	226
5230 Transfer From Special Revenue EIA Fund	1,267,735	1,340,425	72,690
5250 Transfer From School Building Fund	200,000	200,000	-
5280 Transfer From Other Funds Indirect Costs	473,442	469,926	(3,516)
<b>Total Other Financing Sources (Uses)</b>	<u>1,611,164</u>	<u>1,680,564</u>	<u>69,400</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>(575,762)</u>	<u>3,159,104</u>	<u>3,734,866</u>
<b>Fund Balance, Beginning of Year</b>		<u>12,399,688</u>	
<b>Fund Balance, End of Year</b>		<u>15,558,792</u>	

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## **SPECIAL REVENUE FUND**

The special revenue funds are used to record revenues derived from the State of South Carolina and the federal government, certain of which require matching revenues from local sources, which are required to finance particular activities. Separate revenues, expenditures and changes in fund balances are set forth for various reporting requirements.

Special Revenue Fund - Special Projects Fund (excluding Education Improvement Act) - These funds are used to account for all federal and state projects except for those subject to Education Improvement Act requirements.

Education Improvement Act - These funds are used to account for the District's expenditures as a result of receiving funds subject to the guidelines set by the State of South Carolina.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance, Non-Education Improvement Act Funds, Summary Schedule for Designated State Restricted Grants, the Education Improvement Act Schedule of Revenues, Expenditures and Changes in Fund Balance and the Education Improvement Act Summary Schedule by Program, have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers are also mandated by the South Carolina State Department of Education.

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

Revenues	Title I (EA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
1000 Revenue from Local Sources								
1300 Tuition							\$ 23,390	\$ 23,390
1330 Adult/Continuing Education from Patrons							21,779	21,779
1350 Summer School from Patrons								
1900 Other Revenue from Local Sources							4,558	4,558
1910 Rentals							541,403	541,903
1920 Contributions and Donations from Private Sources						500	331,763	331,763
1999 Revenue From Other Local Sources								
Total Local Sources	-	-	-	-	-	500	922,893	923,393
2000 Intergovernmental Revenue							614,753	614,753
2100 Payment from Other Governmental Units								
Total Intergovernmental Revenue	-	-	-	-	-	-	614,753	614,753
3000 Revenue from State Sources								
3100 Restricted State Funding								
3110 Occupational Education								
3116 EEDA - Miscellaneous							\$ 55,281	55,281
3118 EEDA - Career Specialist							325,984	325,984
3120 General Education								
3123 Formative Assessment							49,019	49,019
3125 Career and Technology Education Equipment							78,840	78,840
3127 Student Health and Fitness - PE Teachers							108,616	108,616
3130 Special Programs								
3136 Student Health and Fitness - Nurses							285,314	285,314

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Revenues (Continued)								
3000 Revenue from State Sources (Continued)								
3100 Restricted State Funding (Continued)								
3190 Miscellaneous Restricted State Grants						\$ 1,595	\$	1,595
3193 Education License Plates								
3600 Education Lottery Act Revenue								
3607 6-8 Enhancement						43,048		43,048
3610 K-5 Enhancement						512,908		512,908
3900 Other State Revenue						12,041		12,041
3991 ADEPT							53,618	53,618
3999 Revenue from Other State Sources								
Total State Sources	-	-	-	-	-	1,472,646	53,618	1,526,264
4000 Revenue from Federal Sources								
4200 Occupational Education				\$ 176,629				176,629
4210 Perkins Aid, Title I								
4300 Elementary and Secondary Education Act of 1965								
4310 Title I	\$ 3,974,783						135,803	4,110,586
4312 Rural and Low-Income School Program, Title VI							254,823	254,823
4315 ARRA - Title I Basic State Grant Programs							2,837	2,837
4341 Language Instruction for Limited English Proficient and Immigrant Students Title III							86,287	86,287
4351 Improving Teacher Quality							477,154	477,154
4400 Adult Education								
4410 Basic Adult Education					\$ 120,824			120,824
4430 State Literacy Resource					4,700			4,700
4500 Programs for Children With Disabilities								
4510 IDEA		\$ 1,584,975					77	1,585,052
4520 Pre-School Grants (IDEA)			\$ 129,527					129,527
4540 IDEA (ARRA 611)							34,876	34,876
4900 Other Federal Sources								
4924 21st Century Community Learning Center Program (Title IV, 21st Century Schools)							172,868	172,868
4999 Revenue from Other Federal Sources							2,301,260	2,301,260
Total Federal Sources	3,974,783	1,584,975	129,527	176,629	125,524	-	3,465,985	9,457,423
Total Revenue All Sources	3,974,783	1,584,975	129,527	176,629	125,524	1,473,146	5,057,249	12,521,833

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (EA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
<b>Expenditures</b>								
100 Instruction								
110 General Instruction								
111 Kindergarten Programs								
100 Salaries							\$ 70,430	\$ 70,430
200 Employee Benefits							25,112	25,112
400 Supplies and Materials							192	4,718
112 Primary Programs								
100 Salaries	\$ 1,200,367					271,303	570,727	2,042,397
200 Employee Benefits	406,224					80,120	182,249	668,593
300 Purchased Services	59,793						15,170	74,963
400 Supplies and Materials	172,548					164	1,384	174,096
113 Elementary Programs								
100 Salaries	177,922	\$ 150				203,470	82,480	464,022
200 Employee Benefits	68,689	11				58,516	29,648	156,864
300 Purchased Services	91,021					823	35,569	127,413
400 Supplies and Materials	135,707					30,426	16,175	182,308
500 Capital Outlay	3,508						80,564	84,072
114 High School Programs								
100 Salaries						240	256,782	257,022
200 Employee Benefits						18	1,142	1,160
300 Purchased Services							2,235	2,235
400 Supplies and Materials							11,705	11,705
500 Capital Outlay							14,276	14,276
115 Vocational Programs								
300 Purchased Services				\$ 21,955				21,955
400 Supplies and Materials				52,722				52,722
500 Capital Outlay				48,953				127,793
120 Exceptional Programs								
121 Educable Mentally Handicapped						78,840		
100 Salaries	47,008						63	47,071
200 Employee Benefits	7,856						13	7,869
300 Purchased Services	1,980							1,980
400 Supplies and Materials	802						3	805
500 Capital Outlay	658							658
122 Trainable Mentally Handicapped								
100 Salaries	43,677							43,677
200 Employee Benefits	5,500							5,500

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Expenditures (Continued)								
100 Instruction (Continued)								
120 Exceptional Programs (Continued)								
123 Orthopedically Handicapped		\$ 47,677						\$ 47,677
100 Salaries		7,664						7,664
200 Employee Benefits		295						295
300 Purchased Services								
124 Visually Handicapped		158						158
300 Purchased Services		434						434
400 Supplies and Materials								
125 Hearing Handicapped		3,886						3,886
300 Purchased Services		3,046						3,046
400 Supplies and Materials								
126 Speech Handicapped		1,134						1,134
100 Salaries		250						250
200 Employee Benefits						\$ 3		3
400 Supplies and Materials								
127 Learning Disabilities								
100 Salaries		90,619						90,619
200 Employee Benefits		20,118						20,118
400 Supplies and Materials		301						301
128 Emotionally Handicapped		41,012						41,012
100 Salaries		7,852						7,852
200 Employee Benefits		22,963						22,963
300 Purchased Services								
129 Coordinated Early Intervening Services		193,445						193,445
100 Salaries		51,448						51,448
200 Employee Benefits		841						841
300 Purchased Services								
130 Pre-school Programs								
133 Pre-school Handicapped								
Self-Contained (5 Year Olds)								
100 Salaries		19,580	\$ 97,119					116,699
200 Employee Benefits		1,498	29,088					30,586
300 Purchased Services			50					50
137 Pre-school Self-Contained (3-4 Year Olds)								
100 Salaries		14,356						14,356
200 Employee Benefits		3,964						3,964
139 Early Childhood Programs								
100 Salaries							78,221	78,221
200 Employee Benefits							28,989	28,989

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Expenditures (Continued)								
100 Instruction (Continued)								
140 Special Programs								
145 Homebound		\$ 11,313						\$ 11,313
300 Purchased Services								
147 CDEPP	\$ 198,425							198,425
100 Salaries	69,520							69,520
200 Employee Benefits								
160 Other Exceptional Programs								
161 Autism								
100 Salaries		67,858						67,858
200 Employee Benefits		13,254						13,254
170 Summer School Programs								
172 Elementary Summer School								
100 Salaries						\$ 15,325	15,325	15,325
200 Employee Benefits						3,079	3,079	3,079
400 Supplies and Materials						794	794	794
173 High School Summer School								
100 Salaries						17,829	17,829	17,829
200 Employee Benefits						3,950	3,950	3,950
175 Instructional Programs Beyond Regular								
Day School								
100 Salaries	725					150,730	151,455	151,455
200 Employee Benefits	156					32,523	32,679	32,679
300 Purchased Services	265,050					23,933	265,060	265,060
400 Supplies and Materials							23,933	23,933

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
<b>Expenditures (Continued)</b>								
<b>100 Instruction (Continued)</b>								
180 Adult/Continuing Educational Programs								
181 Adult Basic Programs								
100 Salaries					57,268		40,606	97,874
200 Employee Benefits					22,008		72	22,080
300 Purchased Services							616	616
400 Supplies and Materials					2,916		3,201	6,117
182 Adult Secondary Programs								
100 Salaries					23,896		16,600	40,496
200 Employee Benefits					10,111		3,450	13,561
300 Purchased Services							1,646	1,646
400 Supplies and Materials					1,701		11,038	12,739
500 Capital Outlay							9,228	9,228
183 Adult English Literacy								
100 Salaries					2,058			2,058
200 Employee Benefits					442			442
400 Supplies and Materials					2,200			2,200
188 Parenting/Family Literacy								
100 Salaries							114,485	202,862
200 Employee Benefits	88,377						43,047	72,392
300 Purchased Services	29,345						3,956	33,365
400 Supplies and Materials	29,409						739	5,168
500 Capital Outlay	4,429						7,015	7,015
<b>Total Instruction</b>	<b>3,001,215</b>	<b>\$ 732,608</b>	<b>\$ 126,257</b>	<b>\$ 123,630</b>	<b>122,600</b>	<b>\$ 728,446</b>	<b>2,040,956</b>	<b>6,875,712</b>
<b>200 Support Services</b>								
210 Pupil Services								
212 Guidance Services								
100 Salaries				\$ 19,249			9,686	28,935
200 Employee Benefits				4,168			2,081	6,249
300 Purchased Services				605				605

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Expenditures (Continued)								
200 Support Services (Continued)								
210 Pupil Services (Continued)								
213 Health Services								
100 Salaries		\$ 15,918				\$ 206,248		\$ 222,166
200 Employee Benefits		3,427				79,067		82,494
300 Purchased Services		288,803						288,803
400 Supplies and Materials		97						97
214 Psychological Services								
100 Salaries		270,240						270,240
200 Employee Benefits		74,487						74,487
300 Purchased Services		3,935						3,935
400 Supplies and Materials		3,006						3,011
600 Other Objects		415					\$ 5	415
217 Career Specialist Services								
100 Salaries						254,131		254,131
200 Employee Benefits						71,853		71,853

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.



LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Expenditures (Continued)								
200 Support Services (Continued)								
220 Instructional Staff Services								
222 Library and Media Services								
400 Supplies and Materials								
223 Supervision of Special Programs								
100 Salaries	\$ 246,673	\$ 55,154				\$ 29,229	\$ 734	734
200 Employee Benefits	54,657	21,805				10,047	591,110	922,166
300 Purchased Services	6,018	1,500		10,185		1,040	196,809	283,318
400 Supplies and Materials	4,691	3,231		4,777		12,631	314,317	333,060
500 Capital Outlay						2,834	45,296	70,626
600 Other Objects		503					2,590	5,424
224 Improvement of Instruction - In-Service Staff Training							157	660
100 Salaries	412,300	30,102				10,096	239,078	691,576
200 Employee Benefits	129,057	10,594				2,084	69,736	211,471
300 Purchased Services	10,279			11,273		60,113	15,732	97,397
400 Supplies and Materials	9,638					5,327	5,636	20,601
230 General Administration Services								
233 School Administration								
100 Salaries							79,555	79,555
200 Employee Benefits							36,045	36,045
400 Supplies and Materials							3,186	3,186

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
<b>Expenditures (Continued)</b>								
<b>200 Support Services (Continued)</b>								
250 Finance and Operations Services								
251 Student Transportation (Federal/District Mandated)								
100 Salaries		\$ 17,517					\$ 17,465	\$ 34,982
200 Employee Benefits		2,503					1,477	3,980
300 Purchased Services		1,357					17,567	18,924
254 Operation and Maintenance of Plant								
100 Salaries							742	742
200 Employee Benefits							160	160
300 Purchased Services							6,579	6,579
400 Supplies and Materials							9,885	9,885
255 Student Transportation								
100 Salaries							43,055	43,055
200 Employee Benefits							3,467	3,467
300 Purchased Services							27,529	27,529
256 Food Service								
100 Salaries							810	810
200 Employee Benefits							178	178
<b>Total Support Services</b>	\$ 873,313	804,594	-	\$ 50,257	-	\$ 744,700	1,740,667	4,213,531

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other Designated Restricted State Grants	Other Special Revenue Programs	Total
Expenditures (Continued)								
300 Community Services								
350 Custody and Care of Children								
100 Salaries							\$ 335,348	\$ 335,348
200 Employee Benefits							106,622	106,622
300 Purchased Services							105,576	105,576
400 Supplies and Materials							38,176	38,176
500 Capital Outlay							10,230	10,230
390 Other Community Services								
100 Salaries							453,903	453,903
200 Employee Benefits							106,029	106,029
300 Purchased Services							1,238	1,238
400 Supplies and Materials							29,118	29,118
500 Capital Outlay							3,817	3,817
Total Community Services	-	-	-	-	-	-	1,190,057	1,190,057
410 Intergovernmental Expenditures								
416 Payments to Public Charter Schools								
720 Transits	\$	7,775						7,775
Total Intergovernmental Expenditures	-	7,775	-	-	-	-	-	7,775
Total Expenditures	\$ 3,874,528	1,544,977	\$ 126,257	\$ 173,887	\$ 122,800	\$ 1,473,146	4,971,680	12,287,075

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Pre-school Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects)	Other		Total
						Designated Restricted State Grants	Other Special Revenue Programs	
Other Financing Sources (Uses)								
Interfund Transfers, From (To) Other Funds								
431-791 Special Revenue Fund Indirect Costs	\$ (100,255)	\$ (39,998)	\$ (3,270)	\$ (2,742)	\$ (2,924)	\$	\$ (85,569)	\$ (234,758)
Total Other Financing Sources (Uses)	(100,255)	(39,998)	(3,270)	(2,742)	(2,924)	-	(85,569)	(234,758)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year								-
Fund Balance, End of Year	-	-	-	-	-	-	-	-

Note: Per State of South Carolina Department of Education requirements, this schedule includes the activity of the District's public charter school.

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT**  
**SCHEDULE OF SUBFUND LISTINGS\***  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

\* The following is a listing of which titles are included in the Adult Education Column, the Designated State Restricted Grants Column, and the Other Specified Revenue Programs Column.

<b>Adult Education (EA Project)</b>	
<b>Subfund Code</b>	<b>Title</b>
243	Adult Education - Federal

<b>Other Designated State Restricted Grants</b>	
<b>Subfund Code</b>	<b>Title</b>
905	Career and Technology Education Equipment
916	ADEPT (Assisting, Developing, & Evaluating Professional Teaching)
919	Education License Plates
926	Academic Alternatives
928	EEDA Career Specialist
933	Formative Assessment
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
960	K-5 Enhancement
967	6-8 Enhancement

<b>Other Special Revenue Programs</b>	
<b>Subfund Code</b>	<b>Title</b>
215	IDEA (ARRA 611)
222	ARRA - Title I Basic State Grant
223	Title I School Improvement (ARRA)
224	21st Century Community Learning Centers Title IV
237	Title I - School Improvement Funds
251	Title VI - Rural and Low-Income School Program
264	Language Instruction for Limited English Proficient and Immigrant Students Title III
267	Title II Improving Teacher Quality
270	ROTC
275	Adult Education Local Contributions
276	Americorps
281	Summer School Program-High School
294	Elementary Homework Centers - PFY
296	Facility Rental Fund

<b>Other Special Revenue Programs (Continued)</b>	
<b>Subfund Code</b>	<b>Title</b>
801	Discovery School
803	Communities in Schools
804	First Steps
805	Workforce Investment Act
806	PE Enhancement Program of Lancaster County
807	Wells Fargo Grant - Adult Ed
808	Lancaster Literacy Council - Adult Ed
811	Learn TV - Advertising
812	Good Behavior Game Replication Project
813	Character Development
815	Springs Close - Adult Ed
816	SIMS: Home Literacy Trail
817	Springs-Gear Up Scholarship
818	Supporting Teens through Education & Protection Program
820	Advance SC - Lancaster High
826	Early Head Start
827	Early Head Start
829	SIMS: Swimming and Water Safety
832	Early Head Start Expansion Program
836	United Way - Adult Ed
839	EXT School Year
840	SC Arts Commission - AJ Middle
841	SC Arts Commission - McDonald Green Elementary
843	ABC - SC Arts Commission
844	SC Arts Commission - Heath Springs Elementary
845	Early Learning Mentor Coaches (ARRA)
846	SIMS: Reading for Workplace Success Literacy Program
851	Jobs for South Carolina's Graduates
856	Child Development Program
857	Youth Build
859	SIMS: Reading for Workplace Success Literacy Program
861	GEAR-UP (Middle Schools)
871	Alcohol Prevention
890	GEAR-UP

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND  
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS

FOR FISCAL YEAR ENDED JUNE 30, 2012

Sub-Fund	Revenue	Title	Revenues		Expenditures	Special Revenue Interfund Transfers		Other Fund Transfers In/(Out)	Special Revenue Fund	
						In/(Out)			In/(Out)	Deferred
905	3125	Career and Technology Education Equipment	\$	78,840	\$	78,840				
916	3991	ADEPT (Assisting, Developing & Evaluating Professional Teaching)		12,041		12,041				
919	3193	Education License Plates		1,595		1,595			\$	873
926	3116	EEDA Miscellaneous		55,281		55,781				47,232
928	3118	EEDA Career Specialist		325,984		325,984				
933	3123	Formative Assessment		49,019		49,019				2,210
936	3136	Student Health and Fitness - Nurses		285,314		285,314				
937	3127	Student Health and Fitness - PE Teachers		108,616		108,616				
960	3610	K-5 Enhancement		512,908		512,908				127,945
967	3607	6-8 Middle School Initiative		43,048		43,048				15,621
			1,472,646		1,473,146					193,881

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL PROGRAMS

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Revenues</b>	
<b>1000 Revenue from Local Sources</b>	
1300 Tuition	
1350 From Patrons for Summer School	\$ 2,900
<b>Total Local Sources</b>	<u>2,900</u>
<b>3000 Revenue from State Sources</b>	
3500 Education Improvement Act	
3509 Arts in Education	25,312
3511 Professional Development	89,920
3525 Career and Technology Education Equipment	42,537
3526 Refurbishment of K-8 Science Kits	81,294
3530 Trainable and Profoundly Mentally Disabled Student Services	63,765
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	910,220
3533 Teacher of the Year Awards	1,077
3538 Students at Risk of School Failure	2,647,500
3540 Early Childhood Program (4K Programs Serving Four Year Old Children)	312,923
3542 Pre-school Programs for Children with Disabilities	41,987
3544 High Achieving Students	259,491
3550 Teacher Salary Increase (No Carryover Provision)	1,103,367
3555 School Employer Contributions (No Carryover Provision)	237,058
3556 Adult Education	268,277
3558 Reading	51,992
3568 EAA Technical Assistance	35,123
3577 Teacher Supplies (No Carryover Provision)	194,750
3578 High Schools That Work/Making Middle Grades Work	22,942
3585 Aid to Districts - Special Education	7,462
3588 IDEA Maintenance of Effort	1,388,469
3592 Work-Based Learning	36,294
3597 Aid to Districts	371,790
3598 Cost Savings Allocations	45,408
3599 Other EIA	15,000
<b>Total State Sources</b>	<u>8,253,958</u>
<b>Total Revenue All Sources</b>	<u>8,256,858</u>

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL PROGRAMS

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Expenditures</b>	
<b>100 Instruction</b>	
110 General Instruction	
111 Kindergarten	
100 Salaries	\$ 37,421
200 Employee Benefits	7,902
400 Supplies and Materials	1,701
112 Primary Programs	
100 Salaries	345,539
200 Employee Benefits	83,762
300 Purchased Services	59,354
400 Supplies and Materials	29,237
500 Capital Outlay	787
113 Elementary Programs	
100 Salaries	741,558
200 Employee Benefits	205,621
300 Purchased Services	33,216
400 Supplies and Materials	314,882
500 Capital Outlay	1,418
114 High School Programs	
100 Salaries	833,354
200 Employee Benefits	245,652
300 Purchased Services	20,038
400 Supplies and Materials	14,683
500 Capital Outlay	5,440
115 Career and Technology Education Programs	
100 Salaries	22,500
200 Employee Benefits	4,819
500 Capital Outlay	42,537
120 Exceptional Programs	
121 Educable Mentally Handicapped	
100 Salaries	324,270
200 Employee Benefits	122,689
500 Capital Outlay	3,225
122 Trainable Mentally Handicapped	
100 Salaries	142,001
200 Employee Benefits	27,699
123 Orthopedically Handicapped	
400 Supplies and Materials	146



LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL PROGRAMS

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Expenditures (Continued)</b>	
<b>100 Instruction (Continued)</b>	
125 Hearing Handicapped	
100 Salaries	\$ 87,564
200 Employee Benefits	20,649
400 Supplies and Materials	3,056
126 Speech Handicapped	
100 Salaries	80,849
200 Employee Benefits	25,078
127 Learning Disabilities	
100 Salaries	309,346
200 Employee Benefits	95,512
300 Purchased Services	1,999
400 Supplies and Materials	86,531
500 Capital Outlay	2,307
128 Emotionally Handicapped	
100 Salaries	7,490
200 Employee Benefits	1,606
129 Coordinated Early Intervening Services	
100 Salaries	34,961
200 Employee Benefits	9,678
 130 Pre-school Programs	
133 Pre-school Handicapped Self-Contained (5 Year Olds)	
100 Salaries	2,379
200 Employee Benefits	509
137 Pre-school Handicapped Self-Contained (3 and 4 Year Olds)	
100 Salaries	38,338
200 Employee Benefits	14,030
139 Early Childhood Programs	
100 Salaries	239,425
200 Employee Benefits	84,720
300 Purchased Services	473
400 Supplies and Materials	156
 140 Special Programs	
141 Gifted and Talented - Academic	
100 Salaries	145,950
200 Employee Benefits	38,279
300 Purchased Services	3,595
400 Supplies and Materials	4,130
500 Capital Outlay	2,694
600 Other Objects	100
143 Advanced Placement	
400 Supplies and Materials	2,874
148 Gifted and Talented - Artistic	
100 Salaries	198
200 Employee Benefits	33
300 Purchased Services	36,540
400 Supplies and Materials	14
 160 Other Exceptional Programs	
161 Autism	
100 Salaries	17,241
200 Employee Benefits	4,993

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL PROGRAMS

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Expenditures (Continued)</b>	
<b>100 Instruction (Continued)</b>	
170 Summer School Program	
172 Elementary Summer School	
100 Salaries	\$ 35,064
200 Employee Benefits	7,698
400 Supplies and Materials	1,124
 180 Adult/Continuing Educational Programs	
181 Adult Basic Education	
100 Salaries	12,952
200 Employee Benefits	2,692
300 Purchased Services	471
182 Adult Secondary Education	
100 Salaries	41,223
200 Employee Benefits	8,793
300 Purchased Services	2,710
400 Supplies and Materials	929
500 Capital Outlay	2,876
188 Parenting/Family Literacy	
100 Salaries	24,342
200 Employee Benefits	<u>5,373</u>
 <b>Total Instruction</b>	 <u>5,220,995</u>

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL PROGRAMS

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Expenditures (Continued)</b>	
<b>200 Support Services</b>	
210 Pupil Services	
211 Attendance and Social Work Services	
100 Salaries	\$ 26,530
200 Employee Benefits	9,175
212 Guidance Services	
100 Salaries	36,750
200 Employee Benefits	7,763
214 Psychological Services	
100 Salaries	909
217 Career Specialist Services	
100 Salaries	750
200 Employee Benefits	161
220 Instructional Staff Services	
221 Improvement of Instruction-Curriculum Development	
100 Salaries	250,813
200 Employee Benefits	61,333
300 Purchased Services	8,863
400 Supplies and Materials	300
222 Library and Media	
100 Salaries	45,000
200 Employee Benefits	9,628
300 Purchased Services	3,095
223 Supervision of Special Programs	
100 Salaries	366,543
200 Employee Benefits	115,214
300 Purchased Services	455
400 Supplies and Materials	9,842
500 Capital Outlay	1,136
600 Other Objects	190
224 Improvement of Instruction-in-Service Training	
100 Salaries	122,000
200 Employee Benefits	32,631
300 Purchased Services	106,722
400 Supplies and Materials	27,039

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL PROGRAMS

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Expenditures (Continued)</b>	
<b>200 Support Services (Continued)</b>	
250 Finance and Operations Services	
255 Student Transportation	
100 Salaries	\$ 14,002
200 Employee Benefits	2,063
300 Purchased Services	4,333
260 Central Support Services	
266 Technology and Data Processing Services	
100 Salaries	343,416
200 Employee Benefits	<u>73,782</u>
<b>Total Support Services</b>	<u>1,680,438</u>
<b>Total Expenditures</b>	<u>6,901,433</u>
<b>Other Financing Sources (Uses)</b>	
<b>Interfund Transfers, From (To) Other Funds</b>	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,340,425)
426-710 Transfer to Pupil Activity Fund	<u>(15,000)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,355,425)</u>
<b>Excess of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>-</u>
<b>Fund Balance, Beginning of Year</b>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>-</u></u>

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
SUMMARY SCHEDULE BY PROGRAM

FOR FISCAL YEAR ENDED JUNE 30, 2012

PROGRAM	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act					
3502 ADEPT					\$ 12,003
3509 Arts in Education	\$ 25,312	\$ 25,312			6,327
3511 Professional Development	89,920	89,920			26,740
3525 Career and Technology Equipment	42,537	42,537			4,796
3526 Refurbishment of K-8 Science Kits	81,294	81,294			9,585
3530 Trainable & Profoundly Mentally Disabled Student Services	63,765	63,765			
3532 National Board Certification (NBC)	910,220	910,220			
3533 Teacher of the Year Award	1,077	1,077			
3538 Students at Risk of School Failure	2,647,500	2,647,500			1,017,424
3540 Four Year Old Early Childhood	312,923	312,923			
3542 Pre-school Programs For Children with Disabilities	41,987	41,987			17,284
3544 High Achieving Students	259,491	262,391			7,404
3550 Teacher Salary Increase	1,103,367			\$ (1,103,367)	
3555 School Employer Contributions	237,058			(237,058)	
3556 Adult Education	268,277	268,277			79,506
3558 Reading	51,992	51,992			55,157
3568 EAA Technical Assistance	35,123	35,123			
3577 Teacher Supplies	194,750	194,750			
3578 High Schools That Work/Making Middle Grades Work	22,942	22,942			37,929
3585 Aid to Districts - Special Education	7,462	7,462			745,369
3588 IDEA Maintenance of Effort	1,388,469	1,388,469			
3592 School-to-Work Transition Act	36,294	36,294			35,711
3597 Aid to Districts	371,790	371,790			
3598 Flexibility Cost Savings	45,408	45,408			10,000
3599 Other EIA	15,000			(15,000)	21,805
<b>Totals</b>	<b>8,253,958</b>	<b>6,901,433</b>	<b>-</b>	<b>(1,355,425)</b>	<b>2,087,040</b>

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## **DEBT SERVICE FUND**

The Debt Service Fund accumulates monies for payment of the District's general obligation bonds which are serial bonds due in annual installments.

The Debt Service Fund - LEAP fund accounts for the activity of the Lancaster Education Assistance Program, Inc., a blended component unit of the District.

The following schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown are also mandated by the South Carolina State Department of Education.

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
DEBT SERVICE FUND - DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>1000 Revenue from Local Sources</b>			
1100 Taxes			
1110 Ad Valorem Taxes - Including Delinquent Taxes	\$ 10,975,718	\$ 11,499,153	\$ 523,435
1140 Penalties and Interest on Taxes	115,000	137,158	22,158
1200 Revenue from Local Governmental Units Other Than LEA's			
1280 Revenue In-Lieu-Of Taxes	374,625	525,614	150,989
1500 Earnings on Investments			
1510 Interest on Investments	13,013	3,258	(9,755)
<b>Total Local Sources</b>	<b>11,478,356</b>	<b>12,165,183</b>	<b>686,827</b>
<b>3000 Revenue from State Sources</b>			
3800 State Revenue In-Lieu-Of Taxes			
3820 Homestead Exemption	500,804	594,821	94,017
3830 Merchant's Inventory Tax	12,497	12,497	-
3840 Manufacturer's Depreciation Reimbursement	96,343	66,747	(29,596)
3890 Other State Property Tax Revenues	14,500	12,807	(1,693)
<b>Total State Sources</b>	<b>624,144</b>	<b>686,872</b>	<b>62,728</b>
<b>Total Revenue All Sources</b>	<b>12,102,500</b>	<b>12,852,055</b>	<b>749,555</b>
<b>Expenditures</b>			
500 Debt Service			
610 Redemption of Principal	2,640,000	2,640,000	-
620 Interest	1,310,840	765,443	545,397
690 Other Objects (Including Fees for Servicing Bonds)	-	2,360	(2,360)
<b>Total Expenditures</b>	<b>3,950,840</b>	<b>3,407,803</b>	<b>543,037</b>
<b>Other Financing Sources (Uses)</b>			
<b>Interfund Transfers, From (To) Other Funds</b>			
423-710 Transfer To Debt Service - LEAP	(3,923,568)	(3,923,568)	-
424-710 Transfer To School Building Fund	(3,616,432)	(3,616,432)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(7,540,000)</b>	<b>(7,540,000)</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>611,660</b>	<b>1,904,252</b>	<b>1,292,592</b>
<b>Fund Balance, Beginning of Year</b>		<b>1,502,646</b>	
<b>Fund Balance, End of Year</b>		<b>3,406,898</b>	



LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
DEBT SERVICE FUND - LEAP  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Revenues</b>	
<b>1000 Revenue from Local Sources</b>	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 694
<b>Total Local Sources</b>	<u>694</u>
<b>Total Revenue All Sources</b>	<u>694</u>
<b>Expenditures</b>	
500 Debt Service	
610 Redemption of Principal	460,000
620 Interest	3,464,025
<b>Total Expenditures</b>	<u>3,924,025</u>
<b>Other Financing Sources (Uses)</b>	
<b>Interfund Transfers, From (To) Other Funds</b>	
5240 Transfer from Debt Service	3,923,568
5250 Transfer from School Building Fund	<u>1</u>
<b>Total Other Financing Sources (Uses)</b>	<u>3,923,569</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	238
<b>Fund Balance, Beginning of Year</b>	<u>6,585,886</u>
<b>Fund Balance, End of Year</b>	<u><u>6,586,124</u></u>

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## **CAPITAL PROJECTS FUND - SCHOOL BUILDING**

Accounts for financial resources to be used for the acquisition and construction of major capital facilities.

The Capital Projects Fund - LEAP - accounts for the activity of the Lancaster Education Assistance Program, Inc., a blended component unit of the District.

The following schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown are also mandated by the South Carolina State Department of Education.

## LANCASTER COUNTY SCHOOL DISTRICT

## LANCASTER, SOUTH CAROLINA

CAPITAL PROJECTS FUND - DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>1000 Revenue from Local Sources</b>			
1500 Earnings on Investments			
1510 Interest on Investments	\$ 3,186	\$ 3,209	\$ 23
1900 Other Revenue from Local Sources			
1993 Receipt of Insurance Proceeds	28,164	28,164	-
1999 Revenue from Other Local Sources	35,768	35,768	-
<b>Total Local Sources</b>	<b>67,118</b>	<b>67,141</b>	<b>23</b>
<b>3000 Revenue from State Sources</b>			
3170 State School Building Fund	35,368	3,119	(32,249)
<b>Total State Sources</b>	<b>35,368</b>	<b>3,119</b>	<b>(32,249)</b>
<b>Total Revenue All Sources</b>	<b>102,486</b>	<b>70,260</b>	<b>(32,226)</b>
<b>Expenditures</b>			
250 Finance and Operations			
253 Facilities Acquisition and Construction			
300 Purchased Services	7,287,235	2,476,631	4,810,604
400 Supplies and Materials	554,481	494,879	59,602
500 Capital Outlay			
520 Construction Services	2,797,601	768,875	2,028,726
530 Improvements Other Than Buildings	134,028	119,847	14,181
540 Equipment	118,023	77,776	40,247
545 Technology, Equipment and Software	465,607	465,607	-
550 Vehicles	47,639	47,639	-
600 Other Objects			
690 Other Objects	963,036	-	963,036
500 Debt Service			
620 Interest	-	8,845	(8,845)
<b>Total Expenditures</b>	<b>12,367,650</b>	<b>4,460,099</b>	<b>7,907,551</b>
<b>Interfund Transfers From (To) Other Funds</b>			
5240 Transfer From Debt Service Fund	3,622,012	3,594,718	(27,294)
5250 Transfer From School Building Fund	-	1,748,845	1,748,845
420-710 Transfer To General Fund	-	(200,000)	(200,000)
423-710 Transfer To Debt Service	-	(1,727,130)	(1,727,130)
<b>Total Other Financing Sources (Uses)</b>	<b>3,622,012</b>	<b>3,416,433</b>	<b>(205,579)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(8,643,152)</b>	<b>(973,406)</b>	<b>7,669,746</b>
<b>Fund Balance, Beginning of Year</b>		<b>7,116,888</b>	
<b>Fund Balance, End of Year</b>		<b>6,143,482</b>	

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
CAPITAL PROJECTS FUND - LEAP  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Revenues</b>	
<b>1000 Revenue from Local Sources</b>	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 5
<b>Total Local Sources</b>	<u>5</u>
<b>Total Revenue All Sources</b>	<u>5</u>
<b>Expenditures</b>	
<b>250 Finance and Operations</b>	
253 Facilities Acquisition and Construction	
300 Purchased Services	<u>123,888</u>
<b>Total Finance and Operations</b>	<u>123,888</u>
<b>Total Expenditures</b>	<u>123,888</u>
<b>Interfund Transfers From (To) Other Funds</b>	
423-710 Transfer To Debt Service	<u>(1)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(123,884)
<b>Fund Balance, Beginning of Year</b>	<u>123,888</u>
<b>Fund Balance, End of Year</b>	<u><u>4</u></u>

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## **PROPRIETARY FUND - FOOD SERVICE FUND**

Accounts for the provision of food services to the students of the District. All activities necessary to provide such service are accounted for in this fund.

The accompanying Statement of Revenues, Expenses and Changes in Retained Earnings has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown are also mandated by the South Carolina State Department of Education.

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENSES/EXPENDITURES,  
AND CHANGES IN RETAINED EARNINGS**

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
<b>1000 Revenue from Local Sources</b>			
1500 Earnings on Investments			
1510 Interest on Investments	\$ 2,069	\$ 765	\$ (1,304)
1600 Food Service			
1610 Lunch Sales to Pupils	850,433	821,294	(29,139)
1620 Breakfast Sales to Pupils	89,680	101,297	11,617
1630 Special Sales to Pupils	439,077	511,172	72,095
1640 Lunch Sales to Adults	73,431	70,172	(3,259)
1650 Breakfast Sales to Adults	10,926	12,471	1,545
1660 Special Sales to Adults	72,393	95,103	22,710
1900 Other Revenue from Local Sources			
1999 Revenue from Other Local Sources	1,693	3,441	1,748
<b>Total Local Sources</b>	<u>1,539,702</u>	<u>1,615,715</u>	<u>76,013</u>
<b>3000 Revenue from State Sources</b>			
3140 School Lunch			
3142 Program Aid	5,606	442	(5,164)
<b>Total State Sources</b>	<u>5,606</u>	<u>442</u>	<u>(5,164)</u>
<b>4000 Revenue from Federal Sources</b>			
4800 USDA Reimbursement			
4810 School Lunch Program	2,567,150	2,697,967	130,817
4830 School Breakfast Program	745,949	816,220	70,271
4900 Other Federal Sources			
4991 USDA Commodities (Food Distribution)	361,590	363,483	1,893
4999 Revenue from Other Federal Sources	18,425	18,426	1
<b>Total Federal Sources</b>	<u>3,693,114</u>	<u>3,896,096</u>	<u>202,982</u>
<b>Total Revenue All Sources</b>	<u>5,238,422</u>	<u>5,512,253</u>	<u>273,831</u>



**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENSES/EXPENDITURES,  
AND CHANGES IN RETAINED EARNINGS**

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Expenditures</b>			
256 Food Service			
100 Salaries	\$ 1,719,219	\$ 1,715,359	\$ 3,860
200 Employee Benefits	238,326	214,125	24,201
300 Purchased Services	39,671	43,299	(3,628)
400 Supplies and Materials	2,729,768	2,791,072	(61,304)
500 Capital Outlay	136,658	142,838	(6,180)
600 Other Objects	10,844	12,895	(2,051)
<b>Total Expenditures</b>	<u>4,874,486</u>	<u>4,919,588</u>	<u>(45,102)</u>
<b>Other Financing Sources (Uses)</b>			
<b>Interfund Transfers, From (To) Other Funds</b>			
432-791 Food Service Fund Indirect Costs	<u>(235,629)</u>	<u>(235,169)</u>	460
<b>Total Other Financing Sources (Uses)</b>	<u>(235,629)</u>	<u>(235,169)</u>	460
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>128,307</u>	357,496	<u>229,189</u>
<b>Retained Earnings, Beginning of Year</b>		<u>1,134,963</u>	
<b>Retained Earnings, End of Year</b>		<u>1,492,459</u>	

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## **FIDUCIARY FUND - PUPIL ACTIVITY FUND**

Agency Fund - Accounts for the collection and payment of pupil activity receipts and disbursements from and on behalf of the District's students.

The following individual fund statements have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various statements are also mandated by the South Carolina State Department of Education.

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

PUPIL ACTIVITY FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
AMOUNTS DUE TO STUDENT ORGANIZATIONS

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Receipts</b>	
<b>1000 Receipts from Local Sources</b>	
1500 Earnings on Investments	
1510 Interest on Investments	\$ 911
1700 Pupil Activities	
1710 Admissions	353,793
1720 Bookstore Sales	1,352,638
1730 Pupil Organization Membership	702,748
1740 Student Fees	39,691
1900 Other Revenue from Local Sources	
1910 Rentals	12
1920 Contributions and Donations Private Sources	424,461
1999 Revenue from Other Local Sources	458
<b>Total Receipts from Local Sources</b>	<u>2,874,712</u>
<b>Disbursements</b>	
190 Instructional Pupil Activity	
100 Salaries	66,345
200 Employee Benefits	12,562
500 Capital Outlay	29,934
660 Pupil Activity	1,492,046
270 Support Services Pupil Activity	
271 Pupil Service Activities	
100 Salaries	157,019
200 Employee Benefits	20,247
300 Purchased Services	4,280
500 Capital Outlay	5,670
660 Pupil Activity	1,197,856
272 Enterprise Activities	
660 Pupil Activity	133,431
273 Trust and Agency Activities	
660 Pupil Activity	3,411
<b>Total Disbursements</b>	<u>3,122,801</u>

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**PUPIL ACTIVITY FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
AMOUNTS DUE TO STUDENT ORGANIZATIONS**

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Actual</u>
<b>Interfund Transfers, From (To) Other Funds</b>	
5210 Transfer from General Fund	\$ 329,787
5230 Transfer from Special Revenue EIA Fund	<u>15,000</u>
<b>Total Other Financing Sources (Uses)</b>	<u>344,787</u>
<b>Net Change in Due to Student Organizations</b>	96,698
<b>Due to Student Organizations, Beginning of Year</b>	<u>1,442,144</u>
<b>Due to Student Organizations, End of Year</b>	<u><u>1,538,842</u></u>

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**FIDUCIARY FUND - AGENCY**  
**PUPIL ACTIVITY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**JUNE 30, 2012**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2012</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,774,173	\$2,978,565	\$3,122,800	\$ 1,629,938
Accounts Receivable	1,783	2,431	1,783	2,431
<b>Total Assets</b>	<u>1,775,956</u>	<u>2,980,996</u>	<u>3,124,583</u>	<u>1,632,369</u>
<b>Liabilities</b>				
Due to School District	333,812		240,285	93,527
Due to Student Organizations	1,442,144	2,980,996	2,884,298	1,538,842
<b>Total Liabilities</b>	<u>1,775,956</u>	<u>2,980,996</u>	<u>3,124,583</u>	<u>1,632,369</u>

**COMPONENT UNIT**

**CHARTER SCHOOL**

The Charter School operates under a Charter granted by the District and is considered, under South Carolina Law, to be a public school and part of the District.

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
COMPONENT UNIT - THE DISCOVERY SCHOOL  
BALANCE SHEET

JUNE 30, 2012

	<u>The Discovery School</u>
<b>Assets</b>	
Due from School District	<u>\$ -</u>
<b>Total Assets</b>	<u><u>-</u></u>
<b>Liabilities and Fund Balances</b>	
Deferred Revenue	<u>-</u>
<b>Total Liabilities</b>	<u><u>-</u></u>



LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

COMPONENT UNIT - THE DISCOVERY SCHOOL  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL PROGRAMS

FOR FISCAL YEAR ENDED JUNE 30, 2012

	<u>Actual</u>
<b>Revenues</b>	
<b>2000 Intergovernmental Revenue</b>	
2100 Payments from Other Governmental Units	<u>\$ 614,753</u>
<b>Total Intergovernmental Revenue</b>	<u>614,753</u>
<b>Total Revenue All Sources</b>	<u>614,753</u>
<b>Expenditures</b>	
<b>100 Instruction</b>	
110 General Instruction	
111 Kindergarten Programs	
100 Salaries	50,613
200 Employee Benefits	17,344
112 Primary Programs	
100 Salaries	159,231
200 Employee Benefits	47,403
300 Purchased Services	10,500
113 Elementary Programs	
100 Salaries	82,480
200 Employee Benefits	29,647
300 Purchased Services	<u>1,463</u>
<b>Total Instruction</b>	<u>398,681</u>

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**COMPONENT UNIT - THE DISCOVERY SCHOOL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ALL PROGRAMS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Actual</u>
<b>Expenditures (Continued)</b>	
<b>200 Support Services</b>	
210 Pupil Services	
212 Guidance Services	
100 Salaries	\$ 9,686
200 Employee Benefits	2,081
220 Instructional Staff Services	
222 Library and Media	
400 Supplies and Materials	734
224 Library and Media	
100 Salaries	66,850
200 Employee Benefits	17,935
230 General Administration Services	
233 School Administration	
100 Salaries	79,555
200 Employee Benefits	36,045
400 Supplies and Materials	<u>3,186</u>
<b>Total Support Services</b>	<u>216,072</u>
<b>Total Expenditures</b>	<u>614,753</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>

**ADDITIONAL SCHEDULES  
REQUIRED BY THE SOUTH CAROLINA  
DEPARTMENT OF EDUCATION**

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

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

JUNE 30, 2012

<u>Program</u>	<u>Revenue &amp; Sub-Fund Code</u>	<u>Description</u>	<u>Amount Due To SDE or Federal Government</u>	<u>Status of Amount Due to Grantors</u>
Arts in Education	3509/309	Unexpended Funds	\$ 7	Unpaid
Extended School Year	4999/839	Unexpended Funds	396	Unpaid
Gear-Up (Middle Schools)	4999/861	Overclaimed	<u>57</u>	Unpaid
<b>Total</b>			<u><u>460</u></u>	

**LANCASTER COUNTY SCHOOL DISTRICT**

**LANCASTER, SOUTH CAROLINA**

**LOCATION RECONCILIATION SCHEDULE**

**FOR FISCAL YEAR ENDED JUNE 30, 2012**

<b>Location ID</b>	<b>Location and Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
10	Brooklyn Springs Elementary	Elementary Schools	School	\$ 3,346,783
12	Discovery School	Other Schools	School	726,844
13	Clinton Elementary	Elementary Schools	School	2,993,521
15	Erwin Elementary	Elementary Schools	School	3,207,143
16	Lancaster High School	High Schools	School	11,555,102
19	McDonald Green Elementary	Elementary Schools	School	3,004,433
20	North Elementary	Elementary Schools	School	4,315,164
22	South Middle	Middle Schools	School	4,509,090
23	Southside Early Childhood Center	Other Schools	School	2,072,422
24	Barr Street Learning Center	Other Schools	School	338,607
25	A.R. Rucker	Middle Schools	School	3,883,697
30	Andrew Jackson High	High Schools	School	6,280,218
33	Heath Springs Elementary	Elementary Schools	School	2,975,951
34	Kershaw Elementary	Elementary Schools	School	2,939,071
37	Andrew Jackson Middle	Middle Schools	School	2,937,464
40	Buford Middle	Middle Schools	School	3,366,744
41	Buford Elementary	Elementary Schools	School	4,422,479
43	Buford High	High Schools	School	4,694,427
50	Indian Land High	High Schools	School	4,780,956
51 & 53	Indian Land Elementary	Elementary Schools	School	6,127,690
52	Indian Land Middle	Middle Schools	School	3,326,514
11,17,60-99	District Wide	Non-School	Central	27,009,046
<b>Total Expenditures/Disbursements for All Funds</b>				<b>108,813,366</b>

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

General Fund (Subfund 100s)	\$ 69,666,654
Special Revenue Fund (Subfunds 200s, 800s and 900s)	12,287,075
Special Revenue EIA Fund (Subfunds 300s)	6,901,433
Debt Service Fund (Subfunds 400s)	7,331,828
Capital Projects Fund (School Building)(Subfunds 500s)	4,583,987
Proprietary Fund (Food Service)(Subfund 600s)	4,919,588
Trust and Agency Fund (Pupil Activity)(Subfunds 700s)	3,122,801
	<b>108,813,366</b>

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## STATISTICAL SECTION

This part of Lancaster County School District's comprehensive annual financial report presents detailed information as a contest for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	99-103
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	104-107
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of understanding debt and the District's ability to issue additional debt in the future.	108-111
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other Districts.	112-114
<b>Operating Information</b> These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	115-118

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**LANCASTER COUNTY SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT,**  
**LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 34,521,188	\$ 36,465,296	\$ (14,432,049)	\$ 216,463	\$ 14,705,878	\$ 16,441,251	\$ 20,582,731	\$ 23,920,052	\$ 25,498,685	\$ 27,972,214
Restricted	3,192,508	2,123,579	48,188,264	33,313,592	23,505,283	14,748,100	13,201,942	11,267,256	15,952,388	16,610,712
Unrestricted	9,053,972	11,093,241	11,762,362	11,088,122	8,048,729	12,276,843	10,404,535	11,193,834	12,679,479	15,305,628
<b>Total Governmental Activities Net Assets</b>	<b>46,767,668</b>	<b>49,682,116</b>	<b>45,518,577</b>	<b>44,598,177</b>	<b>46,259,890</b>	<b>43,466,194</b>	<b>44,189,208</b>	<b>46,381,142</b>	<b>54,130,552</b>	<b>59,888,554</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	858,087	746,223	756,937	679,414	611,098	798,128	764,181	679,606	570,429	470,369
Unrestricted	637,342	753,143	656,307	667,344	773,065	384,200	57,091	283,218	564,534	1,022,090
<b>Total Business-Type Activities Net Assets</b>	<b>1,495,429</b>	<b>1,499,366</b>	<b>1,413,244</b>	<b>1,346,758</b>	<b>1,384,163</b>	<b>1,182,328</b>	<b>821,272</b>	<b>962,824</b>	<b>1,134,963</b>	<b>1,492,459</b>
<b>Total Primary Government Net Assets</b>	<b>48,263,097</b>	<b>51,181,482</b>	<b>46,931,821</b>	<b>45,944,935</b>	<b>47,644,053</b>	<b>44,628,522</b>	<b>45,010,480</b>	<b>47,343,966</b>	<b>55,265,515</b>	<b>61,381,013</b>

Note: The District began to report accrual information when it implemented GASB Statement 34 in 2003.

Source: Comprehensive Annual Financial Report

Unaudited



LANCASTER COUNTY SCHOOL DISTRICT  
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSES)/REVENUES,  
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 29,792,354	\$ 46,113,661	\$ 51,136,711	\$ 51,626,212	\$ 56,144,595	\$ 59,757,292	\$ 61,108,147	\$ 61,056,481	\$ 54,761,743	\$ 55,826,663
Support Services	15,459,818	24,653,235	30,085,940	33,770,231	37,021,890	42,464,142	38,652,844	38,763,214	36,224,608	36,413,973
Community Services	1,278,145	1,082,144	1,181,687	1,090,264	989,101	1,147,450	1,094,083	1,093,580	1,139,831	1,176,010
Pupil Activities			313,944	123,352	222,336	136,570	313,165	133,669	119,900	344,787
Intergovernmental	101,774	344,564	422,681	924,574						
Interest and Fees on Long-Term Debt	3,184,206	2,970,070	4,184,684	5,063,685	6,689,424	5,211,168	4,592,977	3,912,591	4,270,217	4,255,936
<b>Total Governmental Activities Expenses</b>	<b>49,816,297</b>	<b>75,163,674</b>	<b>87,305,657</b>	<b>92,598,318</b>	<b>101,067,346</b>	<b>108,716,622</b>	<b>105,761,216</b>	<b>104,959,535</b>	<b>96,516,299</b>	<b>98,017,369</b>
Business-Type Activities:										
Food Service	3,580,172	3,509,653	3,740,598	3,832,338	3,991,577	4,612,946	4,816,495	4,660,324	4,808,028	4,919,588
<b>Total Primary Government Expenses</b>	<b>53,396,469</b>	<b>78,673,327</b>	<b>91,046,255</b>	<b>96,430,656</b>	<b>105,058,923</b>	<b>113,329,568</b>	<b>110,577,711</b>	<b>109,619,859</b>	<b>101,324,327</b>	<b>102,936,957</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction	98,444	227,751	48,790	66,218	90,966	103,082	85,244	58,021	61,994	86,903
Operating Grants and Contributions	46,242,451	45,701,006	49,261,919	54,789,919	58,159,689	73,792,215	72,746,160	73,544,657	66,993,322	67,418,258
Capital Grants and Contributions	2,187,822	504,956	171,457	608,544	55,924	156,414	478,096	6,982	4,034	3,119
<b>Total Governmental Activities Program Revenues</b>	<b>48,528,717</b>	<b>46,433,713</b>	<b>49,482,166</b>	<b>55,464,681</b>	<b>58,306,549</b>	<b>74,051,711</b>	<b>73,308,500</b>	<b>73,609,660</b>	<b>67,059,350</b>	<b>67,508,280</b>
Business-Type Activities:										
Charges for Services:										
Food Services	1,249,350	1,264,408	1,263,045	1,304,039	1,421,104	1,447,390	1,397,902	1,469,114	1,572,107	1,611,509
Operating Grants and Contributions	2,281,209	2,439,482	2,581,594	2,623,988	2,792,462	3,140,152	3,279,631	3,554,868	3,625,926	3,899,979
<b>Total Business-Type Activities Program Revenues</b>	<b>3,530,559</b>	<b>3,703,890</b>	<b>3,844,639</b>	<b>3,928,027</b>	<b>4,213,566</b>	<b>4,587,542</b>	<b>4,677,533</b>	<b>5,023,982</b>	<b>5,198,033</b>	<b>5,511,488</b>
<b>Total Primary Government Program Revenues</b>	<b>52,059,276</b>	<b>50,137,603</b>	<b>53,326,805</b>	<b>59,392,708</b>	<b>62,520,115</b>	<b>78,639,253</b>	<b>77,987,033</b>	<b>78,633,642</b>	<b>72,257,383</b>	<b>73,019,768</b>
<b>Net (Expense) Revenue</b>										
Governmental Activities	(1,267,580)	(28,729,961)	(37,823,491)	(37,133,637)	(42,760,797)	(34,664,911)	(32,451,716)	(31,349,875)	(29,456,949)	(30,509,069)
Business-Type Activities	(49,613)	194,237	104,041	95,689	221,989	(25,404)	(138,962)	363,658	390,005	591,900
<b>Total Primary Government Net Expense</b>	<b>(1,337,193)</b>	<b>(28,535,724)</b>	<b>(37,719,450)</b>	<b>(37,037,948)</b>	<b>(42,538,808)</b>	<b>(34,690,315)</b>	<b>(32,590,678)</b>	<b>(30,986,217)</b>	<b>(29,066,944)</b>	<b>(29,917,169)</b>

LANCASTER COUNTY SCHOOL DISTRICT  
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSES)/REVENUES,  
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
General Revenues										
and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes	\$ 17,109,411	\$ 18,313,493	\$ 18,206,073	\$ 20,438,529	\$ 21,987,046	\$ 19,614,988	\$ 21,718,638	\$ 22,820,813	\$ 21,797,853	\$ 23,793,704
Property Taxes, Levied for Debt Service	6,187,870	5,654,671	5,777,808	6,520,465	8,480,905	10,013,927	10,880,468	10,303,300	10,077,072	12,013,049
Grants and Contributions, Not Restricted	429,845	5,785,022	6,363,997	6,472,147	6,333,232	690,983	57,038	61,904	74,247	140,467
Unrestricted Investment Earnings	439,891	298,274	1,401,681	2,577,578	2,627,828	1,286,634	283,331	103,229	115,775	57,831
Gain on Sale of Capital Assets	-	-	-	-	4,739,640	-	-	-	-	-
Insurance Proceeds	6,184,570	1,539,513	1,712,280	1,080	54,340	61,269	29,782	29,187	4,894,906	-
Miscellaneous	(1,012,095)	53,436	198,113	203,438	199,519	203,414	205,473	223,376	26,771	26,871
Transfers	29,339,492	31,644,409	33,659,952	36,213,237	44,422,510	31,871,215	33,174,730	33,541,809	37,206,359	235,169
<b>Total Governmental Activities</b>										
Business-Type Activities:										
Unrestricted Investment Earnings	3,010	2,572	7,950	14,791	14,935	6,983	3,379	1,270	2,059	765
Miscellaneous	449,435	(192,872)	(198,113)	26,472	(199,519)	(203,414)	(205,473)	(223,376)	(219,835)	(235,169)
Transfers	452,445	(190,300)	(190,163)	(203,438)	(184,584)	(196,431)	(202,094)	(222,106)	(217,886)	(234,404)
<b>Total Business-Type Activities</b>										
<b>Total Primary Government</b>										
Change in Net Assets										
Governmental Activities	28,051,912	2,914,448	(4,163,539)	(920,400)	1,661,713	(2,793,696)	723,014	2,191,834	7,749,410	5,758,002
Business-Type Activities	402,832	3,937	(86,122)	(66,486)	37,405	(221,835)	(341,056)	141,552	172,139	357,496
<b>Total Primary Government</b>	<b>28,454,744</b>	<b>2,918,385</b>	<b>(4,249,661)</b>	<b>(986,886)</b>	<b>1,699,118</b>	<b>(3,015,531)</b>	<b>381,958</b>	<b>2,333,486</b>	<b>7,921,549</b>	<b>6,115,498</b>

Source: Comprehensive Annual Financial Report  
Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved for Other*	\$ 90,230	\$ 88,883	\$ 331,911	\$ 46,511	\$ 89,715	\$ 106,575	\$ 35,084	\$ 6,811		
Unreserved										
Designated for Subsequent Years	1,180,000	2,472,251	2,612,135	2,585,148	3,456,085	2,651,809	1,520,434			
Undesignated	8,954,084	9,622,905	9,869,381	12,404,514	11,735,638	11,763,390	10,259,136	11,284,835		
<b>Total General Fund</b>	<b>10,224,314</b>	<b>12,184,039</b>	<b>12,813,427</b>	<b>15,036,173</b>	<b>15,281,438</b>	<b>14,511,774</b>	<b>11,814,634</b>	<b>11,291,646</b>		

General Fund**										
Nonspendable:										
Prepaid Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 69,943	-
Assigned:										
Designated for Subsequent Years	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	831,936	\$ 954,973
Encumbered Operating Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71,971	36,355
Unassigned									11,425,838	14,567,464
<b>Total General Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,399,688</b>	<b>15,558,792</b>

All Other Governmental Funds										
Reserved for:										
Debt Service	1,842,016	1,167,946	3,333,819	1,953,594	2,146,610	1,668,140	1,883,466	2,077,477		
Debt Service LEAP			6,603,568	6,857,321	6,885,680	6,821,837	6,612,593	6,585,984		
Capital Projects	2,119,190	1,676,497	278,629	1,607,423	7,343,335	4,176,572	2,775,727	1,533,182		
Capital Projects LEAP			38,539,070	23,426,440	6,892,499	1,831,137	1,500,556	534,546		
Special Revenue										
Unreserved, Reported in:				(24,520)	267,742	976	976	-		
Special Revenue Funds				33,820,258	23,535,866	14,498,662	12,773,318	10,731,189		
<b>Total All Other Governmental Funds</b>	<b>3,961,206</b>	<b>2,844,343</b>	<b>48,755,086</b>	<b>33,820,258</b>	<b>23,535,866</b>	<b>14,498,662</b>	<b>12,773,318</b>	<b>10,731,189</b>	<b>-</b>	<b>-</b>

All Other Governmental Funds**										
Restricted for:										
Debt Service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,502,646	3,406,898
Debt Service LEAP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6,585,886	6,586,124
Capital Projects	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,116,888	6,143,482
Capital Projects LEAP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	123,888	4
<b>Total All Other Governmental Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,329,308</b>	<b>16,136,508</b>

Notes: \*Includes encumbrances, inventory and prepaid items  
 \*\*The 2011-2012 fund balances for the General Fund and all other Governmental Funds are reported based on the new requirements under GASBS 54. The fund balances for years ended 2003-2010 are not reported under GASBS 54.

Source: Comprehensive Annual Financial Report

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, DEBT SERVICE RATIOS AND OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES,**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Local Sources:										
Taxes	\$21,842,183	\$22,545,035	\$23,983,881	\$25,400,797	\$ 28,139,060	\$ 28,379,728	\$ 30,651,898	\$ 30,790,918	\$ 29,488,531	\$ 34,084,393
Investment Earnings	439,891	317,674	1,401,681	2,577,578	2,627,828	1,286,634	283,331	103,229	115,775	57,831
Other Local Sources	3,293,455	3,326,166	3,452,187	3,440,313	3,587,541	3,010,291	3,523,828	4,116,765	9,077,085	3,966,424
State	46,408,497	44,574,971	45,865,975	51,033,501	52,430,635	61,757,264	59,570,816	52,914,562	51,274,749	56,666,075
Federal	6,886,278	7,260,840	8,240,281	9,022,281	10,087,836	11,289,677	11,507,083	18,494,227	13,646,168	9,457,423
<b>Total Revenues</b>	<b>78,880,304</b>	<b>78,024,686</b>	<b>82,944,005</b>	<b>91,474,480</b>	<b>96,882,900</b>	<b>105,703,594</b>	<b>105,536,936</b>	<b>106,419,701</b>	<b>103,602,308</b>	<b>104,232,146</b>
<b>Expenditures:</b>										
Current										
Instruction	43,667,267	44,480,667	47,376,811	50,002,675	52,508,322	58,671,380	59,082,085	58,952,570	52,547,193	53,634,111
Support Services	25,170,825	23,800,187	29,198,058	29,873,533	32,567,251	38,944,640	40,637,731	37,655,391	34,217,717	35,330,570
Community Services	1,237,599	1,056,156	896,745	1,063,916	968,072	1,147,450	1,094,083	1,093,580	1,139,831	1,176,010
Pupil Activities	-	-	-	-	-	-	-	-	119,900	344,787
Intergovernmental Expenditures	101,774	344,564	422,681	924,574	737,522	749,709	806,061	789,155	778,140	792,327
Debt Service										
Redemption of Principal	3,745,000	4,150,000	2,335,000	6,875,000	7,475,000	2,140,000	2,205,000	2,690,000	2,890,000	3,100,000
Interest and Fiscal Agent Fees	3,231,966	3,015,445	4,340,894	5,142,789	5,042,843	4,860,950	3,564,259	5,357,507	4,358,333	4,240,673
Capital Outlay	3,424,675	388,241	3,361,676	15,393,563	17,850,200	8,988,177	3,128,620	2,561,322	2,064,968	1,882,533
<b>Total Expenditures</b>	<b>80,579,086</b>	<b>77,235,260</b>	<b>87,931,865</b>	<b>109,276,050</b>	<b>117,149,210</b>	<b>115,512,306</b>	<b>110,517,839</b>	<b>109,099,525</b>	<b>96,116,082</b>	<b>100,501,011</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,698,792)</b>	<b>789,426</b>	<b>(4,987,860)</b>	<b>(17,801,570)</b>	<b>(20,266,310)</b>	<b>(9,808,712)</b>	<b>(4,980,903)</b>	<b>(2,679,824)</b>	<b>5,486,226</b>	<b>3,731,135</b>
<b>Other Financing Sources (Uses):</b>										
Sale of Capital Assets					4,757,000			25,000		
Premium on Bonds Sold			2,179,450	9,401						
Proceeds of General Obligation Bonds			51,275,000	5,000,000	5,500,000					
Proceeds of Refund Debt			19,425,000			9,375,000	18,255,000			
Payment to Refunded Debt Escrow Agent			(21,235,629)			(9,440,000)	(17,725,000)			
Medicaid Reimbursements										
Operating Transfers In										
Operating Transfers (Out)	3,849,955	5,288,205	5,236,501	2,405,597	3,776,442	3,083,214	3,604,237	10,020,591	11,594,034	11,277,483
Miscellaneous Other Financing Sources	(4,862,050)	(5,234,769)	(5,352,332)	(2,325,510)	(3,806,259)	(2,986,370)	(3,575,818)	(9,930,884)	(11,374,099)	(11,042,314)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,012,095)</b>	<b>53,436</b>	<b>51,527,990</b>	<b>5,089,488</b>	<b>10,227,183</b>	<b>1,844</b>	<b>558,419</b>	<b>114,707</b>	<b>219,935</b>	<b>235,169</b>
<b>Net Change in Fund Balances</b>	<b>(2,710,887)</b>	<b>842,862</b>	<b>46,540,130</b>	<b>(12,712,082)</b>	<b>(10,039,127)</b>	<b>(9,808,868)</b>	<b>(4,422,484)</b>	<b>(2,565,117)</b>	<b>5,706,161</b>	<b>3,966,304</b>
Debt Service as a percentage of noncapital expenditures	13.68%	9.32%	7.68%	12.42%	11.94%	6.55%	5.50%	7.66%	7.67%	7.30%

Source: Comprehensive Annual Financial Report

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	Real Property		Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value	Total Direct Tax Rate
		Taxable Assessed Value	Estimated Actual Value	Taxable Assessed Value	Estimated Actual Value	Taxable Assessed Value	Estimated Actual Value		
2003	2002	\$101,003,899	\$2,072,050,602	\$73,877,172	\$673,395,559	\$174,881,071	\$2,745,446,161	6.37%	172.00
2004	2003	104,226,549	2,149,515,183	71,685,967	662,599,084	175,912,516	2,812,114,267	6.26%	177.00
2005	2004	109,788,698	2,266,664,653	69,239,761	666,482,988	179,028,459	2,933,147,641	6.10%	182.00
2006	2005	121,546,145	2,433,252,221	64,855,435	679,641,458	186,401,580	3,112,893,679	5.99%	182.00
2007	2006	162,587,950	3,332,779,960	71,203,051	737,248,972	233,791,001	4,070,028,932	5.74%	157.50
2008	2007	177,479,354	3,661,535,838	73,291,963	772,983,709	250,771,317	4,434,519,547	5.65%	167.00
2009	2008	201,753,816	4,223,965,667	75,404,200	821,602,457	277,158,016	5,045,568,124	5.49%	172.00
2010	2009	211,761,152	4,483,636,367	74,113,190	784,691,724	285,874,342	5,268,328,091	5.43%	172.00
2011	2010	215,604,040	4,591,062,583	59,733,425	739,712,513	275,337,465	5,330,775,096	5.17%	175.25
2012	2011	221,005,620	4,742,031,500	60,511,398	765,238,561	281,517,018	5,507,270,061	5.11%	183.50

Source: Lancaster County Auditor

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES,  
LAST TEN FISCAL YEARS**

Fiscal Year	School Direct Rates			Overlapping Rates				Total
	School Operating Rate	School Debt Service	Total Direct	Lancaster County	University of South Carolina(A)	City of Lancaster	City of Kershaw	
2003	133.50	38.50	172.00	67.00	2.50	142.10	77.60	461.20
2004	138.50	38.50	177.00	70.73	2.50	144.00	78.80	473.03
2005	143.50	38.50	182.00	76.50	3.50	147.00	78.80	487.80
2006	143.50	38.50	182.00	86.50	3.50	150.00	78.80	500.80
2007	119.00	38.50	157.50	71.50	3.00	137.00	64.80	433.80
2008	123.50	43.50	167.00	75.90	3.10	140.00	64.80	450.80
2009	128.50	43.50	172.00	82.20	3.30	143.50	64.80	465.80
2010	133.50	38.50	172.00	80.90	3.30	143.50	69.30	469.00
2011	136.75	38.50	175.25	83.60	3.40	143.50	70.90	476.65
2012	140.00	43.50	183.50	83.00	3.60	143.50	69.90	483.50

Note: (A) Local levy for University of South Carolina at Lancaster.

The school district may increase millage annually by the lesser of five mills as authorized by Act 179 or the Act 388 limitations.

Source: Lancaster County Auditor

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total School District Taxable Assessed Value*	Taxable Assessed Value	Rank	Percentage of Total School District Taxable Assessed Value*
Duke Energy Corporation	\$ 7,480,070	1	2.66%	\$ 6,531,160	3	3.73%
The Gillette Company	5,002,145	2	1.78%	7,623,551	2	4.36%
Lancaster Hospital Corp.	4,171,620	3	1.48%	3,432,440	4	1.96%
Springs Global (A)	2,895,751	4	1.03%	10,228,481	1	5.85%
Pulte Home Corporation	2,763,690	5	0.98%			
Springland Associates, LLC	2,217,580	6	0.79%	1,884,270	5	1.08%
Lawson Bend, LLC	1,667,660	7	0.59%			
Haile Gold Mine	1,368,937	8	0.49%			
Wells Real Estate	1,321,166	9	0.47%			
Lancaster Telephone Co.	1,310,660	10	0.47%	1,682,720	6	0.96%
Belden CDT Networking Inc.				1,449,263	7	0.83%
Allegiance Healthcare				961,068	8	0.55%
Boral Bricks				848,860	9	0.49%
Lynches River Electric				753,240	10	0.43%
Total Assessed Value	<u>30,199,279</u>		<u>10.73%</u>	<u>35,395,053</u>		<u>20.24%</u>

**Note:**

\* Taxpayers are assessed on January 1, 2011 for the 2012 fiscal year.

\* Taxpayers are assessed on January 1, 2002 for the 2003 fiscal year.

(A) Springs Global announced that it will cease manufacturing operations in the County August 31, 2007. It will continue a distribution and warehouse operation in the County.

Source: Lancaster County Treasurer

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 24,404,513	\$ 23,665,431	96.97%	\$ 638,311	\$ 24,303,742	99.59%
2004	25,466,486	24,597,425	96.59%	842,273	25,439,698	99.89%
2005	26,883,095	25,801,032	95.97%	1,030,994	26,832,026	99.81%
2006	27,411,596	26,534,399	96.80%	808,756	27,343,155	99.75%
2007	29,100,428	28,968,373	99.55%	57,830	29,026,203	99.74%
2008	29,223,472	29,046,049	99.39%	83,184	29,129,233	99.68%
2009	31,336,975	30,869,911	98.51%	265,253	31,135,164	99.36%
2010	33,443,433	31,342,185	93.72%	1,637,599	32,979,784	98.61%
2011	32,873,081	30,239,000	91.99%	1,836,370	32,075,370	97.57%
2012	35,358,962	33,436,170	94.56%	-	33,436,170	94.56%

Note: Fiscal years 2003-2005 current collections includes collections for previous years levies for vehicle property.

Source: Lancaster County Finance Department

Unaudited



**LANCASTER COUNTY SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE,  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>LEAP Bonds</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2003	\$ 58,470,000		\$ 58,470,000	4.50%	\$ 949
2004	54,320,000		54,320,000	4.07%	869
2005	33,110,000	\$ 70,150,000	103,260,000	7.19%	1,636
2006	31,235,000	70,150,000	101,385,000	6.82%	1,615
2007	29,260,000	70,150,000	99,410,000	6.45%	1,562
2008	27,100,000	70,105,000	97,205,000	5.99%	1,325
2009	25,425,000	69,955,000	95,380,000	5.44%	1,256
2010	22,980,000	69,710,000	92,690,000	5.21%	1,192
2011	20,445,000	69,355,000	89,800,000	4.66%	1,143
2012	17,805,000	68,895,000	86,700,000	Not Available	1,113

Notes: Details regarding the School District's outstanding debt can be found in the notes to the financial statements. Debt reflected includes debt incurred by Lancaster Education Assistance Program (LEAP).

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	LEAP 2004 Bonds	Total	Less Debt Service	Net General Bonded Debt	Percentage of	
						Estimated Actual Taxable Value of Property (A)	Per Capital (B)
2003	\$58,470,000	-	\$ 58,470,000	\$ 1,842,016	\$ 56,627,984	2.06%	\$ 919
2004	54,320,000	-	54,320,000	1,167,846	53,152,154	1.89%	850
2005	33,110,000	\$70,150,000	103,260,000	3,333,819	99,926,181	3.41%	1,583
2006	31,235,000	70,150,000	101,385,000	8,810,915	92,574,085	2.97%	1,475
2007	29,260,000	70,150,000	99,410,000	9,032,290	90,377,710	2.22%	1,420
2008	27,100,000	70,105,000	97,205,000	8,489,977	88,715,023	2.00%	1,209
2009	25,425,000	69,955,000	95,380,000	8,496,059	86,883,941	1.72%	1,145
2010	22,980,000	69,710,000	92,690,000	8,663,461	84,026,539	1.59%	1,080
2011	20,445,000	69,355,000	89,800,000	8,088,532	81,711,468	1.53%	1,040
2012	17,805,000	68,895,000	86,700,000	9,993,022	76,706,978	1.39%	985

Notes: Details regarding the School District's outstanding debt can be found in the notes to the financial statements.

(A) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(B) Population data can be found in the Schedule of Demographic Economic Statistics.

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Lancaster County	\$ 19,840,000	100%	\$ 19,840,000
City of Lancaster	290,000	100%	<u>290,000</u>
Subtotal, Overlapping Debt			<u>20,130,000</u>
District Direct Debt			<u>86,700,000</u>
Total Direct and Overlapping Debt			<u><u>106,830,000</u></u>

Source: Debt outstanding data provided by each governmental unit

Unaudited

LANCASTER COUNTY SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012  
Assessed Value \$ 281,517,018  
Debt Limit ( 8% of Assessed Value) 22,521,361  
Debt Applicable to Limit -  
Legal Debt Margin \$ 22,521,361

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 13,990,486	\$ 14,073,001	\$ 14,322,277	\$ 14,934,568	\$ 18,703,280	\$ 20,061,705	\$ 22,172,641	\$ 22,869,947	\$ 22,026,997	\$ 22,521,361
Total Net Debt Applicable to Limit	6,050,000	-	-	-	-	-	-	-	-	-
Legal Debt Margin	7,940,486	14,073,001	14,322,277	14,934,568	18,703,280	20,061,705	22,172,641	22,869,947	22,026,997	22,521,361
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	43.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes: Pursuant to the provisions of Section 15 of Article X of the Constitution of the State of South Carolina, the District may borrow that sum of money which is equal to 8% of the last completed assessment of all taxable property located in the District without the necessity of conducting a referendum.

Debt reflected is for the School District and does not include debt incurred by Lancaster Education Assistance Program (LEAP).

Source: Finance Department of Lancaster County School District

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Estimated Population (A)</b>	<b>Personal Income (A) (thousands of dollars)</b>	<b>Per Capita Personal Income (A)</b>	<b>School Enrollment (B)</b>	<b>Unemployment Rate (A)</b>
2002	61,590	\$ 1,299,427	\$ 21,513	10,885	7.6%
2003	62,520	1,333,461	21,269	10,888	10.6%
2004	63,135	1,435,222	22,799	10,876	10.7%
2005	62,760	1,485,689	23,560	11,023	8.6%
2006	63,628	1,542,045	21,500	11,171	9.8%
2007	73,393	1,623,406	22,076	11,274	10.9%
2008	75,913	1,752,832	23,102	11,508	11.8%
2009	77,767	1,780,653	22,897	11,401	18.5%
2010	78,582	1,926,356	25,030	11,378	15.8%
2011	77,908	( C )	( C )	11,554	12.7%

**Sources:**

(A) The information includes totals for Lancaster County and was obtained from South Carolina Division of Research and Statistical Services, South Carolina Employment Security Commission and U.S. Bureau of the Census.

(B) Based on 135-day report.

(C) Information not available

**LANCASTER COUNTY SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND TEN YEARS AGO**

Employer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lancaster County School District	1,600	1	5.14%	1,374	2	4.72%
Red Ventures	1,250	2	4.01%			
Lancaster County	743	3	2.39%	426	7	1.46%
Springs Memorial Hospital	700	4	2.25%	800	3	2.75%
Cardinal Health	680	5	2.18%	700	4	2.40%
Continental Tire	400	6	1.28%			
Duracell, USA	395	7	1.27%	601	5	2.06%
Wal-Mart - Indian Land	365	8	1.17%			
Wal-Mart - Lancaster	335	9	1.08%			
Inspiration Ministries	310	10	1.00%			
Springs Global (A)				1,400	1	4.81%
Humana (Kanawha)				560	6	1.92%
Berkshire Weaving				145	8	0.50%
Joslyn Clark Controls				145	9	0.50%
Virtual Image Technologies				125	10	0.43%
<b>Total</b>	<u>6,778</u>		<u>21.77%</u>	<u>6,276</u>		<u>21.55%</u>

Note:

(A) Springs Global ceased manufacturing operations in the County August 31, 2007.  
However, it continues a distribution and warehouse operation in the County.

Source: Lancaster County Chamber of Commerce and the Lancaster News

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,**  
**LAST TEN FISCAL YEARS**

Function/Program	Full-Time-Equivalent District Employees as of June 30										Percentage Change
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Instruction</b>											
Teachers	722	733	753	784	791	819	833	817	739	729	0.97%
Aides	152	158	156	160	167	178	181	178	164	160	5.26%
<b>Total Instruction</b>	874	891	909	944	958	997	1,014	995	903	889	1.72%
<b>Support Services</b>											
Guidance Counselors	23	24	27	31	32	39	42	35	33	33	43.48%
Psychologist and Social Workers	7	7	8	8	9	10	12	12	11	11	57.14%
Media Specialists	18	18	19	20	19	20	20	20	20	20	11.11%
Nurses	17	18	17	20	20	23	23	23	23	23	35.29%
Instructional Staff Services	49	55	51	53	63	65	67	64	60	62	26.53%
Principals	17	17	17	17	17	17	18	18	18	18	5.88%
Assistant Principals	22	22	26	25	26	31	31	30	30	28	27.27%
Instructional Specialists	8	7	8	9	8	7	6	3	3	3	-62.50%
Noninstructional Administrators	23	21	22	26	26	27	27	27	27	26	13.04%
General and Finance Administrative Assistants	66	72	72	74	77	82	89	89	87	87	31.82%
Bus Drivers, Bus Aids and Maintenance	88	85	81	84	87	89	92	94	97	98	11.36%
<b>Total Support Services</b>	338	346	348	367	384	410	427	415	409	409	21.01%
<b>Community Services</b>	37	37	34	35	34	37	36	37	38	38	2.70%
<b>Pupil Activity</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Food Service</b>											
Managers and Clerical	21	21	21	22	22	23	22	23	23	23	9.52%
Cafeteria Staff	104	105	102	107	107	108	105	102	100	100	-3.85%
<b>Total Food Service</b>	125	126	123	129	129	131	127	125	123	123	-1.60%
<b>Total</b>	1,374	1,400	1,414	1,475	1,505	1,575	1,604	1,572	1,473	1,459	6.19%

Source: Lancaster County School District Accounting Department

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
OPERATING STATISTICS,  
LAST TEN FISCAL YEARS**

Fiscal Year	School Enrollment	Operating Expenditures	Cost		Percentage Change	Expenditures	Cost		Percentage Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
			per Pupil	per Pupil			per Pupil	per Pupil				
2003	10,885	\$ 68,622,082	6,304	\$ 53,396,469	0.37%	\$ 4,906	N/A	722	15.08	48%		
2004	10,888	69,027,941	6,340	78,673,327	0.57%	7,226	47.30%	733	14.85	51%		
2005	10,876	73,641,507	6,771	91,046,255	6.80%	8,371	15.85%	753	14.44	51%		
2006	11,023	79,525,498	7,215	96,430,656	6.55%	8,748	4.50%	784	14.06	50%		
2007	11,171	84,296,825	7,546	105,058,923	4.60%	9,405	7.50%	791	14.12	50%		
2008	11,274	94,691,165	8,399	113,329,568	11.30%	10,052	6.89%	819	13.77	49%		
2009	11,508	96,098,397	8,351	110,577,711	-0.58%	9,609	-4.41%	833	13.82	52%		
2010	11,401	95,401,264	8,368	109,574,383	0.21%	9,611	0.02%	817	13.95	54%		
2011	11,378	86,687,084	7,619	101,324,327	-8.95%	8,905	-7.34%	739	15.40	55%		
2012	11,554	88,182,407	7,632	98,017,369	0.18%	8,483	-4.74%	729	15.85	57%		

Notes: N/A = Not Available, Operating expenditures are total expenditures less debt service and capital outlays.

Source: Nonfinancial information from district records.



**LANCASTER COUNTY SCHOOL DISTRICT  
TEACHER BASE SALARIES,  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>County Average Salary (A)</b>	<b>Statewide Average Salary (B)</b>
2003	\$ 27,199	\$ 58,816	\$ 40,055	\$ 40,362
2004	27,377	59,187	40,864	41,162
2005	28,072	60,369	41,268	42,189
2006	28,918	61,546	42,155	43,011
2007	30,145	64,158	44,065	44,336
2008	31,492	67,023	45,673	45,758
2009	32,706	69,607	47,263	47,004
2010	32,706	69,607	48,221	47,421
2011	32,706	69,607	47,741	47,642
2012	32,706	69,607	47,140	47,050

Source: District records  
SC Department of Education.

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION,  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>School</b>										
<b>Elementary School</b>										
Brooklyn Springs(1962)										
Square feet	72,682	72,682	72,682	72,682	72,682	72,682	72,682	72,682	72,682	72,682
Capacity	908	908	908	908	908	908	908	908	908	908
Enrollment	676	592	581	584	575	564	505	440	419	419
Buford(2002)										
Square feet	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capacity	965	965	965	965	965	965	965	965	965	965
Enrollment	807	830	855	863	883	878	865	816	800	800
Central(1957)										
Square feet	24,004	24,004	24,004	24,004	24,004	24,004	24,004	24,004	24,004	24,004
Capacity	238	238	238	238	238	238	238	238	238	238
Enrollment	89	108	108	108	108	107	107	108	108	108
Clinton(1948)										
Square feet	63,460	63,460	63,460	63,460	63,460	63,460	63,460	63,460	63,460	63,460
Capacity	671	671	671	671	671	671	671	671	671	671
Enrollment	473	458	400	387	386	390	398	372	372	372
Erwin(1975)										
Square feet	74,450	74,450	74,450	74,450	74,450	74,450	74,450	74,450	74,450	74,450
Capacity	629	629	629	629	629	629	629	629	629	629
Enrollment	498	473	479	451	426	423	408	408	451	451
Heath Springs(1954)										
Square feet	69,456	69,456	69,456	69,456	69,456	69,456	69,456	69,456	69,456	69,456
Capacity	378	378	378	378	378	378	378	378	378	378
Enrollment	322	320	320	343	357	373	388	396	391	391
Indian Land Elem/Mid(1998)										
Square feet	116,000	116,000	116,000	116,000	116,000	116,000	116,000	116,000	116,000	116,000
Capacity	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006
Enrollment	979	973	1,023	1,077	1,247	1,451	1,090	1,169	1,200	1,200
Kershaw(1952)										
Square feet	59,909	59,909	59,909	59,909	59,909	59,909	59,909	59,909	59,909	59,909
Capacity	646	646	646	646	646	646	646	646	646	646
Enrollment	500	489	482	495	479	462	501	486	466	466
McDonald Green(1949)										
Square feet	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914
Capacity	524	524	524	524	524	524	524	524	524	524
Enrollment	409	436	459	498	502	479	487	469	490	490
North(1966)										
Square feet	90,763	90,763	90,763	90,763	90,763	90,763	90,763	90,763	90,763	90,763
Capacity	855	855	855	855	855	855	855	855	855	855
Enrollment	586	569	572	578	618	636	644	668	689	689
Southside(1954)										
Square feet	23,466	23,466	23,466	23,466	23,466	23,466	23,466	23,466	23,466	23,466
Capacity	315	315	315	315	315	315	315	315	315	315
Enrollment	1	-	-	2	3	2	-	1	-	-
<b>Middle School</b>										
A.R. Rucker(2002)										
Square feet	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Capacity	916	916	916	916	916	916	916	916	916	916
Enrollment	653	695	633	577	528	509	511	519	528	528
Andrew Jackson(1984)										
Square feet	82,939	82,939	82,939	82,939	82,939	82,939	82,939	82,939	82,939	82,939
Capacity	653	653	653	653	653	653	653	653	653	653
Enrollment	458	446	476	470	484	487	474	482	495	495
Buford(1956)										
Square feet	59,258	59,258	59,258	59,258	72,041	72,041	72,041	72,041	72,041	72,041
Capacity	683	683	683	683	859	859	859	859	859	859
Enrollment	442	435	454	444	465	439	449	443	488	488

(Continued on Next Page)

**LANCASTER COUNTY SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION,  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>School</b>										
<b>Middle School (Continued)</b>										
Indian Land(1981)										
Square feet	-	-	-	-	-	100,948	100,948	100,948	100,948	100,948
Capacity	-	-	-	-	-	750	750	750	750	750
Enrollment	-	-	-	-	-	N/A	507	521	535	535
South(1962)										
Square feet	94,009	94,009	94,009	94,009	108,509	108,509	108,509	108,509	108,509	108,509
Capacity	1,019	1,019	1,019	1,019	1,151	1,151	1,151	1,151	1,151	1,151
Enrollment	827	772	815	769	733	691	639	626	598	598
<b>High School</b>										
Andrew Jackson(1969)										
Square feet	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515
Capacity	788	788	788	788	788	788	788	788	788	788
Enrollment	548	545	513	506	577	582	621	610	615	615
Buford(1993)										
Square feet	133,503	133,503	133,503	133,503	133,503	133,503	133,503	133,503	133,503	133,503
Capacity	599	599	599	599	599	599	599	599	599	599
Enrollment	467	485	514	501	555	582	602	588	567	567
Indian Land(1981)										
Square feet	88,498	88,498	88,498	88,498	88,498	-	-	-	-	-
Capacity	624	624	624	624	624	-	-	-	-	-
Enrollment	397	390	415	481	525	-	-	-	-	-
Indian Land(2008)										
Square feet	-	-	-	-	-	142,657	142,657	142,657	142,657	142,657
Capacity	-	-	-	-	-	800	800	800	800	800
Enrollment	-	-	-	-	-	557	597	639	655	655
Lancaster(1993)										
Square feet	319,755	319,755	319,755	319,755	319,755	319,755	319,755	319,755	319,755	319,755
Capacity	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749
Enrollment	1,752	1,872	1,776	1,768	1,718	1,662	1,715	1,640	1,511	1,511
<b>Other</b>										
Lancaster										
Vocational(1964)	79,233	79,233	79,233	79,233	79,233	79,233	79,233	79,233	79,233	79,233
Rice Building(1956)	16,556	16,556	16,556	16,556	16,556	16,556	16,556	16,556	16,556	16,556
Barr Street(1956)	48,849	48,849	48,849	48,849	48,849	48,849	48,849	48,849	48,849	48,849
Learn TV(1993)	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448
Bus Office Buford(2001)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Catawba St. Administrative	5,863	5,863	5,863	5,863	5,863	5,863	5,863	5,863	5,863	5,863
Springdale Rd. Maintenance	-	-	-	-	-	-	-	-	-	40,949

Note: Springdale Road Maintenance buildings purchased in 2012.

New Indian Land High School constructed in 2008. Old Indian Land High became new middle school and elementary/  
middle became Indian Land Elementary.

N/A - Not Available

Source: District records.

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## **SINGLE AUDIT SECTION**

# McGregor & COMPANY<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS | SINCE 1930

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

C.C. McGregor, CPA 1906-1968	<b>PARTNERS</b>			<b>ASSOCIATES</b>	
	W.C. Stevenson, CPA	D.L. Richardson, CPA	D.K. Strickland, CPA	V.K. Laroche, CPA	G.P. Davis, CPA
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA
	G.D. Skipper, CPA	S.S. Luoma, CPA	L.H. Kelly, CPA	M.L. Layman, CPA	K.B. Snipes, CPA
	L.R. Leaphart, Jr, CPA	T.M. McCall, CPA		P.A. Betette, Jr, CPA	D.M. Herpel, CPA
	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	T.H. Moran, CPA
	W.W. Francis, CPA	L.B. Salley, CPA		C.D. Hinchee, CPA	J.R. Lebednik, CPA
				J.R. Matthews, II, CPA	A.M. Kenney, CPA
				D.E. Knobloch, CPA	

## 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 Honorable Chairman and  
Board of Trustees  
Lancaster County School District  
Lancaster, South Carolina

We have audited the financial statements of the government activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lancaster County School District as of and for the year ended June 30, 2012, which collectively comprise Lancaster County School District's basic financial statements and have issued our report thereon dated November 9, 2012. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of Lancaster County School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Lancaster County School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lancaster County School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lancaster County School District's internal control over financial reporting.

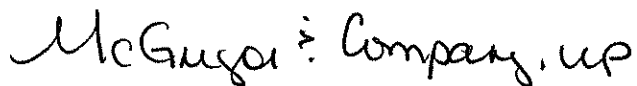
A deficiency in internal control exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

#### **Compliance and Other Matters**

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

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

A handwritten signature in cursive script that reads "McGuire & Company, LLP".

Columbia, South Carolina  
November 9, 2012

# McGregor & COMPANY<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS | SINCE 1938

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

C.C. McGregor, CPA 1906-1968	<b>PARTNERS</b>			<b>ASSOCIATES</b>	
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				J.R. Matthews, II, CPA	A.M. Kenney, CPA
				D.E. Knobloch, CPA	

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Chairman and  
Board of Trustees  
Lancaster County School District  
Lancaster, South Carolina

### Compliance

We have audited the compliance of Lancaster County School District with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. Lancaster County School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lancaster County School District's management. Our responsibility is to express an opinion on Lancaster County School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lancaster County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lancaster County School District's compliance with those requirements.

In our opinion, Lancaster County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.



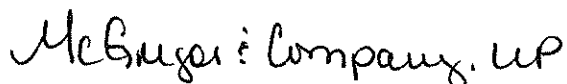
## Internal Control Over Compliance

The management of Lancaster County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lancaster County School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lancaster County School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Columbia, South Carolina  
November 9, 2012

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

**Part I Summary of Auditors' Results**

**Financial Statements**

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? \_\_\_\_\_ Yes   X   No

Significant Deficiencies Identified That Are Not  
Considered To Be Material Weaknesses \_\_\_\_\_ Yes   X   None Reported

Noncompliance Material to Financial Statements  
Noted \_\_\_\_\_ Yes   X   No

**Federal Awards**

Internal Control Over Major Federal Programs:

Material Weakness(es) Identified? \_\_\_\_\_ Yes   X   No

Significant Deficiencies Identified That Are Not  
Considered To Be Material Weaknesses \_\_\_\_\_ Yes   X   None Reported

Type of Auditors' Report Issued on Compliance for Major Federal Programs: Unqualified

Any Audit Findings Disclosed That are Required  
To be Reported in Accordance With  
Section 510(a) of OMB Circular A-133 \_\_\_\_\_ Yes   X   No

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

**Part I Summary of Auditors' Results (Continued)**

**Identification of Major Federal Programs:**

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.500, 10.553	
10.555	Child Nutrition Cluster
93.600, 93.709	Early Head Start Cluster

Dollar Threshold Used to Distinguish Between Type A and Type B Programs  
\$ 400,606.

Auditee Qualified as Low-Risk Auditee?        X   Yes             No

**Part II Findings Related to Financial Statements**

**None**

**Part III Findings Related to Federal Awards**

**None**

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2012**

**Summary of Prior Year Findings**

None

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2012

LEA Subfund Code	Federal/State Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<b>U. S. Department of Education</b>				
Direct:				
871	Lancaster County Alcohol Prevention	84.184A	Q184A080062	\$ 23,094
806	Physical Education Enhancement Program	84.215F	Q215F080109-10	12,500
839	Extended School Year	12.000	N/A	77
890	GEAR UP	84.334A	P334A050118	34,981
861	GEAR UP	84.334A	P334A080033	500,165
Passed Through SDE:				
243	Adult Education	84.002	12EA049	120,824
243	Adult Education	84.002	12ED049	4,700
Title I Cluster				
201	Title I	84.010	12BA049	3,974,783
237	Title I School Improvements	84.010	12BJ049	135,803
222	Title I - ARRA	84.389	09SA049	742
223	Title I School Improvement - ARRA	84.389	10SJ049	2,095
Total for Title I Cluster				<u>4,113,423</u>
IDEA Cluster				
203	IDEA	84.027	12CA049	1,584,975
205	Special Education Pre-school Grant	84.173	12CG049	129,527
215	IDEA - ARRA	84.391	12SC049	34,876
Total for IDEA Cluster				<u>1,749,378</u>
207	Vocational Education	84.048	12VA049	176,629
224	21st Century Community Learning Centers	84.287C	12CL049	172,868
251	Title VI - Rural/Low Income	84.358B	12BS049	254,823
264	Language Instruction for Limited English Title III	84.365	12BP049	86,287
267	Improving Teacher Quality Title II	84.367A	12TQ049	477,155
<b>Total U. S. Department of Education</b>				<u><u>7,726,904</u></u>
<b>U. S. Department of Agriculture</b>				
Passed Through SDE:				
Child Nutrition Cluster (Major Program)				
Non-Cash Assistance (Commodities):				
600	National School Lunch Program	10.500	N/A	\$ 363,483
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	816,220
600	School Lunch Program	10.555	N/A	2,697,967
Total for Program (Cluster)				<u><u>3,877,670</u></u>
600	School Lunch Program Aid	10.565	N/A	7,438
600	Food Service Equipment - ARRA	10.579	11NS049	10,988
<b>Total U. S. Department of Agriculture</b>				<u><u>3,896,096</u></u>

(Continued on next page)

LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2012

LEA Subfund Code	Federal/State Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
<b>U. S. Department of Health and Human Services</b>				
Direct:				
812	Good Behavior Game Replication Project	93.243	10SM60292A	\$ 108,800
Passed Through SCDDC:				
Head Start Cluster (Major Program)				
826	Early Head Start	93.600	04CH4608/08	74,024
827	Early Head Start	93.600	04CH4608/07	610,206
832	Early Head Start Expansion Program - ARRA	93.709	04SA4608/2	88,661
845	Early Learning Mentor Coaches - ARRA	93.709	90SU0021/01	119,837
Total for Head Start Cluster				892,728
<b>Total U. S. Department of Health And Human Services</b>				<u>1,001,528</u>
<b>Corporation for National and Community Service</b>				
Passed Through SDE:				
276	AmeriCorps	94.006	11AC127700	103,082
<b>Total Corporation for National and Community Service</b>				<u>103,082</u>
<b>U. S. Department of Defense</b>				
Direct:				
270	Army ROTC	12.000	N/A	246,665
<b>Total U.S. Department of Defense</b>				<u>246,665</u>
<b>U. S. Department of Justice</b>				
Direct:				
818	Supporting Teens Through Education & Protection Act of 2005	16.684	2011GW-AX-K005	143,907
<b>Total U.S. Department of Justice</b>				<u>143,907</u>
<b>U. S. Department of Labor</b>				
Direct:				
857	Youth Build	17.274	YB21730-11	183,127
Passed Through SCDEW:				
851	WIA Youth Activities - Jobs for SC Graduates	17.259	11JAG107	52,210
<b>Total U.S. Department of Labor</b>				<u>235,337</u>
<b>Total Federal Awards Expended</b>				<u><u>13,353,519</u></u>

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lancaster County School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.