

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2013

ISSUED BY
LANCASTER COUNTY SCHOOL DISTRICT

GENE MOORE, ED.D.
SUPERINTENDENT

PREPARED BY
FINANCE DEPARTMENT

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	PAGE
Title Page	
Table of Contents	
INTRODUCTORY SECTION:	
Letter of Transmittal	1-8
Organizational Chart	9
School District Officials	10
Certificate of Achievement for Excellence in Financial Reporting	11
FINANCIAL SECTION:	
Independent Auditors' Report	12-14
Management's Discussion and Analysis	15-24
Basic Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Balance Sheet - Governmental Funds	27
Reconciliation of Governmental Funds Balance Sheet with the Statement of Net Position	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	29
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statement of Activities	30
Statement of Net Position - Proprietary Fund	31
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	32
Statement of Cash Flows - Proprietary Fund Type - Food Service Fund	33
Statement of Assets and Liabilities - Fiduciary Fund - Agency	34
Notes to Financial Statements	35-55

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	PAGE
Required Supplementary Information:	
Budgetary Comparison Schedule for the General Fund	56
Combining and Individual Fund Schedules:	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	57-62
Special Revenue Fund:	
Special Revenue Fund - Special Projects Fund Excluding Education Improvement Act – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	63-71
Special Revenue Fund - Special Projects Fund Excluding Education Improvement Act, Schedule of Subfund Listings	72
Special Revenue Fund - Special Projects Fund Summary Schedule for Designated State Restricted Grants	73
Special Revenue Fund - Education Improvement Act - Schedule of Revenues, Expenditures and Changes in Fund Balance	74-77
Special Revenue Fund - Education Improvement Act - Summary Schedule by Program	78
Debt Service Fund:	
Debt Service Fund - District - Schedule of Revenues, Expenditures and Changes in Fund Balance	79
Debt Service Fund - LEAP - Schedule of Revenues, Expenditures and Changes in Fund Balance	80

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	PAGE
Combining and Individual Fund Schedules: (Continued)	
Capital Projects Fund:	
Capital Projects Fund - District - Schedule of Revenues, Expenditures and Changes in Fund Balance	81
Capital Projects Fund - LEAP - Schedule of Revenues, Expenditures and Changes in Fund Balance	82
Proprietary Fund:	
Food Service Fund - Schedule of Revenues, Expenses and Changes in Net Position	83
Fiduciary Fund:	
Pupil Activity Fund - Schedule of Receipts, Disbursements and Changes in Amounts Due to Student Organizations	84-85
Pupil Activity Fund - Statement of Changes in Assets and Liabilities	86
Component Unit:	
The Discovery School – Statement of Financial Position	87
The Discovery School – Statement of Activities	88
Additional Schedules Required by the South Carolina Department of Education:	
Detailed Schedule of Due to State Department of Education/Federal Government	89
Location Reconciliation Schedule	90
STATISTICAL SECTION:	
Net Position by Component	91
Expenses, Program Revenues, and Net (Expenses)/Revenues, General Revenues and Total Change in Net Position	92-93
Fund Balances, Governmental Funds	94

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	PAGE
STATISTICAL SECTION: (Continued)	
Governmental Funds Revenues, Expenditures, Debt Service Ratios and Other Financing Sources and Uses and Net Change in Fund Balances	95
Assessed Value and Estimated Actual Value of Taxable Property	96
Direct and Overlapping Property Tax Rates	97
Principal Property Taxpayers	98
Property Tax Levies and Collections	99
Ratios of Outstanding Debt by Type	100
Ratio of General Bonded Debt Outstanding	101
Direct and Overlapping Governmental Activities Debt	102
Legal Debt Margin Information	103
Demographic and Economic Statistics	104
Principal Employers	105
Full-time Equivalent School District Employees by Function/Program	106
Operating Statistics	107
Teacher Base Salaries	108
School Building Information	109-110
SINGLE AUDIT SECTION:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111-112
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	113-114
Schedule of Findings and Questioned Costs	115-116
Summary Schedule of Prior Audit Findings	117
Schedule of Expenditures of Federal Awards	118-119
Notes to the Schedule of Expenditures of Federal Awards	120

INTRODUCTORY SECTION



November 19, 2013

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, 2013. 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 1st 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

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 2012-2013 year totaled 11,580 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 considered stable and is currently experiencing expansion of both residential and commercial growth along its northern border.

Lancaster is also home to the USC-Lancaster, one of the four 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 1,750 full and part-time students from a service area of six counties (Lancaster, Chester, Chesterfield, Kershaw, Fairfield, and York). USC-Lancaster continues to expand and will be opening a new building of classrooms in the fall of 2014. Likewise, York Technical College maintains a campus in Chester and Kershaw.

Local Economy

The County is located along the northern border of South Carolina, approximately 21 miles south of Charlotte, North Carolina. The County’s location provides access to transportation such as Charlotte-Douglas International Airport and highway corridors including I-485, I-77 and U.S. 521. As Charlotte has grown, so also has the northern “panhandle” area of the County where planned development districts account for an estimated 15,000 home permits currently permitted or under construction. The majority of these are single family homes ranging in value from \$200,000 to over \$1 million. Included in these numbers is the 1,800-acre Sun City Carolina Lakes Retirement Community which is located approximately 25 miles south of Charlotte on Highway 521 in the County.

Carolina Reserve, a new 400-home community in Indian Land, is being developed by the Lennar Group. Four distinct neighborhoods feature traditional family homes and also more compact, one-story homes with maintained yards. Amenities include a pool and a clubhouse, and 70 acres of community green space featuring Six Mile Creek and its tributaries which run through the community.

In addition to its growth in residential properties, the County's manufacturing and retail tax base is continuing to expand and diversify. Both the County and the Lancaster County Economic Development Corporation (LCEDC) are members of the 16-county Charlotte Regional Partnership, which provides marketing efforts and business and industry recruitment for its members. LCEDC's job recruitment efforts rank 5th among the 46 counties in the State since 2006. From 2006-2012, approximately 5,892 jobs were created in the County and \$529.1 million in new investment was generated. The County continues to be among the fastest growing counties in the State. The County is home to a variety of industries such as Accutrex Products, Bowers Fibers, CardinalHealth, Procter & Gamble-Duracell, Kennametal, Thomas & Betts, Verian Technologies and U.S. Textiles Corporation, including international companies such as Gerdau Ameristeel of Brazil, manufacturer of railroad spikes; and Nibrol of Sweden, manufacturer of textile components for window blinds.

The 67-acre Heath Springs Industrial Park located on US 521 in the Heath Springs and Kershaw areas of the County is attracting new business and industry to the County's southern end. The park is a Class A SC Certified Industrial Park and has rail access via the L&C Railway. In addition, improvements have been made to the 120-acre Kershaw Industrial Park on US 601 owned by the Town of Kershaw offering land at no cost to qualified companies, and all utilities available.

In late 2012, the County began construction on the new 101-acre Lancaster County Air-Rail business park located on Highway 9 near the Lancaster County Airport. The park has access to the L&C Railway, Norfolk-Southern and CSX main lines. With an anticipated completion date of the fall of 2013, its first tenant will be the Fancy Pokket bakery company from New Brunswick, Canada.

A new 50,000 square-foot Publix grocery store on a 30-acre parcel of land will anchor the Cross Creek Center shopping center which is located off U.S. Highway 521 across from Indian Land Middle School. The Indian Land store will be the first in this area of the Upstate. The development includes 14,000 to 28,000 square feet of individual retail space with approximately half of the initial 14,000 square-foot space already leased.

Additionally, a new nine-tenant retail building near the Wal-Mart and McDonald's in Indian Land on U.S. Highway 521 has been developed, increasing the commercial growth in the "panhandle" area of the County. Six tenants have already leased space in the 16,010 square-foot building.

The County's local economy is becoming more diversified, as evidenced by the following recent announcements:

- In June, 2013, Fancy Pokket Corporation, a Canadian-based manufacturer of bakery products, announced plans to establish a new gluten-free production facility in the County by building a new 57,000 square-foot baking plant in the Air-Rail Business Park. The company will manufacture its range of gluten-free products such as conventional bread, hot dog and hamburger buns, bagels, pizza crust, flatbread and desserts. Fancy

Pokket hopes to be fully operational by early 2014, and plans to provide these products to customers nationally and internationally. The \$13 million investment is expected to generate 68 new jobs over the next five years.

- The Cooley Group began production in the County in 2002 by making plastic coated membranes and printing media (such as billboards and signage) on large machines that resemble a printing press. In May, 2012, the Cooley Group announced plans to double its employment to 120 over the next 18 months. The company expects to spend approximately \$10 million during the expansion to add machinery at its plant. Cooley's Enviroflex PE material, which is 100% recyclable and flame-retardant, was used to completely surround the open-air metal structure on the outside of London's Olympic Stadium.
- Red Ventures, located in the 521 Corporate Park in Indian Land, expanded its facility in June 2010 by acquiring seven acres adjacent to their current property. In May, 2012, the company announced plans to add about 200 positions to its Indian Land headquarters which will boost the company's employment in the County to more than 950. In August, 2012, the company announced the purchase of an additional 16 acres on which it will construct its third building. A ground-breaking ceremony was held in April, 2013 on the new four-story, 180,000 square-foot building which will house and expand employee amenities. Red Ventures' existing employee amenities include an indoor basketball court, running track, fitness center, locker rooms, putting green and a gourmet café/bistro. New amenities will include a yoga studio, cycling room and a bowling alley in the basement. Future plans call for an amphitheater and a multi-purpose recreation field, both of which will include events open to the public. The company hopes to add 1,000 new employees over the next five to seven years. Red Ventures, a rapidly growing internet marketing firm, has twice been named the best place to work in the Charlotte region and has twice been ranked among the 20 fastest-growing companies on the Inc. 500 list. Construction on the new building is expected to be complete by April or May of 2014.
- Haile Gold Mine was purchased by Romarco Minerals in 2007 and is presently undergoing environmental permitting to construct a mine near the Town of Kershaw. Located in the historic Andrew Jackson Recreation Center, Haile Gold Mine has done drilling and other exploratory work across portions of the 4,040 acres. An 8,300 square-foot mineral lab is already operating in the park. The company's expectations are to extract and process 150,000 ounces of gold per year for at least 13 years once the mine is constructed. With 125 employees to date, future plans call for hiring 500 construction workers and maintaining approximately 300 permanent jobs after the mine is built. Haile Gold Mine has spent approximately \$250 million on drilling, purchasing the site, opening the mineral lab and employing the workers, and hopes to secure the permits to increase its investment to \$300 million to build the gold mine. The U.S. Army Corps of Engineers expects to complete an environmental-impact statement in July 2014. The School District cannot predict when or if such permits will ultimately be issued.

Lancaster County's unemployment rate for August 2013 was 10.10%, down from the rate one year ago of 12.10%. The state average for August 2013 was 8.10%.

Long-Term Financing

The district maintains a capital improvement schedule and a technology 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 has been held fairly flat over the past few years even with the recent issuance of debt for construction of a new elementary school to be completed for use by FY 2015. The district recognized considerable savings during the year through refunding existing installment debt at reduced interest rates.

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 community partner grants:**
 - Teen Pregnancy Prevention - \$200,000
 - Rural Violence - \$738,000
 - DAODAS - \$100,000
 - Hospitality Tax - \$50,000
- **Honors and Awards**
 - **114 teachers who have earned National Board certification**
 - **45 South Carolina Junior Scholars**
 - **13 Duke TIP 2013 Scholars Qualifying for State Recognition**
 - **2012 ING Unsung Hero Award - Andrea Price, Indian Land High**
 - **2012 SCASA Personnel Director of the Year - Gwendolyn Conner, Human Resources Director**
 - **2012 SCSPA All-State Award & 2012 SCSPA Palmetto Award for Best Book in Class III Schools - *The Rambler*, Lancaster High**

- **2013 S.C. Junior Civinette Community Project of the Year & 2013 S.C. Junior Civinette FunFest Award** - Lancaster High Junior Civinette Chapter
- **2013 International Junior Civitan Chairperson of the Year** - Richard Gay, Lancaster High
-
- **2013 S.C. Junior Civitan Area I Lt. Governor** - Dilon Patel, Lancaster High
-
- **2013 S.C. Junior Civitan State Chaplain** - Adam Bailey, Lancaster High
-
- **2013 S.C. International Junior Civitan Fellow & 2013 S.C. Junior Civitan District Honor Key**- Josh Cato, Lancaster High
-
- **2013 International Junior Civitan of the Year, 2013 International Junior Civitan Fellow, 2013 S.C. Junior Civitan President of the Year, 2013 S.C. Junior Civitan With Most Service Hours, & 2013 S.C. Junior Civitan of the Year**-Colton Crenshaw, Lancaster High
-
- **2013 International Junior Civitan Club of the Year, 2013 International Junior Civitan Honor Club, 2013 S.C. Junior Civitan Club of the Year, & 2013 S.C. Junior Civitan Claude Wilkes Attendance Award**-Lancaster High Junior Civitan Chapter
-
- **2012 S.C. Dept. of Education's Palmetto Gold Awards**
 - o Andrew Jackson High
 - o Buford High
 - o Discovery School
 - o Indian Land Elementary
 - o Indian Land High
 - o Indian Land Middle
 - o McDonald Green Elementary
 - o North Elementary
-
- **2012 S.C. Dept. of Education's Palmetto Silver Awards**
 - o Buford Elementary
 - o Buford Middle
 - o Clinton Elementary
 - o Indian Land Elementary
-
- **2013 S.C. Athletic Administrators Assoc. Class AAAA Principal of the Year** - Joe Keenan, Lancaster High
-
- **2013 S.C Athletic Administrators Assoc. Class AAAA Athletic Director of the Year** - Mark Strickland, Lancaster High

- **2013 Class AA All-State Wrestling Team & 2013 Class A-AA All-State Wrestling State Champion** - Dylan Altman, Buford High
- **2013 Class AA All-State Wrestling Team** - Josh Mullens, Buford High
- **2013 Class AA All-State Basketball Team**
 - Rakym Felder, Indian Land High
 - Bri Wright, Andrew Jackson High
 -
- **2013 North-South All-Star Football Game Assistant Coach** - Michael Mayer, Indian Land High
- **2013 Disney Dreamers Academy Essay Contest State Winner** - Kendra Smith, Indian Land High
- **2012 SCASA Middle School Principal of the Year**-David McDonald, Indian Land Middle
- **2012 National School to Watch**
 - Indian Land Middle (re-certified)
 - South Middle
- **2013 ACDA National Honor Choir** - Allie Dabney, Lexi Fletcher, Marisa Fletcher, Amanda Mobley, Lauren Rowell and Brittany Williams - Andrew Jackson High
- **S.C. Coaches Association for Women's Sports 2012 Volleyball All-State Team**
 - Haley Faulkenberry, Andrew Jackson High
 - Summer Mungo, Buford High
- **2012 S.C. State FFA Tractor Driving Competition Winning Team** - Thomas Bailey, Daniel Faulkenberry, Brandon Mungo, Manning Taylor – Andrew, Jackson High
- **2012 S.C. Association of Conservation District's Poster Contest Winners** -
 - Matthew Rockholt, Buford Elementary
 - Carly Snyder, Andrew Jackson High
 - Emily Taylor, Buford Elementary
- **2012 S.C. Association of Conservation District's Photo Contest Winner for Conservation Practices and Close-Up Conservation** - Hailey Nicholson, Indian Land High
- **2013 Governor's Committee on Employment of People with Disabilities Journalism Contest Winner** - Parker Melton, Buford High

School District Focus

Controls put in place with the FY 2011-2012 budget resulted in savings and an increase in fund balance for year-end of \$3,159,104. The focus in building the FY 2012-2013 budget was on moving forward with plans to build, furnish, and staff a new elementary school, moving forward with restoring steps in salaries that had previously been froze, and maintaining quality education for our students. The FY 2012-2013 budget was balanced using \$954,973 in equity. There was no increase to operating millage of 140 mills as we planned for construction of a new school which included an increase in debt service millage of 3.5 mills for a total of 47 mills. Overall state funding was estimated to increase by 11.88% or \$3,996,574. Even with this increase, state funding was still down by almost \$1.94 million when compared to FY 2008-2009 budgeted state funding. For the first time in four years there was a 2% increase in the payroll schedules for inflation. In addition to a normal step increase the district also made-up one of the 2 missed payroll steps from previous years that had been frozen. Teacher/pupil class ratios remained high.

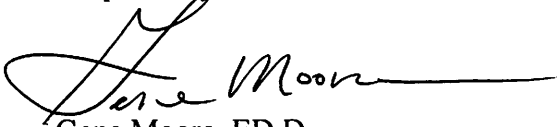
Awards and Acknowledgments

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, 2012. This was the ninth 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,



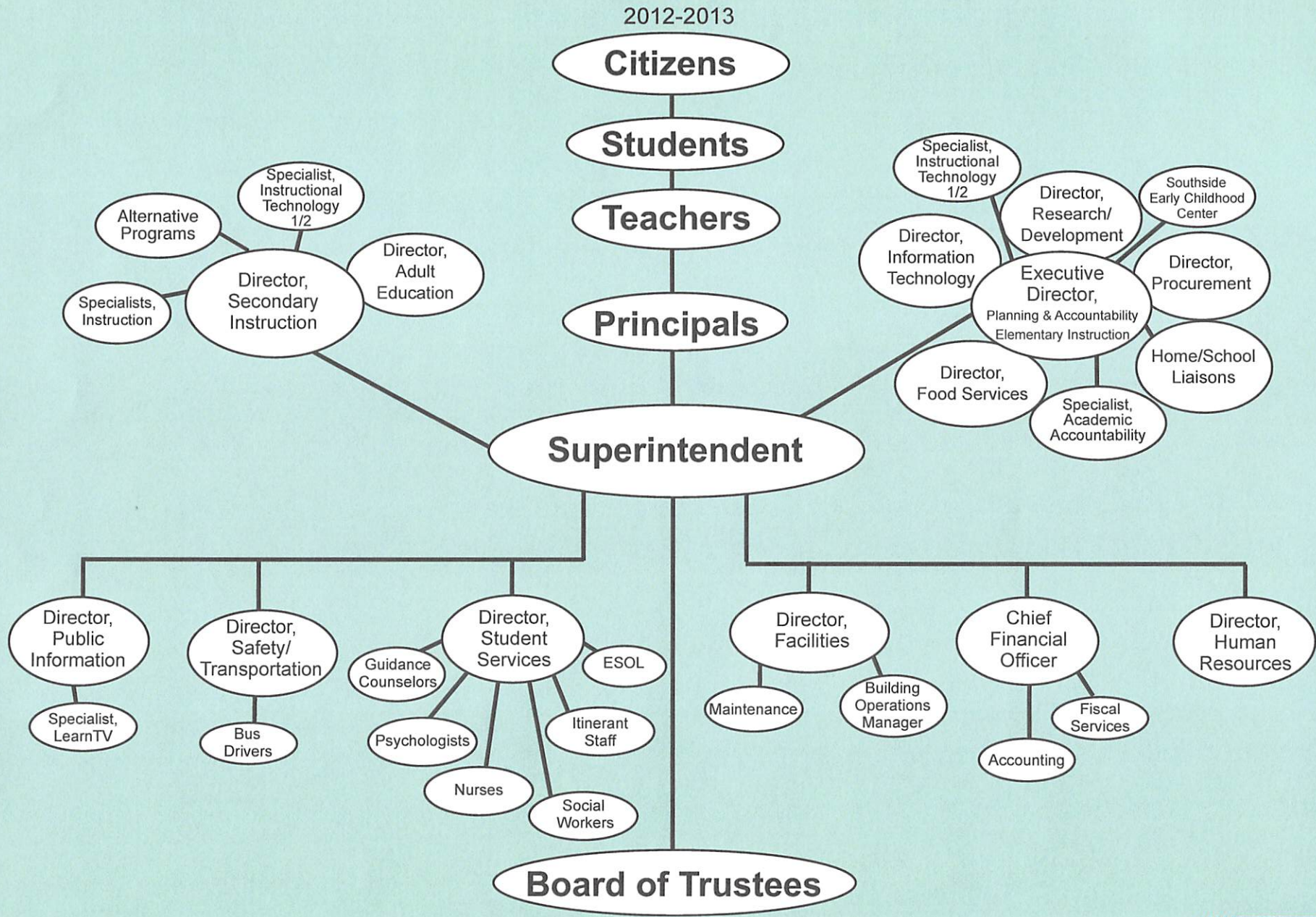
Gene Moore, ED.D.
Superintendent



Tony Walker, CPA
Chief Financial Officer

Organizational Chart

6



LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SCHOOL DISTRICT OFFICIALS

JUNE 30, 2013

Board of Trustees

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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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**Lancaster County
School District
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

FINANCIAL SECTION

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T.L. Hartley, CPA
H.O. Crider, Jr, CPA

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2013, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2013, 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.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15 through 24 and page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lancaster County School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic 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 basic 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 basic 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

The introductory and statistical sections have 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013, on our consideration of Lancaster County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lancaster County School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "McGuire Company, LLP". The signature is written in a cursive, flowing style.

Columbia, South Carolina
November 15, 2013

**Lancaster County School District
Management's Discussion and Analysis
Year Ended June 30, 2013**

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, 2013. 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 2012-2013 are as follows:

- The assets of the district exceeded its liabilities at the close of the fiscal year ended June 30, 2013 yielding a net position of approximately \$67 million. Of this amount, approximately \$20 million (unrestricted net position) may be used to meet the district's ongoing obligations.
- The district's total net position increased by approximately \$5.7 million. The major factors affecting the change in net position included a decrease in cash of approximately \$6.6 million that was being held as a cash reserve on long-term installment debt. This debt was refunded during the year and the reserve was used in the refunding. Long-term bonds were sold during the year accounting for an increase in Due from County of approximately \$17.1 million. Noncurrent liabilities increased approximately 4.16 million.
- As of the close of the current fiscal year, the district's governmental funds reported combined ending fund balances of approximately \$41.6 million, an increase of approximately \$9.9 million. Approximately 36.73% of this total amount, \$15.3 million is unassigned.
- The unassigned fund balance for the general fund was \$15,269,599 or 86.04%. This represents a \$702,135 increase from the prior year.
- The district's long-term liabilities increased by \$4,165,703 during the year. This was primarily due to the issuance of long-term bonds during the year.
- The District implemented Governmental Accounting Standards Board ("GASB") Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" ("GASB #63" or "Statement") in 2013. This Statement establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, "Elements of Financial Statements". In Concepts Statement No. 4, the GASB defines a deferred outflow of resources as a consumption of net assets by a government that is applicable to a future reporting period; a deferred inflow of resources as an acquisition of net assets by a government that is applicable to a future reporting period; and net position as the residual of all other elements presented

in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB #63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of financial position. Since the District had no deferred outflows or inflows of resources at June 30, 2013, the District's implementation of GASB #63 had no material effect on the presentation of its 2013 financial statements.

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 position includes all of the district's assets and liabilities, with the difference between the two reported as net position. 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 (Discovery School of Lancaster County) 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 Discovery School is reported separately from the financial information presented for the primary government itself. Additional information on the District's component units can be found on pages 35-36

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 25-26 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 Position" 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 27 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 35-55 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 56 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The district's net position was more on June 30, 2013 than it was the year before, increasing to \$67,071,066, (See figure A-1). Most of the increase in the district's financial position came from its governmental activities, the net position of which increased \$5,640,819 to \$65,529,373. The net position of the district's business-type activities increased \$49,234 to \$1,541,693.

Figure A-1

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 13	FY 12	FY 13	FY 12	FY 13	FY 12
Current Assets	\$ 56,540,734	\$ 45,973,551	\$1,121,884	\$1,052,150	\$ 57,662,618	\$ 47,025,701
Capital Assets	113,983,688	115,058,421	455,985	470,369	114,439,673	115,528,790
Total Assets	170,524,422	161,031,972	1,577,869	1,522,519	172,102,291	162,554,491
Total Current Liabilities	12,546,720	12,860,792	36,176	30,060	12,582,896	12,890,852
Total Noncurrent Liabilities	92,448,329	88,282,626	0	0	92,448,329	88,282,626
Total Liabilities	104,995,049	101,143,418	36,176	30,060	105,031,225	101,173,478
Net Position						
Net Investment						
In Capital Assets	22,739,357	27,972,214	455,985	470,369	23,195,342	28,442,583
Restricted	23,821,437	16,610,712	0	0	23,821,437	16,610,712
Unrestricted	18,968,579	15,305,628	1,085,708	1,022,090	20,054,287	16,327,718
Total Net Position	65,529,373	59,888,554	1,541,693	1,492,459	67,071,066	61,381,013

The district's financial position is the product of many factors. Funds available for capital projects were increased during the year by \$12,692,557. Property taxes receivables increased by \$381,527 over the prior year for a total of \$2,613,114. Accounts receivable increased by \$99,892 over the prior year for a total of \$260,556. There was a net decrease of \$1,089,117 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 increased by \$4,165,703 mostly due to the issuance of long-term general obligation debt and the refunding of installment debt during the year. Compensated absences of \$1,167,185 are reflected in the government-wide financial statements.

Changes in Net Position:

The district's total revenues for the fiscal year ended June 30, 2013 were \$114,960,623 (see figure A-2). Property taxes accounted for 32.59 percent of the district's revenue. Grants accounted for 65.90 percent, with the remaining 1.51 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, 2013 was \$109,270,570 (see figure A-2). The district's expenses are predominantly related to instruction (53.95 percent). The district's support services accounted for 36.41 percent and business activities accounted for 4.72 percent of total cost. Community services, pupil activities, intergovernmental and interest on long-term debt made up the remaining 4.92 percent.

Both governmental activities and business-type activities increased over the prior year. Total revenues surpassed expenses increasing net position \$5,690,053.

Figure A-2 Condensed Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 13	FY 12	FY 13	FY 12	FY 13	FY 12
Program Revenues						
Charges for Services	\$ 50,572	\$ 86,903	\$ 1,550,131	\$ 1,611,509	\$ 1,600,703	\$ 1,698,412
Operating Grants	71,820,962	67,418,258	3,939,279	3,899,979	75,760,241	71,318,237
Capital Grants	0	3,119	0	0	0	3,119
General Revenues						
Property Taxes	37,461,700	35,806,753	0	0	37,461,700	35,806,753
Insurance Proceeds	0	0	0	0	0	0
Other	137,979	225,169	0	765	137,979	225,934
Total Revenues	109,471,213	103,540,202	5,489,410	5,512,253	114,960,623	109,052,455
Program Expenses						
Instructional	58,954,051	55,826,663			58,954,051	55,826,663
Support Services	39,781,575	36,413,973			39,781,575	36,413,973
Food Service	0	0	5,152,584	4,919,588	5,152,584	4,919,588
Other	5,382,360	5,776,733			5,382,360	5,776,733
Total Expenses	104,117,986	98,017,369	5,152,584	4,919,588	109,270,570	102,936,957
Excess (Deficiency)						
Before Transfers	5,353,227	5,522,833	336,826	592,665	5,690,053	6,115,498
Transfers In/(Out)	287,592	235,169	(287,592)	(235,169)	0	0
Changes in Net Position	5,640,819	5,758,002	49,234	357,496	5,690,053	6,115,498

Governmental Activities:

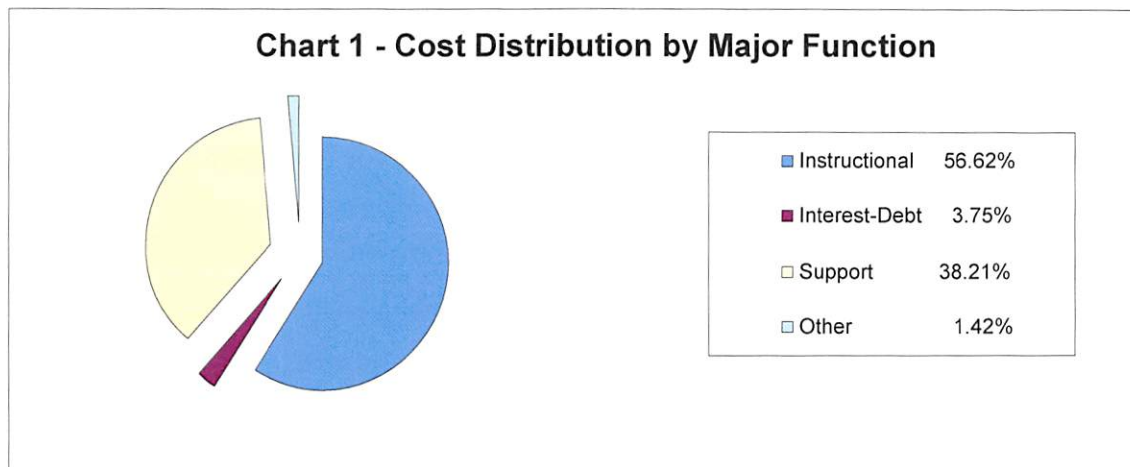
Revenues and transfers in exceeded expenses for the district's governmental activities by \$5,640,819. Revenues and transfers totaled \$109,471,213 and expenses totaled \$104,117,986 for the year ended June 30, 2013 (see figure A-2).

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 \$104,117,986.

Figure A-3 Cost of the Five Major Functional Activities for Governmental Activities

	Total Expense		Net (Expense) Revenue	
	FY 13	FY 12	FY 13	FY 12
Instruction	\$ 58,954,051	\$ 55,826,663	(\$ 16,241,558)	(\$ 15,637,741)
Support Services	39,781,575	36,413,973	(11,611,382)	(9,973,914)
Community Services	1,305,910	1,176,010	(317,062)	(296,711)
Pupil Activities	168,300	344,787	(168,300)	(344,787)
Interest on Long-Term Debt	3,908,150	4,255,936	(3,908,150)	(4,255,936)
Total	104,117,986	98,017,369	(32,246,452)	(30,509,089)

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 \$49,234. Revenues totaled \$5,489,410 and expenses and transfers out totaled \$5,440,176 for the year ended June 30, 2013 (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 \$41,568,329. This was an increase of \$9,873,030 to last year's ending fund balances of \$31,695,299.

Approximately \$15,269,599 or 36.73 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 assigned or restricted for the following spending constraints:

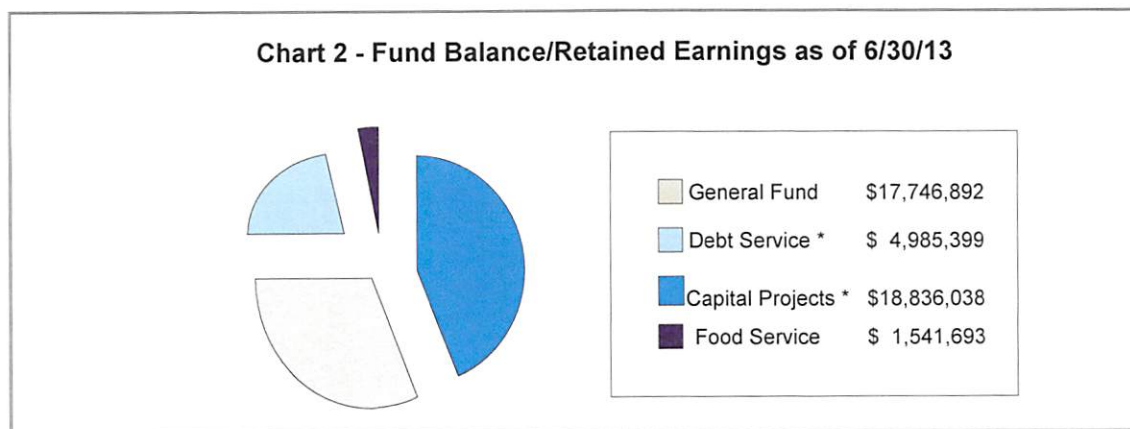
- \$ 53,515 assigned for encumbrances
- 2,423,778 assigned for subsequent year's expenses
- 4,985,399 restricted for debt service
- 18,836,038 restricted for capital projects

The general fund is the principal operating fund of the district. The general fund balance showed an increase of \$2,188,100. The debt service-district fund balance showed an increase of \$1,578,501. The capital projects-district showed an increase of \$12,692,557. The fiscal year 2004-2005 issuance of LEAP installment purchase revenue bonds led to the creation of the debt service-LEAP fund which began the year with a balance of \$6,586,124 that was used during a refunding of the installment debt leaving a balance in this fund of \$0 for the end of the year. Also created from the 2004-2005 issuance of LEAP installment purchase revenue bonds was the capital projects-LEAP fund which ended the year with a balance of \$0.

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 \$1,541,693. This was an increase of \$49,234 from last year's ending retained earnings of \$1,492,459.

Chart 2 below provides a breakdown of total fund balance and retained earnings as of June 30, 2013.



* Includes LEAP (Lancaster Educational Assistance Program)

General Fund Budgetary Highlights:

District's management built the original general fund budget with the use of \$954,973 in equity to balance. State funding levels were estimated to increase for the year by 11.88% or \$3,996,547. It was the district's goal to increase equity to help meet the needs of staffing and furnishing a new elementary school to open in Fiscal Year 2015. The district also was faced with possible cuts in federal funding for the upcoming year due to federal sequestration. Budgeted revenues did not include an increase in school operating millage due to a 3.5 mill increase in debt service millage to cover the issuance of bonds for new school construction. Budgeted expenses included a step increases in payroll along with a 2% payroll chart increase for inflation mandated by the state. A second step was given to employees that had a step froze in a previous year. Teacher/pupil ratios continued at the higher levels set in the previous years. School allocations were fully funded.

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 February 2013. Revenue adjustments were insignificant; however, the use of equity was reduced by \$292,914 to \$662,059 to balance the revised budget. Budgeted expenses were reduced by \$272,346 from the original budget.

For the year, ad valorem tax collections exceeded the budget of \$21,442,958 by \$449,406 or 2.01%. Other local revenues exceeded the budget by \$177,692 for the year. Overall local revenues exceeded the budget of \$23,886,624 by 2.63%. Due to a late in the year change between state and federal funding with the IDEA program, the district received an additional allocation to the general fund from the state of \$656,594 that had originally been classified by the state as restricted funds. Because of the lateness in this change, a zero budget was shown for this revenue. Total state revenues for the year exceeded the budget of \$48,767,566 by \$903,536 or 1.85%.

Salaries and fringe benefits were slightly under budget of \$65,900,871 for the year by \$903,472 or 1.37%. Purchased services were under the budget of \$4,962,106 by 5.31% or \$263,420. All other expenses were slightly over budget of \$4,974,487 by \$38,050 or .76% for the year.

Capital Assets and Debt Administration

Capital Assets:

By the end of 2013, the district had invested \$170,962,894 in capital assets, including school buildings and facilities, vehicles, furniture, furnishings and equipment. Total depreciation expense for the year was \$4,458,315. The following schedule (figure A-4), presents capital asset balances net of depreciation for the fiscal year ended June 30, 2013.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total Activities	
	FY 13	FY 12	FY 13	FY 12	FY 13	FY 12
Land	\$ 4,619,029	\$ 3,518,367	\$ 0	\$ 0	\$ 4,619,029	\$ 3,518,367
Buildings & Improvements	105,528,904	106,024,210	0	0	105,528,904	106,024,210
Furniture & Equipment	2,645,174	2,568,759	455,985	470,369	3,101,159	3,039,128
Construction in Progress	1,190,581	2,947,085			1,190,581	2,947,085
Total Cost	113,983,688	115,058,421	455,985	470,369	114,439,973	115,528,790

Additional information on the district's capital assets can be found in Note 4 to the financial statements.

Long-Term Debt:

At year end, the district had \$28,015,000 in general obligation bonds debt outstanding (see figure A-5), of which \$3,985,000 is due within one year.

State statutes currently limit the amount of general obligation debt a district may issue to 8 percent of its total assessed valuation. The current debt limitation for the district is \$23,017,543 of which \$12,660,000 was outstanding at 6/30/13 leaving an available balance of \$10,357,543. More detailed information about the district's long-term debt is presented in Note 7 to the financial statements.

Figure A-5 Outstanding Long-Term Debt				
	July 1, 2012 Balance	Additions to (Reductions in) Principal	June 30, 2013 Balance	Amount Due Within One Year
General Obligation Bonds	\$17,805,000	\$10,210,000	\$28,015,000	\$3,985,000
LEAP Installment Bonds	68,895,000	(8,540,000)	60,355,000	1,325,000

Economic Factors Bearing on the District's Future

In the fiscal year 2013-2014 budget the district balanced revenues with the use of \$2,477,293 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, 2013 was \$15,269,599 or 19.15% of the \$79,745,342 budgeted expenses for fiscal year 2013-2014.

With a 5 mill increase in local tax millage for FY 2014 and local tax collections stable, estimates for local revenues increased by approximately \$1.0 million and state revenues are estimated to increase by approximately \$1.0 million for FY 2013-2014.

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. Construction for the new school began in early 2013 and is on track to open as scheduled. During the year the value of the school operating mill decreased by 1.48% or \$2,026 to \$134,458. Most of this decrease was due to business property being converted into residential property as residential developments in the county continued to grow.

The state reimbursement for residential property tax FY 2013-2014 was calculated using a 2.07% increase for the consumer price index and a statewide growth percentage of 1.79%. This amounts to an increase of \$344,942 for a total budget of \$8,082,176.

The state base student cost used for the FY 2012-2013 budget was \$2,012 and the estimated base student cost for FY 2013-2014 was budgeted at \$2,101. This was an increase of 4.42% or \$89 in base student cost. This was an increase of approximately \$1 million in state funding but still well below the funding level from FY 2007-2008 of \$2,476 (an estimated \$4.0 million less) and the recommended funding level for FY 2013-2014 of \$2,770 (an estimated \$7.25 million less).

Overall general fund budgeted expenses for FY 2013-2014 increased by \$3,907,878. For salaries and fringe benefits, the FY 2013-2014 budget increased by \$2,861,980. This increase covered a two step increase to bring all employees back up to their correct step. One step increase was for the current year and one step was to make-up a prior year frozen step. Direct allocations to schools increased by \$662,202. The operations budget increase by \$371,701 mainly due to increases in contracted cleaning. The remaining budget increase of \$11,995 was mainly due to increased expenses related to professional services.

The district was able to decrease Debt Service millage 4.00 mills for a total of 43.00 mills for fiscal year 2013-2014 budget to meet existing debt requirements. This reduction was facilitated by the refunding of installment purchase revenue bonds during the fiscal year 2012-2013 at substantial savings for the district.

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.

BASIC FINANCIAL STATEMENTS

LANCASTER COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Charter School
Assets				
Cash and Investments	\$ 25,317,758	\$ 1,346,385	\$ 26,664,143	
Property Taxes Receivable, Current	2,613,114		2,613,114	
Other Receivables	246,216	14,340	260,556	\$ 34,950
Internal Balances	347,138	(347,138)		
Due from Pupil Activities	191,481		191,481	
Due from Other State Agencies	23,011,570		23,011,570	
Due from Federal Government	2,118,216		2,118,216	
Due from State Department of Education	1,879,509		1,879,509	
Inventories	-	108,297	108,297	
Deferred Charges	815,732		815,732	
Capital Assets Not Being Depreciated:				
Land	4,619,029		4,619,029	
Construction in Progress	1,190,581		1,190,581	
Capital Assets Net of Depreciation:				
Buildings and Improvements	105,528,904		105,528,904	
Machinery, Equipment and Vehicles	2,645,174	455,985	3,101,159	
Total Assets	170,524,422	1,577,869	172,102,291	34,950
Liabilities				
Accounts Payable and Other Liabilities	9,371,324		9,371,324	34,950
Due to State Department of Education	12,448		12,448	
Due to Federal Government	453		453	
Unearned Revenue	916,031	36,176	952,207	
Accrued Interest	541,464		541,464	
Short Term Note Payable	1,705,000		1,705,000	
Noncurrent Liabilities:				
Due Within One Year	6,055,880		6,055,880	
Due in More Than One Year	86,392,449		86,392,449	
Total Liabilities	104,995,049	36,176	105,031,225	34,950
Net Position				
Net Investment in Capital Assets	22,739,357	455,985	23,195,342	
Restricted for:				
Debt Service	4,985,399		4,985,399	
Capital Projects	18,836,038		18,836,038	
Net Position - Unrestricted	18,968,579	1,085,708	20,054,287	
Total Net Position	65,529,373	1,541,693	67,071,066	-

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

LANCASTER COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Charter School
Primary Government							
Governmental Activities:							
Instruction	\$ 58,954,051	\$ 30,054	\$ 42,682,439	\$ (16,241,558)	-	\$ (16,241,558)	
Support Services	39,781,575	19,822	28,150,371	(11,611,382)	-	(11,611,382)	
Community Services	1,305,910	696	988,152	(317,062)	-	(317,062)	
Pupil Activities	168,300			(168,300)	-	(168,300)	
Interest on Long-Term Debt	3,908,150			(3,908,150)	-	(3,908,150)	
Total Governmental Activities	104,117,986	50,572	71,820,962	(32,246,452)		(32,246,452)	
Business-Type Activities:							
Food Service	5,152,584	1,550,131	3,939,279	-	\$ 336,826	336,826	
Total Business-Type Activities	5,152,584	1,550,131	3,939,279	-	336,826	336,826	
Total Primary Government	109,270,570	1,600,703	75,760,241	(32,246,452)	336,826	(31,909,626)	
Component Unit	667,380	-	667,380				\$ -
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes				24,169,532		24,169,532	
Property Taxes, Levied for Debt Service				13,292,168		13,292,168	
Miscellaneous Revenues				64,569		64,569	
Unrestricted Investment Earnings				73,410	-	73,410	
Total General Revenues				37,599,679	-	37,599,679	-
Excess (Deficiency) of Revenues Over Expenses Before Special Items				5,353,227	336,826	5,690,053	-
Transfers Between Government and Business-Type Activities				287,592	(287,592)	-	-
Change in Net Position				5,640,819	49,234	5,690,053	-
Net Position - Beginning				59,888,554	1,492,459	61,381,013	-
Net Position - Ending				65,529,373	1,541,693	67,071,066	-

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

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

JUNE 30, 2013

Assets	General	Special Projects	Major Funds Education Improvement Act	Debt Service	Capital Projects	Total Governmental Funds
Cash and Investments	\$ 25,317,758					\$ 25,317,758
Receivables:						
Property Taxes, Current	349,334			\$ 149,176		498,510
Other	72,069	\$ 152,147			\$ 22,000	246,216
Due from Other Funds					3,386,194	3,386,194
Due from Pupil Activities	191,481					191,481
Due from County Government	1,042,557			4,836,169	17,132,844	23,011,570
Due from State Government	1,106,360	88,070	\$ 685,025	54		1,879,509
Due from Federal Government		2,118,216				2,118,216
Total Assets	28,079,559	2,358,433	685,025	4,985,399	20,541,038	56,649,454
Liabilities and Fund Balances						
Accounts Payable	1,677,253					1,677,253
Accrued Salaries	4,138,790					4,138,790
Accrued Liabilities	3,555,281					3,555,281
Notes Payable	36,813				1,705,000	1,741,813
Due to State Department of Education			12,448			12,448
Due to Other Governmental Units		453				453
Due to Other Funds	924,530	2,078,143	36,383			3,039,056
Unearned Revenue		279,837	636,194			916,031
Total Liabilities	10,332,667	2,358,433	685,025	-	1,705,000	15,081,125
Fund Balances						
Restricted				4,985,399	18,836,038	23,821,437
Assigned	2,477,293					2,477,293
Unassigned	15,269,599					15,269,599
Total Fund Balances	17,746,892	-	-	4,985,399	18,836,038	41,568,329
Total Liabilities and Fund Balances	28,079,559	2,358,433	685,025	4,985,399	20,541,038	56,649,454

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

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

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

JUNE 30, 2013

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

Ending Fund Balance - Governmental Fund Financial Statements	\$ 41,568,329
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	113,983,688
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period expenditures and, therefore, are deferred in the fund financial statements.	2,114,604
Interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	(541,464)
Deferred charges are not reported in the funds because they are not current financial resources, but they are reported in the statement of net position. This is the amount that debt issuance costs exceeds accumulated amortization.	815,732
Long-term liabilities, including bonds payable \$(88,370,000), unamortized bond premium \$(7,700,192), amount on deferred refunding \$4,825,861, and compensated absences \$(1,167,185) are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	<u>(92,411,516)</u>
Net Position of Governmental Activities	<u><u>65,529,373</u></u>

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

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Major Funds							
	General	Special Projects	Education Improvement Act	Debt Services	Debt Services LEAP	Capital Projects	Capital Projects LEAP	Total Governmental Funds
Revenues								
Local Sources	\$ 24,513,722	\$ 837,928	2,690	\$ 13,228,030	\$ 616	\$ 75,916		\$ 38,658,902
State Sources	49,671,102	1,274,726	\$ 9,035,592	787,447		32,248		60,801,115
Federal Sources	-	9,759,753						9,759,753
Total Revenues	74,184,824	11,872,407	9,038,282	14,015,477	616	108,164	-	109,219,770
Expenditures								
Current:								
Instruction	45,306,591	6,479,037	4,914,162					56,699,790
Support Services	28,324,454	3,639,533	1,842,549			3,588,706		37,395,242
Community Services		1,305,910						1,305,910
Pupil Activities	164,700					3,600		168,300
Intergovernmental	801,888	8,011						809,899
Capital Outlay	110,990	190,731	127,067			2,377,623		2,806,411
Debt Service:								
Principal				11,510,000	980,000			12,490,000
Interest and Fiscal Charges				926,976	4,071,337	2,890		5,001,203
Total Expenditures	74,708,623	11,623,222	6,883,778	12,436,976	5,051,337	5,972,819	-	116,676,755
Excess (Deficiency) of Revenues Over (Under) Expenditures	(523,799)	249,185	2,154,504	1,578,501	(5,050,721)	(5,864,655)	-	(7,456,985)
Other Financing Sources (Uses)								
Premium on Bonds Sold					6,480,150	1,267,232		7,747,382
Proceeds from General Obligation Bonds						21,720,000		21,720,000
Proceeds from Refunding Debt					60,355,000			60,355,000
Payments to Refunded Debt								
Escrow Agent					(72,779,959)			(72,779,959)
Transfers In	2,711,899				4,409,406			7,121,305
Transfers Out		(249,185)	(2,154,504)			(4,430,020)	\$ (4)	(6,833,713)
Total Other Financing Sources (Uses)	2,711,899	(249,185)	(2,154,504)	-	(1,535,403)	18,557,212	(4)	17,330,015
Net Change in Fund Balances	2,188,100	-	-	1,578,501	(6,586,124)	12,692,557	(4)	9,873,030
Fund Balance - Beginning	15,558,792	-	-	3,406,898	6,586,124	6,143,481	4	31,695,299
Fund Balance - Ending	17,746,892	-	-	4,985,399	-	18,836,038	-	41,568,329

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

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

**Amounts Reported for Governmental Activities in the Statement of Net Position are
Different Because:**

Net Change in Fund Balances - Total Governmental Funds:	\$ 9,873,030
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. This is the amount that the current period depreciation \$4,337,422 exceeds the cost of assets \$3,339,123.	(998,299)
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.	(76,434)
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 change in the amount of taxes receivable recognized under the accrual basis.	251,443
Deferred charges are not reported in the funds because they are not current financial resources, but they are reported in the statement of net position. This is the amount that debt issuance amortization of \$25,080 differs from cost \$840,812; bond premium amortization \$433,397 differs from bond premium \$7,747,382; and amount deferred on refunding amortization \$39,097.	(6,537,350)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used.	(25,985)
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Interest on long-term debt is not recognized in the governmental funds statement until due, however, it is recognized in the statement of activities as it accrues. The amount presented is the difference in the accounting for these costs during the current year.	(40,545)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The amount paid during the year \$85,269,959 exceeds bonds issued during the year \$82,075,000.	<u>3,194,959</u>
Change in Net Position - Governmental Activities	<u><u>5,640,819</u></u>

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

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2013

	Food Service Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 1,346,385
Accounts Receivable	14,340
Inventories - Supplies and Materials	<u>108,297</u>
Total Current Assets	<u>1,469,022</u>
Noncurrent Assets:	
Property and Equipment	1,780,939
Accumulated Depreciation	<u>(1,324,954)</u>
Total Noncurrent Assets	<u>455,985</u>
Total Assets	<u>1,925,007</u>
Liabilities	
Current Liabilities:	
Unearned Revenue	36,176
Due to Other Funds	<u>347,138</u>
Total Current Liabilities	<u>383,314</u>
Total Liabilities	<u>383,314</u>
Net Position	
Net Investment in Capital Assets	455,985
Unrestricted	<u>1,085,708</u>
Total Net Position	<u><u>1,541,693</u></u>

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

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund
Operating Revenue	
Proceeds from Sale of Meals	\$ 1,550,131
Total Operating Revenue	<u>1,550,131</u>
Operating Expenses	
Food Costs	2,678,904
Salaries	1,739,655
Supplies and Materials	261,794
Other Operating Costs	332,379
Loss on Disposal of Capital Assets	18,959
Depreciation	120,893
Total Operating Expenses	<u>5,152,584</u>
Operating Income (Loss)	<u>(3,602,453)</u>
Nonoperating Revenue	
USDA Commodities	320,559
USDA Reimbursements	3,605,437
Other Federal and State Aid	9,532
Other Income	3,751
Total Nonoperating Revenue	<u>3,939,279</u>
Income (Loss) Before Transfers	<u>336,826</u>
Interfund Transfers From (To) Other Funds	
Transfers In	20,618
Transfers Out	(308,210)
Total Transfers	<u>(287,592)</u>
Change in Net Position	49,234
Total Net Position - Beginning	<u>1,492,459</u>
Total Net Position - Ending	<u><u>1,541,693</u></u>

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

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities
	Enterprise Fund - Food Service
Cash Flows from Operating Activities	
Received from Patrons	\$ 1,542,007
Payments to Employees for Services	(1,739,655)
Payments to Suppliers for Goods and Services	(2,951,121)
Net Cash Used by Operating Activities	(3,148,769)
Cash Flows from Noncapital Financing Activities	
Federal Subsidy	3,854,563
Other Federal and State Aid	9,974
Non-operating Local Support	3,751
Transfers to Other Funds	(156,261)
Net Cash Provided by Noncapital Financing Activities	3,712,027
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(125,468)
Net Decrease in Cash and Cash Equivalents	437,790
Cash and Cash Equivalents - Beginning	908,595
Cash and Cash Equivalents - Ending	<u>1,346,385</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	<u>(3,602,453)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	
Depreciation Expense	120,893
Loss on Disposal of Capital Assets	18,959
Commodities Received from USDA	320,559
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(14,241)
Decrease in Inventories	1,397
Increase in Unearned Revenue	<u>6,117</u>
Total Adjustments	<u>453,684</u>
Net Cash Used by Operating Activities	<u>(3,148,769)</u>
Non-Cash Transactions:	
Commodities Received from the USDA	<u>320,559</u>

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

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND - AGENCY

JUNE 30, 2013

Assets	Agency Funds
Cash and Investments	<u>\$ 1,682,633</u>
Total Assets	<u><u>1,682,633</u></u>
Liabilities	
Due to School District	191,481
Due to School Organizations	<u>1,491,152</u>
Total Liabilities	<u><u>1,682,633</u></u>

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

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 separately issued financial statements of The Discovery School may be obtained from its administrative office at 302 W. Dunlap St., Lancaster, SC 29720.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

In accordance with GASBS No. 61, *The Financial Reporting Entity*, the District evaluated its current and potential component units and made the determination that The Discovery School and LEAP are the only two component units required to be included in its financial statements at June 30, 2013.

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide basic financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

The District implemented the GASBS No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* for the fiscal year ended June 30, 2013. The Statement requires the residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources to be reported as net position rather than as net assets in a statement of financial position. The District does not have any elements of a statement of financial position that require to be reported as deferred outflows or deferred inflows of resources at June 30, 2013. Therefore, the District's implementation of GASBS No. 63 had no material effect on the presentation of its financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2013, 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assets	Years
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.

Unearned Revenue

Unearned 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.

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, 2013, the liability for compensated absences has been recorded in the amount of \$1,167,185. The amount expected to be paid from current resources is \$466,874.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Position

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

Net Investment in Capital Assets: 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 Position - Expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by third parties.

Restricted Net Position - Non-Expendable: Non-expendable restricted net position consists 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 Position: Unrestricted net position represents resources derived from ad valorem taxes, earnings on investments, and various local and state unrestricted grants, contracts and revenues.

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;

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2013, the District's assigned fund balance in the General Fund consists of subsequent year expenditures and encumbered operating school expenditures in the amounts of \$2,423,778 and \$53,515, 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, 2013, 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, 2013, 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	\$ 19,938,518	Less than 1 year

These investments are all included in cash and cash equivalents.

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, 2013, 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.

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

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

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,518,367	\$ 1,100,662		\$ 4,619,029
Construction in Progress	2,947,085	1,190,581	\$ (2,947,085)	1,190,581
Total Capital Assets, Not Being Depreciated	6,465,452	2,291,243	(2,947,085)	5,809,610
Capital Assets, Being Depreciated:				
Buildings and Improvements	153,522,731	3,418,116	(96,223)	156,844,624
Furniture and Equipment	6,289,100	576,849	(338,228)	6,527,721
Total Capital Assets Being Depreciated	159,811,831	3,994,965	(434,451)	163,372,345
Less: Accumulated Depreciation for:				
Buildings and Improvements	(47,498,521)	(3,872,721)	55,522	(51,315,720)
Furniture and Equipment	(3,720,341)	(464,701)	302,495	(3,882,547)
Total Accumulated Depreciation	(51,218,862)	(4,337,422)	358,017	(55,198,267)
Total Capital Assets Being Depreciated, Net	108,592,969	(342,457)	(76,434)	108,174,078
Governmental Activities Capital Assets, Net	115,058,421	1,948,786	(3,023,519)	113,983,688
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Property and Equipment - Historical Cost	\$ 1,739,724	\$ 125,468	\$ (84,253)	\$ 1,780,939
Less: Accumulated Depreciation	(1,269,355)	(120,893)	65,294	(1,324,954)
Business-Type Activities Capital Assets, Net	470,369	4,575	(18,959)	455,985

NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,444,362
Support Services	<u>2,893,060</u>
Total	<u>4,337,422</u>

Depreciation expense for Business-Type Activities was \$120,893.

Construction Commitments

The District has several ongoing construction projects as of June 30, 2013, consisting primarily of capital projects with LEAP. The projects include renovations at existing schools and construction of new elementary at Indian Land. Total outstanding construction commitments at June 30, 2013, are approximately \$14,516,916.

NOTE 5 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 2013 fiscal year was based, was \$287,719,293. The millage rate charged for the District was 140.0 mills for current operations and 47.0 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 6 SHORT-TERM OBLIGATIONS

Short-Term Obligations	June 30, 2012	Additions	Reductions	June 30, 2013
Governmental Activities: Bond Anticipation Note	<u>\$1,740,000</u>	<u>\$1,705,000</u>	<u>\$1,740,000</u>	<u>\$1,705,000</u>
Total Governmental Activities	<u>1,740,000</u>	<u>1,705,000</u>	<u>1,740,000</u>	<u>1,705,000</u>

The District issued a Bond Anticipation Note on May 15, 2013 of \$1,705,000. The note is due and payable on October 15, 2013 at an interest rate of 0.89%.

NOTE 7 LONG-TERM OBLIGATIONS

Bonds payable consisted of the following at June 30, 2013:

	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Balance June 30, 2013
General Obligation Bonds:					
District:					
Series 2009A (Refunding)	04-01-2009	\$18,255,000	3.00 – 4.00%	03-01-2019	\$15,355,000
Series 2012	09-27-2012	21,720,000	2.00 – 5.00%	03-01-2021	12,660,000
LEAP:					
Series 2013A (Taxable Bond)	05-17-2013	23,810,000	0.60 – 2.46%	12-31-2020	23,810,000
Series 2013B (Refunding)	05-17-2013	36,545,000	3.00 – 5.00%	12-01-2028	<u>36,545,000</u>
Total General Obligation Bonds					<u>\$88,370,000</u>

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. At June 30, 2013, the District is within its debt limit.

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.

On May 17, 2013, the Lancaster Education Assistance Program, Inc. ("LEAP") issued \$23,810,000 (Series A - Taxable) and \$36,545,000 (Series B) in general obligation refunding bonds to provide resources that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$67,915,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The advance refunding was undertaken to reduce total debt service over the next seventeen years by \$8,126,857 and resulted in an economic gain of \$6,933,730.

NOTE 7 LONG-TERM OBLIGATIONS (Continued)

The LEAP Series 2004 Bonds that were refunded in 2013 were originally issued to finance the cost of acquiring, constructing, renovating and installing educational facilities (the "Capital Projects") sold by LEAP to the District pursuant to a school Facilities Purchase and Occupancy Agreement, dated November 1, 2004. This agreement between the District and LEAP is still in effect at June 30, 2013.

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.

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.

The following is a summary of changes in the District's long-term obligations for the year ended June 30, 2013:

Long-Term Obligations	June 30, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$17,805,000	\$21,720,000	\$(11,510,000)	\$28,015,000	\$3,985,000
Premium	129,263	1,267,232	(124,375)	1,272,120	152,921
LEAP General Obligation Bonds	68,895,000	60,355,000	(68,895,000)	60,355,000	1,325,000
Premium	256,944	6,480,150	(309,022)	6,428,072	432,010
Deferred On Refunding	-	(4,864,958)	39,097	(4,825,861)	(324,331)
Note Payable-SC Energy	55,219		(18,406)	36,813	18,406
Accrued Compensation Absences	1,141,200	663,230	(637,245)	1,167,185	466,874
Total Governmental Activities	<u>88,282,626</u>	<u>85,620,654</u>	<u>(81,454,951)</u>	<u>92,448,329</u>	<u>6,055,880</u>

Interest paid on the debt issued by the District is normally 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, 2013.

NOTE 7 LONG-TERM OBLIGATIONS (Continued)

The annual requirements for debt service on bonds outstanding at June 30, 2013, are summarized as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 5,310,000	\$ 3,267,687	\$ 8,577,687
2015	7,200,000	3,015,559	10,215,559
2016	6,095,000	2,791,535	8,886,535
2017	6,385,000	2,611,132	8,996,132
2018	6,500,000	2,412,419	8,912,419
2019-2023	31,770,000	8,863,479	40,633,479
2024-2028	23,145,000	2,267,203	25,412,203
2029	1,965,000	31,931	1,996,931
Total	<u>88,370,000</u>	<u>25,260,945</u>	<u>113,630,945</u>

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 South Carolina Public Employee Benefit Authority. 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, 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.

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 7.00% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 10.45% of annual covered payroll. In addition, the School District contributes .15% of payroll to a group life insurance benefit for their participants and 4.55% 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, 2013, 2012, and 2011 were \$8,274,449, \$7,301,068, and \$7,165,298, 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.

NOTE 8 EMPLOYEE RETIREMENT PLANS (Continued)

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 11.9% 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 4.55% for retiree surcharge. For the fiscal year, total contribution requirements to the PORS were \$8,252 from the School District as employer and \$3,428 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. The TERI program will be closed effective June 30, 2018; therefore, only those participants that enter the program beginning July 1, 2013 will be eligible to participate in the program for five full years.

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.

Under State law, employee contributions to the ORP are required at the same rates as for the SCRS, 7.00% 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 5.45% plus the retiree surcharge of 4.55% 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, 2013 and 2012 were \$514,451 and \$404,668, 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.

NOTE 8 EMPLOYEE RETIREMENT PLANS (Continued)

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 SC Public Employee Benefit Authority. 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.

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.

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, 4.55% and 4.30% of annual covered payroll for 2013 and 2012, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District paid \$2,717,910 and \$2,467,284 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2013 and 2012, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments.

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, 2013, consisted of the following individual fund amounts:

	Transfers In	Transfers Out
General Fund	\$ 2,711,899	
Special Projects Fund		\$ 249,185
EIA Fund		2,154,504
Proprietary Fund		287,592
Debt Service Fund – LEAP	4,409,406	
Capital Projects Fund – LEAP		4
Capital Projects Fund		<u>4,430,020</u>
Total	<u>7,121,305</u>	<u>7,121,305</u>

As of June 30, 2013, 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	Proprietary Fund	Total
Due From:						
General Fund				\$ 3,386,194		\$3,386,194
EIA Fund	\$ 36,383					36,383
Special Projects Fund	2,078,143					2,078,143
Proprietary Fund	347,138					347,138
	<u>2,461,664</u>	-	-	<u>3,386,194</u>	-	<u>5,847,858</u>
Due to:						
General Fund		\$ 2,078,143	\$ 36,383		\$ 347,138	2,461,664
Capital Projects	<u>3,386,194</u>					<u>3,386,194</u>
	<u>3,386,194</u>	<u>2,078,143</u>	<u>36,383</u>	-	<u>347,138</u>	<u>5,847,858</u>
	<u>(924,530)</u>	<u>(2,078,143)</u>	<u>(36,383)</u>	<u>3,386,194</u>	<u>(347,138)</u>	<u>-</u>

NOTE 10 RECEIVABLES/ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

Property Taxes, Current	\$ 4,020,175
Allowance for Doubtful Accounts	<u>(1,407,061)</u>
Property Taxes, Current	<u>2,613,114</u>

The balance of \$260,557 presented in the statement of net position for accounts receivable is made up of other receivables.

NOTE 11 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, 2013.

NOTE 12 LEGAL COMPLIANCE

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

NOTE 13 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 14 FUNDING FLEXIBILITY

The State of South Carolina passed a Joint Resolution to provide funding flexibility for the fiscal year ended June 30, 2013. 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 15 SUBSEQUENT EVENTS

Debt Issuance - The District issued \$1,562,000 in General Obligation Bonds (Series A – Taxable) and \$7,798,000 in General Obligation Bonds (Series B) on October 11, 2013. These bonds have stated interest rates of .99% and .65%, respectively. The principal and interest payments for these short-term general obligation bonds are due on March 5, 2014.

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenue				
Local	\$ 23,862,970	\$ 23,886,624	\$ 24,513,722	\$ 627,098
State	48,770,652	48,767,566	49,671,102	903,536
Total Revenue	72,633,622	72,654,190	74,184,824	1,530,634
Expenditures				
Instruction	42,410,830	45,514,089	45,306,753	207,336
Support Services	28,310,622	29,326,471	28,435,282	891,189
Intergovernmental Expenditures	807,801	832,204	801,888	30,316
Total Expenditures	71,529,253	75,672,764	74,543,923	1,128,841
Excess (Deficiency) of Revenue Over Expenditures	1,104,369	(3,018,574)	(359,099)	2,659,475
Other Financing Sources (Uses)				
Operating Transfers In	2,364,315	2,356,515	2,547,199	190,684
Total Other Financing Sources (Uses)	2,364,315	2,356,515	2,547,199	190,684
Net Change in Fund Balance	3,468,684	(662,059)	2,188,100	2,850,159
Fund Balance, Beginning of Year	11,833,937	9,409,682	15,558,792	
Fund Balance, End of Year	15,302,621	8,747,623	17,746,892	

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**

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, 2013

	Budget	Actual	Variance Positive (Negative)
Revenues			
Revenue from Local Sources:			
1100 Taxes			
1110 Ad Valorem Taxes - Including Delinquent	\$ 21,442,958	\$ 21,892,364	\$ 449,406
1140 Penalties & Interest on Taxes	200,000	232,221	32,221
1200 Revenue from Local Government			
1280 Revenue in Lieu of Taxes	1,821,666	1,862,659	40,993
1300 Tuition			
1310 From Patrons for Regular Day School	25,000	11,582	(13,418)
1320 From Other LEAs for Regular Day School	-	18,680	18,680
1500 Earnings on Investments			
1510 Interest on Investments	25,000	45,680	20,680
1900 Other Revenue from Local Sources			
1910 Rentals	22,000	24,723	2,723
1930 Medicaid	350,000	387,042	37,042
1990 Miscellaneous Local Revenue			
1993 Receipt of Insurance Proceeds	-	4,396	4,396
1999 Revenue from Other Local Sources	-	34,375	34,375
Total Local Sources	23,886,624	24,513,722	627,098
Revenue from State Sources:			
3100 Restricted State Funding:			
3110 Occupational Education:			
3113 12-Months (AG) Program	24,271	24,271	-
3130 Special Programs:			
3131 Handicapped Transportation	-	14,259	14,259
3133 IDEA Contingency Fund	-	656,594	656,594
3160 School Bus Drivers' Salary	445,999	579,106	133,107
3161 EAA Bus Driver	-	2,626	2,626
3162 Transportation Workers' Compensation	42,648	42,648	-
3180 Fringe Benefits Employer Contributions	10,121,846	10,185,990	64,144
3181 Retiree Insurance	2,023,346	2,023,346	-
3199 Other Restricted State Grants	-	3,048	3,048
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	1,806,644	1,777,048	(29,596)
3312 Primary	4,831,786	4,770,306	(61,480)
3313 Elementary	6,059,056	6,032,590	(26,466)
3314 High School	2,785,915	2,738,511	(47,404)
3315 Trainable Mentally Handicapped	148,485	137,342	(11,143)
3316 Speech Handicapped (Part-Time Program)	863,290	959,251	95,961
3317 Homebound	38,007	87,677	49,670
3320 Part-Time Programs:			
3321 Emotionally Handicapped	146,400	144,693	(1,707)
3322 Educable Mentally Handicapped	145,992	147,348	1,356
3323 Learning Disabilities	2,507,016	2,546,833	39,817
3324 Hearing Handicapped	126,243	144,874	18,631
3325 Visually Handicapped	64,496	75,066	10,570
3326 Orthopedically Handicapped	70,570	71,496	926
3327 Vocational	3,095,126	3,035,449	(59,677)
3330 Other EFA Programs:			
3331 Autism	192,800	208,291	15,491
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)	7,737,234	7,737,522	288
3830 Merchant's Inventory Tax	185,886	185,886	-
3840 Manufacturer's Depreciation Reimbursement	214,802	217,538	2,736
3890 Other State Property Tax Revenues	160,000	173,582	13,582
3900 Other State Revenue:			
3999 Revenue from Other State Sources	15,000	33,203	18,203
Total State Sources	48,767,566	49,671,102	903,536
Total Revenue - All Sources	72,654,190	74,184,824	1,530,634

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, 2013

	Budget	Actual	Variance Positive (Negative)
Expenditures			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	\$ 2,788,683	\$ 2,749,143	\$ 39,540
200 Employee Benefits	1,039,057	1,017,072	21,985
300 Purchased Services	1,000	1,000	-
400 Supplies and Materials	27,754	24,756	2,998
112 Primary Programs:			
100 Salaries	4,985,022	5,246,633	(261,611)
200 Employee Benefits	1,722,792	1,756,663	(33,871)
300 Purchased Services	2,025	2,024	1
400 Supplies and Materials	67,092	64,941	2,151
113 Elementary Programs:			
100 Salaries	10,708,473	10,522,194	186,279
140 Terminal Leave	-	-	-
200 Employee Benefits	4,002,525	3,485,084	517,441
300 Purchased Services	142,017	123,866	18,151
400 Supplies and Materials	162,758	159,723	3,035
500 Capital Outlay	162	162	-
600 Other Objects	20,050	19,838	212
114 High School Programs:			
100 Salaries	8,102,018	8,034,769	67,249
200 Employee Benefits	2,736,056	2,690,604	45,452
300 Purchased Services	55,174	48,616	6,558
400 Supplies and Materials	113,616	110,702	2,914
115 Vocational Programs:			
100 Salaries	1,901,277	1,865,447	35,830
200 Employee Benefits	624,937	603,036	21,901
300 Purchased Services	7,600	5,812	1,788
400 Supplies and Materials	92,972	86,327	6,645
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	697,794	741,719	(43,925)
200 Employee Benefits	263,158	294,398	(31,240)
400 Supplies and Materials	1,050	1,038	12
122 Trainable Mentally Handicapped:			
100 Salaries	556,716	578,694	(21,978)
200 Employee Benefits	190,853	191,935	(1,082)
300 Purchased Services	-	26	(26)
400 Supplies and Materials	622	610	12
123 Orthopedically Handicapped:			
100 Salaries	83,362	86,155	(2,793)
200 Employee Benefits	21,396	21,789	(393)
124 Visually Handicapped:			
300 Purchased Services	69,280	66,707	2,573
125 Hearing Handicapped:			
100 Salaries	82,080	138,409	(56,329)
200 Employee Benefits	26,087	39,116	(13,029)
400 Supplies and Materials	250	243	7
126 Speech Handicapped:			
100 Salaries	228,364	279,272	(50,908)
200 Employee Benefits	89,106	108,294	(19,188)
300 Purchased Services	1,300	227	1,073
400 Supplies and Materials	2,484	2,373	111
600 Other Objects	-	2,105	(2,105)

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, 2013

	Budget	Actual	Variance Positive (Negative)
127 Learning Disabilities:			
100 Salaries	\$ 2,199,379	\$ 2,186,658	\$ 12,721
200 Employee Benefits	731,812	746,345	(14,533)
400 Supplies and Materials	1,863	1,807	56
128 Emotionally Handicapped:			
100 Salaries	255,808	283,097	(27,289)
200 Employee Benefits	105,956	113,041	(7,085)
300 Purchased Services	-	1,882	(1,882)
400 Supplies and Materials	420	390	30
129 Coordinated Early Intervening Services (CEIS):			
100 Salaries	-	84,804	(84,804)
200 Employee Benefits	-	13,054	(13,054)
130 Pre-School Programs:			
133 Pre-School Handicapped Self-Contained (5 yrs old):			
100 Salaries	-	4,700	(4,700)
200 Employee Benefits	-	1,152	(1,152)
300 Purchased Services	-	32	(32)
137 Pre-School Handicapped - Self-Contained (3 & 4 yr. olds):			
100 Salaries	111,002	111,752	(750)
200 Employee Benefits	33,726	34,156	(430)
139 Early Childhood Programs:			
100 Salaries	11,166	11,165	1
200 Employee Benefits	3,549	3,488	61
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	122,985	115,204	7,781
200 Employee Benefits	43,157	38,655	4,502
145 Homebound:			
100 Salaries	100,000	99,448	552
200 Employee Benefits	22,800	22,144	656
300 Purchased Services	22,320	22,772	(452)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	58,766	156,728	(97,962)
200 Employee Benefits	29,881	31,146	(1,265)
182 Adult Secondary Education Programs:			
100 Salaries	-	6,080	(6,080)
200 Employee Benefits	-	2,637	(2,637)
188 Parenting/Family Literacy:			
100 Salaries	25,564	25,564	-
200 Employee Benefits	11,534	11,441	93
190 Instructional Pupil Activity:			
100 Salaries	4,442	4,810	(368)
200 Employee Benefits	997	1,079	(82)
Total Instruction	45,514,089	45,306,753	207,336
200 Supporting Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	72,265	72,265	-
200 Employee Benefits	23,239	23,142	97
300 Purchased Services	7,799	6,753	1,046
400 Supplies and Materials	2,000	1,896	104

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, 2013

	Budget	Actual	Variance Positive (Negative)
212 Guidance Services:			
100 Salaries	\$ 1,818,307	\$ 1,793,544	\$ 24,763
200 Employee Benefits	604,544	581,736	22,808
300 Purchased Services	3,213	2,811	402
400 Supplies and Materials	16,304	16,117	187
600 Other Objects	903	400	503
213 Health Services:			
100 Salaries	435,176	433,970	1,206
200 Employee Benefits	170,258	169,324	934
300 Purchased Services	3,000	2,909	91
400 Supplies and Materials	21,262	21,858	(596)
214 Psychological Services:			
100 Salaries	77,599	33,767	43,832
200 Employee Benefits	26,680	9,115	17,565
217 Career Specialist Services:			
100 Salaries	12,554	9,228	3,326
200 Employee Benefits	3,804	3,016	788
220 Instructional Staff Services:			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	185,488	199,191	(13,703)
200 Employee Benefits	54,278	58,739	(4,461)
300 Purchased Services	50	34	16
400 Supplies and Materials	4,050	3,631	419
600 Other Objects	1,000	788	212
222 Library and Media Services:			
100 Salaries	1,436,382	1,458,215	(21,833)
200 Employee Benefits	494,230	489,398	4,832
300 Purchased Services	460	367	93
400 Supplies and Materials	66,305	62,169	4,136
500 Capital Outlay	1,200	89	1,111
223 Supervision of Special Programs:			
100 Salaries	197,626	210,585	(12,959)
200 Employee Benefits	76,510	78,791	(2,281)
300 Purchased Services	-	3,514	(3,514)
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	152,496	152,427	69
200 Employee Benefits	49,475	46,667	2,808
300 Purchased Services	6,894	3,767	3,127
400 Supplies and Materials	900	32	868
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	303,584	41,060	262,524
200 Employee Benefits	725,794	507,237	218,557
300 Purchased Services	118,131	150,108	(31,977)
318 Audit Services	38,000	38,000	-
400 Supplies and Materials	9,000	3,143	5,857
600 Other Objects	24,313	24,498	(185)
232 Office of the Superintendent:			
100 Salaries	332,620	333,033	(413)
140 Terminal Leave	-	997	(997)
200 Employee Benefits	92,973	83,015	9,958
300 Purchased Services	28,453	25,889	2,564
400 Supplies and Materials	47,435	40,261	7,174
500 Capital Outlay	2,982	2,977	5
600 Other Objects	2,698	5,019	(2,321)

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, 2013

	Budget	Actual	Variance Positive (Negative)
233 School Administration:			
100 Salaries	\$ 5,046,807	\$ 5,057,855	\$ (11,048)
200 Employee Benefits	1,705,702	1,652,089	53,613
300 Purchased Services	46,306	39,134	7,172
400 Supplies and Materials	49,769	47,716	2,053
600 Other Objects	14,864	13,710	1,154
252 Fiscal Services:			
100 Salaries	600,981	603,380	(2,399)
200 Employee Benefits	199,263	197,112	2,151
300 Purchased Services	34,592	28,008	6,584
400 Supplies and Materials	7,553	4,479	3,074
600 Other Objects	3,085	2,848	237
254 Operation and Maintenance of Plant:			
100 Salaries	1,064,961	1,053,491	11,470
200 Employee Benefits	371,925	377,745	(5,820)
300 Purchased Services	3,219,193	3,147,541	71,652
321 Public Utilities	380,670	347,730	32,940
400 Supplies and Materials	504,444	622,682	(118,238)
470 Energy	2,313,240	2,329,438	(16,198)
500 Capital Outlay	90,140	66,459	23,681
255 Student Transportation:			
100 Salaries	1,222,138	1,268,655	(46,517)
200 Employee Benefits	515,893	380,149	135,744
300 Purchased Services	48,291	47,686	605
400 Supplies and Materials	5,850	3,840	2,010
500 Capital Outlay	5,000	2,209	2,791
600 Other Objects	4,000	2,591	1,409
256 Food Services:			
200 Employee Benefits	396,065	483,363	(87,298)
257 Internal Services:			
100 Salaries	248,509	248,466	43
200 Employee Benefits	64,959	80,293	(15,334)
300 Purchased Services	18,650	12,289	6,361
400 Supplies and Materials	2,490	1,809	681
500 Capital Outlay	710	710	-
600 Other Objects	600	574	26
258 Security:			
100 Salaries	116,410	152,180	(35,770)
200 Employee Benefits	31,286	40,563	(9,277)
300 Purchased Services	269,110	221,258	47,852
400 Supplies and Materials	130	130	-
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
100 Salaries	65,136	67,136	(2,000)
200 Employee Benefits	18,732	18,755	(23)
300 Purchased Services	3,278	2,835	443
400 Supplies and Materials	24,692	17,457	7,235
500 Capital Outlay	1,173	1,173	-
600 Other Objects	12,508	12,508	-
263 Information Services:			
100 Salaries	92,685	92,685	-
200 Employee Benefits	26,617	26,469	148
300 Purchased Services	27,977	29,986	(2,009)
400 Supplies and Materials	2,491	3,614	(1,123)
500 Capital Outlay	6,960	6,471	489
600 Other Objects	300	250	50

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, 2013

	Budget	Actual	Variance Positive (Negative)
264 Staff Services:			
100 Salaries	\$ 328,219	\$ 280,571	\$ 47,648
200 Employee Benefits	95,119	85,849	9,270
300 Purchased Services	68,000	41,499	26,501
400 Supplies and Materials	6,000	2,277	3,723
500 Capital Outlay	1,100	1,100	-
600 Other Objects	34,000	37,247	(3,247)
266 Technology and Data Processing Services:			
100 Salaries	375,613	306,611	69,002
200 Employee Benefits	130,935	113,372	17,563
300 Purchased Services	339,323	273,603	65,720
400 Supplies and Materials	82,039	94,121	(12,082)
500 Capital Outlay	30,000	29,640	360
270 Supporting Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	902,316	881,099	21,217
200 Employee Benefits	212,438	182,280	30,158
600 Other Objects	83,000	83,000	-
Total Supporting Services	29,326,471	28,435,282	891,189
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the State Department of Education	159,665	135,159	24,506
412-720 Payments to Other Governmental Units	40,000	7,360	32,640
416-720 Payments to Public Charter Schools	632,539	659,369	(26,830)
Total Intergovernmental Expenditures	832,204	801,888	30,316
Total Expenditures	75,672,764	74,543,923	1,128,841
Interfund Transfers from (to) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	2,071,215	2,154,504	83,289
5280 Transfer from Other Funds Indirect Cost	450,000	557,395	107,395
426-710 Transfer to Pupil Activity Fund	(164,700)	(164,700)	-
Total Other Financing Sources (Uses)	2,356,515	2,547,199	190,684
Excess (Deficiency) of Revenues Over Expenditures	(662,059)	2,188,100	2,850,159
Fund Balance, July 1, 2012		15,558,792	
Fund Balance, June 30, 2013		17,746,892	

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

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
Revenues								
1000 Revenue - Local Sources:								
1300 Tuition:								
1330 Adult/Continuing Education from Patrons							\$ 6,228	\$ 6,228
1350 Summer School from Patrons							11,392	11,392
1900 Other Revenue from Local Sources:								
1910 Rentals							5,857	5,857
1920 Contributions and Donations from Private Sources							517,211	517,211
1999 Revenue from Other Local Sources							297,240	297,240
Total Revenues - Local Sources	-	-	-	-	-	-	837,928	837,928
2000 Revenue - Intergovernmental:								
2100 Payment from Other Governmental Units							659,369	659,369
Total Revenues - Intergovernmental	-	-	-	-	-	-	659,369	659,369
3000 Revenue - State Sources:								
3100 Restricted Grants:								
3110 Vocational:								
3116 EEDA At Risk Supplemental						\$ 47,232		47,232
3118 EEDA Career Specialist						325,984		325,984
3120 General Education:								
3123 Formative Assessment						2,210		2,210
3127 Student Health and Fitness						91,655		91,655
3130 Special Programs:								
3136 Student Health and Fitness - Nurses						283,214		283,214
3190 Other Restricted Grants:								
3193 Education License Plates						1,949		1,949
3600 Education Lottery Act Revenue:								
3607 6-8 Enhancement						17,000		17,000
3610 K-5 Enhancement						451,255		451,255

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
3990 Other State Revenue:								
3999 Revenue from Other State Sources							\$ 54,227	\$ 54,227
Total Revenue - State Sources	-	-	-	-	-	\$ 1,220,499	54,227	1,274,726
4000 Revenue - Federal Sources:								
4200 Occupational Education:								
4210 Vocational Aid				\$ 197,275				197,275
4300 Elementary and Secondary Education Act of 1965:								
4310 Title I	\$ 3,651,690						92,651	3,744,341
4312 Rural and Low-Income School Program, Title VI							250,354	250,354
4341 Language Instruction, Title III							35,299	35,299
4351 Improving Teacher Quality							466,826	466,826
4400 Adult Education:								
4410 Basic Adult Education					\$ 169,370			169,370
4430 State Literacy Resource					2,500			2,500
4500 Program for Children with Disabilities:								
4510 IDEA		\$ 2,117,114					184	2,117,298
4520 Pre-School			\$ 167,360					167,360
4900 Other Federal Sources:								
4924 21st Century Community Learning Centers Grants, Title IV							229,632	229,632
4999 Other Federal Revenue							2,379,498	2,379,498
Total Revenue - Federal Sources	3,651,690	2,117,114	167,360	197,275	171,870	-	3,454,444	9,759,753
Total Revenue - All Sources	3,651,690	2,117,114	167,360	197,275	171,870	1,220,499	5,005,968	12,531,776
Expenditures								
100 Instruction:								
110 General Instruction:								
111 Kindergarten Programs:								
100 Salaries							68,606	68,606
200 Employee Benefits							19,622	19,622
400 Supplies and Materials						1,162		1,162

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
112 Primary Programs:								
100 Salaries	\$ 1,410,701					\$ 262,600	\$ 519,098	\$ 2,192,399
200 Employee Benefits	511,160					81,517	160,670	753,347
300 Purchased Services	85,457						17,491	102,948
400 Supplies and Materials	127,229						184	127,413
500 Capital Outlay	59,584							59,584
113 Elementary Programs:								
100 Salaries	88,781					142,058	85,461	316,300
200 Employee Benefits	36,251					39,373	23,212	98,836
300 Purchased Services	137,408					1,822	44,279	183,509
400 Supplies and Materials	143,031					9,523	114,611	267,165
500 Capital Outlay	4,031						25,639	29,670
114 High School Programs:								
100 Salaries							263,270	263,270
200 Employee Benefits							952	952
300 Purchased Services							1,428	1,428
400 Supplies and Materials							36,619	36,619
115 Vocational Programs:								
300 Purchased Services				\$ 13,233				13,233
400 Supplies and Materials				55,125				55,125
500 Capital Outlay				84,841				84,841
120 Exceptional Programs:								
121 Educable Mentally Handicapped:								
100 Salaries		\$ 285,522					63	285,585
200 Employee Benefits		81,832					14	81,846
300 Purchased Services		2,871						2,871
400 Supplies and Materials		529						529
122 Trainable Mentally Handicapped:								
100 Salaries		138,738						138,738
200 Employee Benefits		27,205						27,205
300 Purchased Services		-						-
400 Supplies and Materials		1,561						1,561
123 Orthopedically Handicapped:								
100 Salaries		39,039						39,039
200 Employee Benefits		7,190						7,190
300 Purchased Services		158						158
400 Supplies and Materials		247						247

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
124 Visually Handicapped:								
100 Salaries		\$ 198						\$ 198
400 Supplies and Materials		470						470
500 Capital Outlay		4,363						4,363
125 Hearing Handicapped:								
300 Purchased Services		2,919						2,919
400 Supplies and Materials		943						943
126 Speech Handicapped:								
100 Salaries		147					\$ 87	234
200 Employee Benefits		34					20	54
400 Supplies and Materials		7,483						7,483
127 Learning Disabilities:								
100 Salaries		150,564						150,564
200 Employee Benefits		15,946						15,946
300 Purchased Services		-					26,830	26,830
400 Supplies and Materials		203						203
128 Emotionally Handicapped:								
100 Salaries		56,307						56,307
200 Employee Benefits		10,694						10,694
300 Purchased Services		21,018						21,018
129 Coordinated Early Intervening Services (CEIS):								
100 Salaries		95,986						95,986
200 Employee Benefits		34,684						34,684
300 Purchased Services		1,500						1,500
130 Preschool Handicapped Programs:								
133 Preschool Handicapped Self-Contained (5 Year Olds):								
100 Salaries		29,928	\$ 96,811					126,739
200 Employee Benefits		2,570	34,411					36,981
300 Purchased Services			62					62
400 Supplies and Materials			4,466					4,466
137 Preschool Handicapped Self-Contained (3 and 4 Year Olds):								
100 Salaries		12,553	19,498					32,051
200 Employee Benefits		3,599	7,356					10,955

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
139 Early Childhood:								
100 Salaries							\$ 88,477	\$ 88,477
200 Employee Benefits							27,462	27,462
300 Purchased Services							378	378
140 Special Programs:								
145 Homebound:								
300 Purchased Services		\$ 10,184						10,184
147 CDEPP:								
100 Salaries	\$ 198,241							198,241
200 Employee Benefits	69,501							69,501
160 Other Exceptional Programs:								
161 Autism:								
100 Salaries		30,637						30,637
200 Employee Benefits		19,584						19,584
170 Summer School Programs:								
172 Elementary Summer School:								
100 Salaries							2,520	2,520
200 Employee Benefits							498	498
400 Supplies and Materials						\$ 750		750
173 High School Summer School:								
100 Salaries							9,249	9,249
200 Employee Benefits							2,143	2,143
175 Instructional Programs Beyond Regular School Day:								
100 Salaries	2,751						139,583	142,334
200 Employee Benefits	627						31,780	32,407
300 Purchased Services	17,369							17,369
400 Supplies and Materials							28,473	28,473
180 Adult/Continuing Educational Programs:								
181 Adult Basic:								
100 Salaries					\$ 54,026		35,027	89,053
200 Employee Benefits					12,430		6,805	19,235
300 Purchased Services							870	870
400 Supplies and Materials					18,107		2,088	20,195

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
182 Adult Basic:								
100 Salaries					\$ 56,856		\$ 73	\$ 56,929
200 Employee Benefits					18,188		17	18,205
300 Purchased Services							1,564	1,564
400 Supplies and Materials					4,029		7,244	11,273
500 Capital Outlay							7,010	7,010
183 Adult English Literacy:								
100 Salaries					1,500		1,607	3,107
200 Employee Benefits					342		366	708
400 Supplies and Materials					658		248	906
188 Parenting/Family Literacy:								
100 Salaries	\$ 91,554						109,950	201,504
200 Employee Benefits	31,805						43,045	74,850
300 Purchased Services							4,148	4,148
400 Supplies and Materials	2,338							2,338
Total Instruction	3,017,819	\$ 1,097,406	\$ 162,604	\$ 153,199	166,136	538,805	1,958,781	7,094,750
200 Supporting Services:								
210 Pupil Services:								
212 Guidance Services:								
100 Salaries							12,852	12,852
200 Employee Benefits							2,930	2,930
213 Health:								
100 Salaries		17,788				209,435		227,223
200 Employee Benefits		4,057				73,779		77,836
300 Purchased Services		261,635						261,635
400 Supplies and Materials		5,239						5,239
214 Psychological:								
100 Salaries		333,143						333,143
200 Employee Benefits		92,349						92,349
300 Purchased Services		14,656						14,656
400 Supplies and Materials		17,331						17,331
217 Career Specialist Services:								
100 Salaries						250,722		250,722
200 Employee Benefits						75,262		75,262

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
220 Instructional Staff Services:								
221 Improvement of Instruction - Curriculum:								
100 Salaries							\$ 156	\$ 156
200 Employee Benefits							36	36
300 Purchased Services		\$ 12,509					1,197	13,706
222 Library and Media:								
400 Supplies and Materials							931	931
223 Supervision of Special Programs:								
100 Salaries	\$ 122,465	69,695		\$ 8,400		\$ 38,228	539,174	777,962
200 Employee Benefits	31,755	31,181		1,915			191,531	256,382
300 Purchased Services	6,132	1,258		10,621			394,757	412,768
400 Supplies and Materials	1,743	37,817		4,938		9,004	50,318	103,820
500 Capital Outlay		1,767						1,767
600 Other Objects		346					218	564
224 Improvement of Instruction - In-Service:								
100 Salaries	280,360	26,466					144,113	450,939
200 Employee Benefits	89,511	10,433					42,148	142,092
300 Purchased Services	12,206			18,202		25,264	2,743	58,415
230 General Administration Services:								
233 School Administration:								
100 Salaries							83,179	83,179
200 Employee Benefits							38,893	38,893
400 Supplies and Materials							2,818	2,818
600 Other Objects							52	52
250 Finance and Operations Services:								
251 Student Transportation:								
100 Salaries	567	16,732					21,527	38,826
200 Employee Benefits	68	1,898					2,295	4,261
300 Purchased Services		1,226					28,576	29,802
254 Operation and Maintenance of Plant:								
100 Salaries							1,388	1,388
200 Employee Benefits							316	316
300 Purchased Services							9,597	9,597
400 Supplies and Materials							10,755	10,755

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
255 Student Transportation:								
100 Salaries							\$ 29,733	\$ 29,733
200 Employee Benefits							2,403	2,403
300 Purchased Services							26,932	26,932
256 Food Service:								
100 Salaries							612	612
200 Employee Benefits							141	141
Total Supporting Services	\$ 544,807	\$ 957,526	-	\$ 44,076	-	\$ 681,694	1,642,321	3,870,424
300 Community Services:								
350 Custody and Care of Children:								
100 Salaries							350,593	350,593
200 Employee Benefits							118,776	118,776
300 Purchased Services							98,660	98,660
400 Supplies and Materials							24,883	24,883
500 Capital Outlay							1,173	1,173
390 Other Community Services:								
100 Salaries							508,657	508,657
200 Employee Benefits							117,637	117,637
300 Purchased Services							5,851	5,851
400 Supplies and Materials							80,853	80,853
500 Capital Outlay							2,323	2,323
Total Community Services	-	-	-	-	-	-	1,309,406	1,309,406
410 Intergovernmental Expenditures:								
416-720 Payments to Public Charter Schools		8,011						8,011
Total - Intergovernmental Expenditures	-	8,011	-	-	-	-	-	8,011
Total Expenditures	3,562,626	2,062,943	162,604	197,275	166,136	1,220,499	4,910,508	12,282,591
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	89,064	54,171	4,756	-	5,734	-	95,460	249,185

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND EXCLUDING EDUCATION IMPROVEMENT ACT

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

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Title I 202	IDEA 203	Preschool Handicapped 205	Occupational Education 207	Adult Education 243	Other Designated Restricted State Grant	Other Special Revenue Programs	Total
Transfers from (to) Other Funds:								
431-791 Special Revenue - Indirect Costs	\$ (89,064)	\$ (54,171)	\$ (4,756)	-	\$ (5,734)		\$ (95,460)	\$ (249,185)
Total Other Financing Sources (Uses)	(89,064)	(54,171)	(4,756)	-	(5,734)	-	(95,460)	(249,185)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Fund Balance, July 1, 2012	-	-	-	-	-	-	-	-
Fund Balance, June 30, 2013	-	-	-	-	-	-	-	-

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, 2013

* 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.

Adult Education	
Subfund Code	Title
243	Adult Education - Federal
Other Designated State Restricted Grants	
Subfund Code	Title
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
Other Special Revenue Programs	
Subfund Code	Title
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	JROTC
275	Adult Education Local Contributions
276	AmeriCorps
281	Summer School Program-High School
294	Elementary Homework Centers - PFY
296	Facility Rental Fund
801	Discovery School
802	Swimming and Water Safety

Other Special Revenue Programs (Continued)	
Subfund Code	Title
803	Communities in Schools
804	First Steps
805	Workforce Investment Act
807	Wells Fargo Grant - Adult Ed
808	Lancaster Literacy Council - Adult Ed
809	Lancaster County Agri-Business
810	Local Adult Ed Grant-Literacy Network
811	Character Education
812	Good Behavior Game Replication Project
814	Literacy Network
815	Springs Close - Adult Ed
816	SIMS: Home Literacy Trail
818	Supporting Teens through Education & Protection Program
820	Advance SC - Lancaster High
825	Early Head Start
827	Early Head Start
829	SIMS: Swimming and Water Safety
836	United Way - Adult Ed
839	EXT School Year
840	SC Arts Commission - AJ Middle
841	SC Arts Commission - McDonald Green Elementary
844	SC Arts Commission - Heath Springs Elementary
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	SC GEAR-UP
871	Alcohol Prevention

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, 2013

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
919	3193	Education License Plates	\$ 1,949	\$ 1,949	-	-	\$ 1,015
926	3116	EEDA - At Risk Supplemental	47,232	47,232	-	-	-
928	3118	EEDA - Career Specialist	325,984	325,984	-	-	-
933	3123	Formative Assessment	2,210	2,210	-	-	-
936	3136	Student Health and Fitness - Nurses	283,214	283,214	-	-	-
937	3127	Student and Health Fitness - PE Teachers	91,655	91,655	-	-	-
960	3610	K-5 Enhancement	451,255	451,255	-	-	109,209
967	3607	6-8 Enhancement	17,000	17,000	-	-	28,242
Totals - Other Restricted State Grants			1,220,499	1,220,499	-	-	138,466

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Actual
Revenues	
1000 Revenue from Local Sources:	
1300 Tuition:	
1350 From Patrons for Summer School	\$ 2,690
Total Revenues - Local Sources	2,690
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	23,632
3509 Arts in Education	36,348
3511 Professional Development	42,385
3518 Formative Assessment	41,379
3525 Career and Technology Education Equipment	113,314
3526 Refurbishment of Science Kits	28,859
3532 National Board Certification	929,073
3533 Teacher of the Year Awards	1,077
3538 Students at Risk of School Failure	3,012,324
3540 Four-Year Old Early Childhood	309,608
3542 Preschool Programs for Children with Disabilities	17,284
3544 High Achieving Students	238,851
3550 Teacher Salary Increase	1,018,111
3551 Salary Supplement	736,371
3555 School Employer Contributions	400,022
3556 Adult Education	277,338
3558 Reading	55,156
3577 Teacher Supplies	203,075
3578 High Schools that Work	55,055
3585 Aide to Districts	1,196,506
3592 School-to-Work Transition	35,711
3594 Academic Alternatives	48,409
3597 Aide to Districts	182,189
3598 Flexible Cost Savings	10,000
3599 Other EIA Funds	23,515
Total Revenues - State Sources	9,035,592
Total Revenues - All Sources	9,038,282
Expenditures	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	44,941
200 Employee Benefits	10,038
400 Supplies and Materials	120
112 Primary Programs:	
100 Salaries	156,933
200 Employee Benefits	35,887
300 Purchased Services	66,366
400 Supplies and Materials	19,358

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Actual
113 Elementary Programs:	
100 Salaries	\$ 953,786
200 Employee Benefits	288,784
300 Purchased Services	34,575
400 Supplies and Materials	277,450
500 Capital Outlay	2,557
114 High School Programs:	
100 Salaries	862,146
200 Employee Benefits	264,683
300 Purchased Services	14,488
400 Supplies and Materials	10,776
115 Vocational Programs:	
100 Salaries	22,500
200 Employee Benefits	5,094
500 Capital Outlay	113,314
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	139,280
200 Employee Benefits	53,391
122 Trainable Mentally Handicapped:	
100 Salaries	20,568
200 Employee Benefits	4,663
125 Hearing Handicapped:	
100 Salaries	33,028
200 Employee Benefits	9,298
126 Speech Handicapped:	
100 Salaries	361,850
200 Employee Benefits	97,241
300 Purchased Services	36,270
127 Learning Disabilities:	
100 Salaries	230,618
200 Employee Benefits	74,079
128 Emotionally Handicapped:	
100 Salaries	7,500
200 Employee Benefits	1,701
129 Coordinated Early Intervening Services:	
100 Salaries	35,588
200 Employee Benefits	10,694
130 Pre-School Programs:	
137 Pre-School Handicapped Self-Contained (3 and 4 Year Olds):	
100 Salaries	15,255
200 Employee Benefits	6,635
139 Early Childhood:	
100 Salaries	240,055
200 Employee Benefits	96,362
300 Purchased Services	442
400 Supplies and Materials	149

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Actual
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	\$ 127,562
200 Employee Benefits	36,032
300 Purchased Services	2,401
400 Supplies and Materials	4,413
600 Other Objects	100
143 Advanced Placement:	
400 Supplies and Materials	4,406
148 Gifted and Talented - Artistic:	
100 Salaries	198
200 Employee Benefits	34
300 Purchased Services	36,540
400 Supplies and Materials	13
170 Summer School Program:	
172 Elementary Summer School:	
100 Salaries	37,384
200 Employee Benefits	8,650
400 Supplies and Materials	330
180 Adult/Continuing Educational Programs:	
181 Adult Basic Programs:	
100 Salaries	25,907
200 Employee Benefits	3,646
300 Purchased Services	1,000
400 Supplies and Materials	1,336
182 Adult Secondary Education:	
100 Salaries	24,660
200 Employee Benefits	6,534
300 Purchased Services	4,919
400 Supplies and Materials	2,566
188 Parenting/Family Literacy:	
100 Salaries	34,865
200 Employee Benefits	8,074
Total Instruction	5,030,033
200 Support Services:	
210 Pupil Services:	
211 Attendance and Social Work Services:	
100 Salaries	27,593
200 Employee Benefits	8,962
212 Guidance:	
100 Salaries	36,159
200 Employee Benefits	8,022
217 Career Specialist Services:	
100 Salaries	750
200 Employee Benefits	170

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Actual
220 Instructional Staff Services:	
221 Improvement of Instruction - Curriculum Development:	
100 Salaries	\$ 296,727
200 Employee Benefits	75,183
300 Purchased Services	3,409
400 Supplies and Materials	316
222 Library and Media:	
100 Salaries	44,942
200 Employee Benefits	10,127
223 Supervision of Special Programs:	
100 Salaries	449,394
200 Employee Benefits	153,386
300 Purchased Services	14,212
400 Supplies and Materials	14,350
500 Capital Outlay	11,196
224 Improvement of Instruction - Inservice Training:	
100 Salaries	302,730
200 Employee Benefits	96,797
300 Purchased Services	99,691
400 Supplies and Materials	7,107
600 Other Objects	20,000
250 Finance and Operations Services:	
251 Student Transportation (Federal/District Mandated):	
100 Salaries	16
200 Employee Benefits	3
300 Purchased Services	8
255 Student Transportation (State Mandate):	
100 Salaries	8,685
200 Employee Benefits	1,376
300 Purchased Services	245
266 Technology and Data Processing Services:	
100 Salaries	128,561
200 Employee Benefits	33,628
Total Support Services	1,853,745
Total Expenditures	6,883,778
Excess of Revenues Over Expenditures	2,154,504
Other Financing Sources (Uses)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund	(2,154,504)
Total Other Financing Sources (Uses)	(2,154,504)
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	-
Fund Balance, July 1, 2012	-
Fund Balance, June 30, 2013	-

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT FUND
SUMMARY SCHEDULE BY PROGRAM
FOR FISCAL YEAR ENDED JUNE 30, 2013

Program	Revenues	Expenditures	EIA Interfund Transfers In (Out)	Other Fund Transfers In (Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 23,632	\$ 23,632	-	-	\$ 1,997
3509 Arts in Education	36,348	36,348	-	-	6,709
3511 Professional Development	42,385	42,385	-	-	52,140
3518 Formative Assessment	41,379	41,379	-	-	-
3525 Career and Technology Education Equipment	113,314	113,314	-	-	7,400
3526 Refurbishment of Science Kits	28,859	28,859	-	-	47,298
3532 National Board Certification	929,073	929,073	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	3,012,324	3,012,324	-	-	203,506
3540 Four-Year Old Early Childhood	309,608	309,608	-	-	-
3542 Preschool Programs for Children with Disabilities	17,284	17,284	-	-	-
3544 High Achieving Students	238,851	238,851	-	-	36,690
3550 Teacher Salary Increase	1,018,111	-	-	\$ (1,018,111)	-
3551 Salary Supplement	736,371	-	-	(736,371)	-
3555 School Employer Contributions	400,022	-	-	(400,022)	-
3556 Adult Education	277,338	277,338	-	-	101,460
3558 Reading	55,156	55,156	-	-	54,082
3577 Teacher Supplies	203,075	203,075	-	-	-
3578 High Schools that Work	55,055	55,055	-	-	35,228
3585 Aide to Districts	1,196,506	1,196,506	-	-	-
3592 School-to-Work Transition	35,711	35,711	-	-	45,579
3594 Academic Alternatives	48,409	48,409	-	-	39,661
3597 Aide to Districts	182,189	182,189	-	-	-
3598 Flexible Cost Savings	10,000	10,000	-	-	-
3599 Other EIA Funds	23,515	23,515	-	-	4,444
Total	9,035,592	6,881,088	-	(2,154,504)	636,194

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, 2013

	Budget	Actual	Variance
Revenues			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes	\$ 12,478,604	\$ 12,544,822	\$ 66,218
1140 Penalties & Interest/Delinquent Taxes	115,000	124,500	9,500
1200 Revenue from Local Governmental Units Other Than LEA's:			
1280 Revenue in Lieu of Taxes	489,155	553,690	64,535
1500 Earnings on Investments:			
1510 Interest on Investments	2,625	5,018	2,393
Total Revenue - Local Sources	13,085,384	13,228,030	142,646
 3000 Revenue from State Sources:			
3800 State Revenue in Lieu of Taxes:			
3820 Homestead Exemption	594,821	685,173	90,352
3830 Merchant's Inventory Tax	12,497	12,497	-
3840 Manufacturer's Depreciation Reimbursement	66,747	73,030	6,283
3890 Other State Property Tax Revenues	14,500	16,747	2,247
Total Revenue - State Sources	688,565	787,447	98,882
Total Revenue - All Sources	13,773,949	14,015,477	241,528
 Expenditures			
500 Debt Service:			
610 Redemption on Principal	13,005,000	11,510,000	1,495,000
620 Interest	2,006,665	922,752	1,083,913
690 Other Objects (Includes Fees for Servicing Bonds)	-	4,224	(4,224)
Total Expenditures	15,011,665	12,436,976	2,574,689
 Excess (Deficiency) of Revenues Over Expenditures	(1,237,716)	1,578,501	2,816,217
 Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(1,237,716)	1,578,501	2,816,217
 Fund Balance, July 1, 2012		3,406,898	
 Fund Balance, June 30, 2013		4,985,399	

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, 2013

	Actual
Revenues	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 616
Total Revenue - Local Sources	<u>616</u>
Total Revenue - All Sources	<u>616</u>
Expenditures	
500 Debt Service:	
610 Redemption on Principal	980,000
620 Interest	3,430,325
690 Other Objects (Includes Fees for Servicing Bonds)	<u>641,012</u>
Total Expenditures	<u>5,051,337</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,050,721)
Other Financing Sources (Uses)	
5110 Premium on Bonds Sold	6,480,150
5130 Proceeds of Refunding Debt	60,355,000
441-720 Payment to Refunded Debt Escrow Agent	(72,779,959)
Interfund Transfers From (To) Other Funds	
5250 Transfer from School Building Fund	<u>4,409,406</u>
Total Other Financing Sources (Uses)	<u>(1,535,403)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(6,586,124)
Fund Balance, July 1, 2012	<u>6,586,124</u>
Fund Balance, June 30, 2013	<u><u>-</u></u>

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, 2013

	Budget	Actual	Variance
Revenues			
1000 Revenue - Local Sources			
1510 Interest on Investments	\$ 22,096	\$ 22,096	-
1900 Miscellaneous Local Revenue			
1994 Receipt of Legal Settlements	29,595	29,595	-
1999 Revenue from Other Local Sources	24,225	24,225	-
Total Revenue - Local Sources	75,916	75,916	-
3000 Revenue - State Sources			
3170 State School Building Fund	32,248	32,248	-
Total Revenue - State Sources	32,248	32,248	-
Total Revenue - All Sources	108,164	108,164	-
Expenditures			
250 Finance and Operations Services:			
253 Facilities Acquisition and Construction Services:			
300 Purchased Services	7,282,026	2,941,913	\$ 4,340,113
400 Supplies and Materials	1,628,738	646,793	981,945
500 Capital Outlay:			
520 Construction Services	15,722,590	1,716,127	14,006,463
530 Improvements Other Than Buildings	149,655	49,655	100,000
540 Equipment	131,251	63,248	68,003
545 Technology Equipment and Software	967,393	498,893	468,500
580 Mobile Classrooms	52,380	49,700	2,680
600 Other Objects			
690 Other Objects	978,136	-	978,136
500 Debt Service:			
620 Interest	-	2,890	(2,890)
Total Expenditures	26,912,169	5,969,219	20,942,950
Other Financing Sources (Uses)			
5110 Premiums on Bonds Sold	1,267,232	1,267,232	-
5120 Proceeds of General Obligation Bonds	-	21,720,000	21,720,000
5130 Proceeds of Refunding Debt	400,379	-	(400,379)
Interfund Transfers From (To) Other Funds			
5240 Transfer from Debt Service	17,270,171	-	(17,270,171)
423-710 Transfer to Debt Service Fund	-	(4,409,402)	(4,409,402)
425-710 Transfer to Food Service Fund	-	(20,618)	(20,618)
426-710 Transfer to Pupil Activity Fund	(3,600)	(3,600)	-
Total Other Financing Sources (Uses)	18,934,182	18,553,612	(380,570)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	(7,869,823)	12,692,557	20,562,380
Fund Balance, July 1, 2012		6,143,481	
Fund Balance, June 30, 2013		18,836,038	

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, 2013

	Actual
Interfund Transfers From (To) Other Funds	
423-710 Transfer to Debt Service Fund	\$ (4)
	<hr/>
Total Other Financing Sources (Uses)	<hr/> (4)
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	(4)
Fund Balance, July 1, 2012	<hr/> 4
Fund Balance, June 30, 2013	<hr/> - <hr/>

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, AND CHANGES IN NET POSITION

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance
Revenues			
1000 Revenue - Local Sources:			
1600 Food Services:			
1610 Lunch Sales to Pupils	\$ 823,239	\$ 786,216	\$ (37,023)
1620 Breakfast Sales to Pupils	113,506	113,128	(378)
1630 Special Sales to Pupils	510,264	486,566	(23,698)
1640 Lunch Sales to Adults	70,674	60,719	(9,955)
1650 Breakfast Sales to Adults	12,036	11,708	(328)
1660 Special Sales to Adults	93,150	91,794	(1,356)
1900 Other Revenue from Local Sources:			
1999 Revenue from Other Local Sources	3,216	3,751	535
Total Revenue - Local Sources	<u>1,626,085</u>	<u>1,553,882</u>	<u>(72,203)</u>
3000 Revenue - State Sources:			
3100 Restricted State Funding:			
3140 School Lunch:			
3142 Program Aid	-	441	441
Total Revenue - State Sources	<u>-</u>	<u>441</u>	<u>441</u>
4000 Revenue - Federal Sources:			
4800 USDA Reimbursement:			
4810 School Lunch Program	2,748,703	2,759,302	10,599
4830 School Breakfast Program	796,938	846,135	49,197
4900 Other Federal Sources:			
4991 USDA Commodities	323,390	320,559	(2,831)
4999 Revenue from Other Federal Sources	9,027	9,091	64
Total Revenue - Federal Sources	<u>3,878,058</u>	<u>3,935,087</u>	<u>57,029</u>
Total Revenue - All Sources	<u>5,504,143</u>	<u>5,489,410</u>	<u>(14,733)</u>
Expenses			
256 Food Services:			
100 Salaries	1,740,475	1,739,655	820
200 Employee Benefits	219,232	278,621	(59,389)
300 Purchased Services	32,121	33,351	(1,230)
400 Supplies and Materials	2,842,585	2,940,698	(98,113)
500 Capital Outlay	140,379	129,332	11,047
600 Other Objects	10,017	11,968	(1,951)
Total Expenses	<u>4,984,809</u>	<u>5,133,625</u>	<u>(148,816)</u>
Other Financing Sources (Uses)			
Interfund Transfers From (To) Other Funds			
5250 Transfer from School Building Fund	-	20,618	20,618
5300 Gain (Loss) on Disposal of Fixed Assets	-	(18,959)	(18,959)
432-791 Transfer to General Fund (Indirect Costs)	(277,774)	(308,210)	(30,436)
Total Other Financing Sources (Uses)	<u>(277,774)</u>	<u>(306,551)</u>	<u>(28,777)</u>
Changes in Net Position	<u>241,560</u>	<u>49,234</u>	<u>(192,326)</u>
Net Position, July 1, 2012		<u>1,492,459</u>	
Net Position, June 30, 2013		<u>1,541,693</u>	

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 SCHOOL ORGANIZATIONS**

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Actual
Receipts	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,438
1700 Pupil Activities:	
1710 Admissions	344,269
1720 Bookstore Sales	1,443,414
1730 Pupil Organization Membership Dues and Fees	763,488
1740 Student Fees	33,269
1900 Other Revenue from Local Sources:	
1920 Contributions and Donations Private Sources	<u>644,989</u>
Total Receipts - Local Sources	<u>3,231,867</u>
Disbursements	
100 Instruction:	
190 Instructional Pupil Activity:	
100 Salaries	65,402
200 Employee Benefits	13,474
400 Supplies and Materials	2,078
500 Capital Outlay	17,299
660 Pupil Activity	<u>1,594,900</u>
Total Instruction	<u>1,693,153</u>
200 Support Services:	
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries	208,714
200 Employee Benefits	33,375
300 Purchased Services	9,793
500 Capital Outlay	3,235
660 Pupil Activity	1,339,464
272 Enterprise Activities:	
500 Capital Outlay	7,230
660 Pupil Activity	148,319

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

PUPIL ACTIVITY FUND

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS
DUE TO SCHOOL ORGANIZATIONS**

FOR FISCAL YEAR ENDED JUNE 30, 2013

	Actual
273 Trust and Agency Activities:	
660 Pupil Activity	<u>\$ 4,574</u>
Total Support Services	<u>1,754,704</u>
Total Pupil Activity Expenditures	<u>3,447,857</u>
Other Financing Sources (Uses)	
Transfers From (To) Other Funds:	
5210 Transfer from General Fund	164,700
5250 Transfer from School Building Fund	<u>3,600</u>
Total Other Financing Sources (Uses)	<u>168,300</u>
Excess (Deficiency) of Receipts Over Disbursements and Other Financing Sources (Uses)	(47,690)
Due to School Organizations, July 1, 2012	<u>1,538,842</u>
Due to School Organizations, June 30, 2013	<u><u>1,491,152</u></u>

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

**FIDUCIARY FUND - AGENCY
PUPIL ACTIVITY FUND**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

JUNE 30, 2013

	Balance July 01, 2012	Additions	Deductions	Balance June 30, 2013
Assets				
Cash and Investments	\$ 1,629,938	\$ 3,500,552	\$ 3,447,857	\$ 1,682,633
Accounts Receivable	2,431	-	2,431	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	1,632,369	3,500,552	3,450,288	1,682,633
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities				
Due to School District	93,527	97,954	-	191,481
Due to School Organizations	1,538,842	3,500,552	3,548,242	1,491,152
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	1,632,369	3,598,506	3,548,242	1,682,633
	<hr/>	<hr/>	<hr/>	<hr/>

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
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

	<u>The Discovery School</u>
Assets	
Accounts Receivable	\$ 34,950
	<hr/>
Total Assets	<u><u>34,950</u></u>
Liabilities and Fund Balances	
Liabilities	
Accounts Payable and Accrued Liabilities	34,950
	<hr/>
Total Liabilities	<u>34,950</u>
Net Assets	
Unrestricted	-
	<hr/>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u><u>34,950</u></u>

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPONENT UNIT - THE DISCOVERY SCHOOL
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2013

	<u>Actual</u>
Support and Revenue:	
Local Funding Passed Through Local School District	\$ 659,369
Federal Funding Passed Through Local School District	<u>8,011</u>
Total Support and Revenue	<u>667,380</u>
 Expenses:	
Instruction	438,256
Support Services	<u>229,124</u>
Total Expenses	<u>667,380</u>
 Changes in Net Assets	 -
 Net Assets, July 1, 2012	 <u>-</u>
 Net Assets, June 30, 2013	 <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
FOR FISCAL YEAR ENDED JUNE 30, 2013

Program	Revenue/ Subfund Code	Description	Total Due June 30, 2013	Status of Amount Due to Grantors
Arts in Education	3509/309	Unexpended Funds	\$ 7	Unpaid
National Board Certification	3532/332	Unexpended Funds	12,441	Unpaid
Extended School Year	4999/839	Unexpended Funds	396	Unpaid
Gear-Up (Middle Schools)	4999/861	Overclaimed	57	Unpaid
Total			<u>12,901</u>	

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

LOCATION RECONCILIATION SCHEDULE

FOR FISCAL YEAR ENDED JUNE 30, 2013

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
10	Brooklyn Springs Elementary	Elementary Schools	School	\$ 3,447,148
12	Discovery School	Other Schools	School	667,380
13	Clinton Elementary	Elementary Schools	School	3,071,413
15	Erwin Elementary	Elementary Schools	School	3,375,656
16	Lancaster High School	High Schools	School	11,996,439
19	McDonald Green Elementary	Elementary Schools	School	3,704,648
20	North Elementary	Elementary Schools	School	4,710,786
22	South Middle	Middle Schools	School	5,070,790
23	Southside Early Childhood Center	Other Schools	School	1,988,590
24	Barr Street Learning Center	Other Schools	School	393,578
25	A.R. Rucker	Middle Schools	School	4,318,460
30	Andrew Jackson High	High Schools	School	4,955,006
33	Heath Springs Elementary	Elementary Schools	School	3,181,287
34	Kershaw Elementary	Elementary Schools	School	3,154,820
37	Andrew Jackson Middle	Middle Schools	School	3,268,319
40	Buford Middle	Middle Schools	School	3,528,209
41	Buford Elementary	Elementary Schools	School	4,371,796
43	Buford High	High Schools	School	4,922,094
50	Indian Land High	High Schools	School	5,646,512
51	Indian Land Elementary	Elementary Schools	School	6,653,015
52	Indian Land Middle	Middle Schools	School	3,863,585
53	Future Elementary School	Elementary Schools	School	2,301,774
11,17,60-99	District Wide	Non-School	Central	109,937,960
Total Expenditures/Disbursements for All Funds				198,529,265
The above expenditures are reconciled to the District's financial statements as follows:				
General Fund (Subfund 100s)				74,543,923
Special Revenue Fund (Subfunds 200s, 800s and 900s)				12,282,591
Special Revenue EIA Fund (Subfunds 300s)				6,883,778
Debt Service Fund (Subfunds 400s)				90,268,272
Capital Projects Fund (School Building)(Subfunds 500s)				5,969,219
Proprietary Fund (Food Service)(Subfund 600s)				5,133,625
Agency Fund (Pupil Activity)(Subfunds 700s)				3,447,857
Total by Fund				198,529,265

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.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	91-95
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	96-99
Debt Capacity	
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.	100-103
Demographic and Economic Information	
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.	104-106
Operating Information	
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.	107-110

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 POSITION BY COMPONENT,
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary Government										
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 22,739,357
Restricted	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	23,821,437
Unrestricted	11,093,241	11,762,362	11,068,122	8,048,729	12,276,843	10,404,535	11,193,834	12,679,479	15,305,628	18,968,579
Total Governmental Activities Net Position	49,682,116	45,518,577	44,598,177	46,259,890	43,466,194	44,189,208	46,381,142	54,130,552	59,888,554	65,529,373
Business-Type Activities										
Net Investment in Capital Assets	746,223	756,937	679,414	611,098	798,128	764,181	679,606	570,429	470,369	455,985
Unrestricted	753,143	656,307	667,344	773,065	364,200	57,091	283,218	564,534	1,022,090	1,085,708
Total Business-Type Activities Net Position	1,499,366	1,413,244	1,346,758	1,384,163	1,162,328	821,272	962,824	1,134,963	1,492,459	1,541,693
Total Primary Government										
Net Investment in Capital Assets	37,211,519	(13,675,112)	895,877	15,316,976	17,239,379	21,346,912	24,599,658	26,069,114	28,442,583	23,195,342
Restricted	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	23,821,437
Unrestricted	11,846,384	12,418,669	11,735,466	8,821,794	12,641,043	10,461,626	11,477,052	13,244,013	16,327,718	20,054,287
Total Primary Government Net Position	51,181,482	46,931,821	45,944,935	47,644,053	44,628,522	45,010,480	47,343,966	55,265,515	61,381,013	67,071,066

Note: Accrual basis of accounting.
This schedule begins with the year the District implemented GASB 34

Source: Comprehensive Annual Financial Report

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSES) REVENUES,
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 58,954,051
Support Services	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	39,781,575
Community Services	1,082,144	1,181,697	1,090,264	989,101	1,147,450	1,094,083	1,093,580	1,139,831	1,176,010	1,305,910
Intergovernmental	344,564	422,681	924,574	-	-	-	-	-	-	-
Interest on Long-Term Debt	2,970,070	4,164,684	5,063,685	6,689,424	5,211,168	4,592,977	3,912,591	4,270,217	4,255,936	3,908,150
Pupil Activities	-	313,944	123,352	222,336	136,570	313,165	133,669	119,900	344,787	168,300
Total Governmental Activities Expenses	<u>75,163,674</u>	<u>87,305,657</u>	<u>92,598,318</u>	<u>101,067,346</u>	<u>108,716,622</u>	<u>105,761,216</u>	<u>104,959,535</u>	<u>98,516,299</u>	<u>98,017,369</u>	<u>104,117,986</u>
Business-Type Activities:										
Food Service	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	5,152,584
Total Business-Type Activities Expenses	<u>3,509,653</u>	<u>3,740,598</u>	<u>3,832,338</u>	<u>3,991,577</u>	<u>4,612,946</u>	<u>4,816,495</u>	<u>4,660,324</u>	<u>4,808,028</u>	<u>4,919,588</u>	<u>5,152,584</u>
Total Primary Government Expenses	<u>78,673,327</u>	<u>91,046,255</u>	<u>96,430,656</u>	<u>105,058,923</u>	<u>113,329,568</u>	<u>110,577,711</u>	<u>109,619,859</u>	<u>101,324,327</u>	<u>102,936,957</u>	<u>109,270,570</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	227,751	48,790	66,218	90,966	103,082	85,244	58,021	61,994	86,903	30,054
Support Services	-	-	-	-	-	-	-	-	-	19,822
Community Services	-	-	-	-	-	-	-	-	-	696
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	45,701,006	49,261,919	54,789,919	58,159,659	73,792,215	72,746,160	73,544,657	66,993,322	67,418,258	71,820,962
Capital Grants and Contributions	504,956	171,457	608,544	55,924	156,414	478,098	6,982	4,034	3,119	-
Total Governmental Activities Program Revenues	<u>46,433,713</u>	<u>49,482,166</u>	<u>55,464,681</u>	<u>58,306,549</u>	<u>74,051,711</u>	<u>73,309,500</u>	<u>73,609,680</u>	<u>67,059,350</u>	<u>67,508,280</u>	<u>71,871,534</u>
Business-Type Activities:										
Charges for Services	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	1,550,131
Operating Grants and Contributions	2,439,482	2,581,584	2,623,988	2,792,462	3,140,152	3,279,631	3,554,868	3,625,926	3,899,979	3,939,279
Total Business-Type Activities Program Revenues	<u>3,703,890</u>	<u>3,844,639</u>	<u>3,928,027</u>	<u>4,213,566</u>	<u>4,587,542</u>	<u>4,677,533</u>	<u>5,023,982</u>	<u>5,198,033</u>	<u>5,511,488</u>	<u>5,489,410</u>
Total Primary Government Program Revenues	<u>50,137,603</u>	<u>53,326,805</u>	<u>59,392,708</u>	<u>62,520,115</u>	<u>78,639,253</u>	<u>77,987,033</u>	<u>78,633,642</u>	<u>72,257,383</u>	<u>73,019,768</u>	<u>77,360,944</u>
Net (Expense) Revenue										
Governmental Activities	(28,729,961)	(37,823,491)	(37,133,637)	(42,760,797)	(34,664,911)	(32,451,716)	(31,349,875)	(29,456,949)	(30,509,089)	(32,246,452)
Business-Type Activities	194,237	104,041	95,689	221,989	(25,404)	(138,962)	363,658	390,005	591,900	336,826
Total Primary Governmental Net (Expense) Revenue	<u>(28,535,724)</u>	<u>(37,719,450)</u>	<u>(37,037,948)</u>	<u>(42,538,808)</u>	<u>(34,690,315)</u>	<u>(32,590,678)</u>	<u>(30,986,217)</u>	<u>(29,066,944)</u>	<u>(29,917,189)</u>	<u>(31,909,626)</u>

Note: Accrual basis of accounting.

This schedule begins with the year the District implemented GASB 34

Source: Comprehensive Annual Financial Report

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 18,313,493	\$ 18,206,073	\$ 20,438,529	\$ 21,987,046	\$ 19,614,988	\$ 21,718,638	\$ 22,820,813	\$ 21,797,653	\$ 23,793,704	\$ 24,169,532
Property Taxes, Levied for Debt Service	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	13,292,168
Unrestricted Grants and Contributions	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	298,274	1,401,681	2,577,578	2,627,828	1,286,634	283,331	103,229	115,775	57,831	73,410
Gain on Sale of Capital Assets	-	-	-	4,739,640	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	-	-	-	4,894,908	-	-
Miscellaneous	1,539,513	1,712,280	1,080	54,340	61,269	29,782	29,187	26,771	26,871	64,569
Transfers	53,436	198,113	203,438	199,519	203,414	205,473	223,376	219,935	235,169	287,592
Total Governmental Activities	<u>31,644,409</u>	<u>33,659,952</u>	<u>36,213,237</u>	<u>44,422,510</u>	<u>31,871,215</u>	<u>33,174,730</u>	<u>33,541,809</u>	<u>37,206,359</u>	<u>36,267,091</u>	<u>37,887,271</u>
Business-Type Activities:										
Unrestricted Investment Earnings	2,572	7,950	14,791	14,935	6,983	3,379	1,270	2,069	765	-
Miscellaneous	-	-	26,472	-	-	-	-	-	-	-
Transfers	(192,872)	(198,113)	(203,438)	(199,519)	(203,414)	(205,473)	(223,376)	(219,935)	(235,169)	(287,592)
Total Business-Type Activities	<u>(190,300)</u>	<u>(190,163)</u>	<u>(162,175)</u>	<u>(184,584)</u>	<u>(196,431)</u>	<u>(202,094)</u>	<u>(222,106)</u>	<u>(217,866)</u>	<u>(234,404)</u>	<u>(287,592)</u>
Total Primary Government	<u>31,454,109</u>	<u>33,469,789</u>	<u>36,051,062</u>	<u>44,237,926</u>	<u>31,674,784</u>	<u>32,972,636</u>	<u>33,319,703</u>	<u>36,988,493</u>	<u>36,032,687</u>	<u>37,599,679</u>
Change in Net Position										
Governmental Activities	2,914,448	(4,163,539)	(920,400)	1,661,713	(2,793,696)	723,014	2,191,934	7,749,410	5,758,002	5,640,819
Business-Type Activities	3,937	(86,122)	(66,486)	37,405	(221,835)	(341,056)	141,552	172,139	357,496	49,234
Total Change in Net Position-Primary Government	<u>2,918,385</u>	<u>(4,249,661)</u>	<u>(986,886)</u>	<u>1,699,118</u>	<u>(3,015,531)</u>	<u>381,958</u>	<u>2,333,486</u>	<u>7,921,549</u>	<u>6,115,498</u>	<u>5,690,053</u>

Note: Accrual basis of accounting.
This schedule begins with the year the District implemented GASB 34

Source: Comprehensive Annual Financial Report

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved*	\$ 88,883	\$ 331,911	\$ 46,511	\$ 89,715	\$ 106,575	\$ 35,064	\$ 6,811	N/A	N/A	N/A
Unreserved										
Designated for Subsequent Years	2,472,251	2,612,135	2,585,148	3,456,085	2,651,809	1,520,434				
Undesignated	9,622,905	9,869,381	12,404,514	11,735,638	11,753,390	10,259,136	11,284,835	N/A	N/A	N/A
Total General Fund	<u>12,184,039</u>	<u>12,813,427</u>	<u>15,036,173</u>	<u>15,281,438</u>	<u>14,511,774</u>	<u>11,814,634</u>	<u>11,291,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Fund**										
Nonspendable:										
Prepaid Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 69,943	-	-
Assigned:										
Subsequent Year Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	831,936	\$ 954,973	\$ 2,423,778
Encumbered Operating Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71,971	36,355	53,515
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,425,838	14,567,464	15,269,599
Total General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,399,688</u>	<u>15,558,792</u>	<u>17,746,892</u>
All Other Governmental Funds										
Reserved for:										
Debt Service	1,167,846	3,333,819	1,953,594	2,146,610	1,668,140	1,883,466	2,077,477	N/A	N/A	N/A
Debt Service LEAP		6,603,568	6,857,321	6,885,680	6,821,837	6,612,593	6,585,984	N/A	N/A	N/A
Capital Projects	1,676,497	278,629	1,607,423	7,343,335	4,176,572	2,775,727	1,533,182	N/A	N/A	N/A
Capital Projects LEAP		38,539,070	23,426,440	6,892,499	1,831,137	1,500,556	534,546	N/A	N/A	N/A
Unreserved, Reported in:										
Special Revenue Funds			(24,520)	267,742	976	976	-	N/A	N/A	N/A
Total All Other Governmental Funds	<u>2,844,343</u>	<u>48,755,086</u>	<u>33,820,258</u>	<u>23,535,866</u>	<u>14,498,662</u>	<u>12,773,318</u>	<u>10,731,189</u>	<u>-</u>	<u>-</u>	<u>-</u>
All Other Governmental Funds**										
Restricted:										
Debt Service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,502,646	3,406,898	4,985,399
Debt Service LEAP	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	7,116,888	6,143,482	18,836,038
Capital Projects LEAP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	123,888	4	-
Total All Other Governmental Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,329,308</u>	<u>16,136,508</u>	<u>23,821,437</u>

Notes: Modified accrual basis of accounting.

*Includes encumbrances, inventory and prepaid items

** The 2011-2013 funds balances for the General Fund and all other Governmental Funds are reported based on the requirements under GASBS 54. The fund balances for years ended 2004-2011 are not reported under GASBS 54.

Source: Comprehensive Annual Financial Report

Unaudited

LANCASTER COUNTY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, DEBT SERVICE RATIO, OTHER FINANCING SOURCES AND USES AND CHANGE IN FUND BALANCES,
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Local Sources:	\$ 26,188,875	\$ 28,837,749	\$ 31,418,688	\$ 34,354,429	\$ 32,676,653	\$ 34,459,057	\$ 35,010,912	\$ 38,681,391	\$ 38,108,648	\$ 38,658,902
State Sources	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	60,801,115
Federal Sources	7,260,840	8,240,281	9,022,291	10,097,836	11,269,677	11,507,083	18,494,227	13,646,168	9,457,423	9,759,753
Total Revenues	78,024,686	82,944,005	91,474,480	96,882,900	105,703,594	105,536,936	106,419,701	103,602,308	104,232,146	109,219,770
Expenditures										
Instruction	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	56,699,790
Support Services	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	37,395,242
Community Services	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	1,305,910
Pupil Activities	-	-	-	-	-	-	-	119,900	344,787	168,300
Intergovernmental	344,564	422,681	924,574	737,522	749,709	806,061	789,155	778,140	792,327	809,899
Debt Service:										
Principal	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	12,490,000
Interest and Fiscal Charges	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	5,001,203
Capital Outlay	388,241	3,361,676	15,393,563	17,850,200	8,998,177	3,128,620	2,561,322	2,064,968	1,882,533	2,806,411
Total Expenditures	77,235,260	87,931,865	109,276,050	117,149,210	115,512,306	110,517,839	109,099,525	98,116,082	100,501,011	116,676,755
Excess (Deficiency) of Revenues Over Expenditures	789,426	(4,987,860)	(17,801,570)	(20,266,310)	(9,808,712)	(4,980,903)	(2,679,824)	5,486,226	3,731,135	(7,456,985)
Other Financing Sources (Uses)										
Sale of Capital Assets				4,757,000			25,000			
Premium on Bonds Sold		2,179,450	9,401							7,747,382
Proceeds of General Obligation Bonds		51,275,000	5,000,000	5,500,000						21,720,000
Proceeds of Refund Debt		19,425,000			9,375,000	18,255,000				60,355,000
Payment to Refunded Debt Escrow Agent		(21,235,629)			(9,440,000)	(17,725,000)				(72,779,959)
Medicaid Reimbursements										
Operating Transfers In	5,288,205	5,236,501	2,405,597	3,776,442	3,063,214	3,604,237	10,020,591	11,594,034	11,277,483	7,121,305
Operating Transfers (Out)	(5,234,769)	(5,352,332)	(2,325,510)	(3,806,259)	(2,996,370)	(3,575,818)	(9,930,884)	(11,374,099)	(11,042,314)	(6,833,713)
Miscellaneous Other Financing Sources										
Total Other Financing Sources (Uses)	53,436	51,527,990	5,089,488	10,227,183	1,844	558,419	114,707	219,935	235,169	17,330,015
Net Change in Fund Balances	842,862	46,540,130	(12,712,082)	(10,039,127)	(9,806,868)	(4,422,484)	(2,565,117)	5,706,161	3,966,304	9,873,030
Debt Service as a Percentage of Noncapital Expenditures	9.32%	7.68%	12.42%	11.94%	6.55%	5.50%	7.66%	7.67%	7.30%	15.57%

Note: Modified accrual basis of accounting.

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	Real Property		Personal Property		Total		Total Direct Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2004	\$ 104,226,549	\$ 2,149,515,183	\$ 71,685,967	\$ 662,599,084	\$ 175,912,516	\$ 2,812,114,267	177.0	6.26%
2005	109,788,698	2,266,664,653	69,239,761	666,482,988	179,028,459	2,933,147,641	182.0	6.10%
2006	121,546,145	2,433,252,221	64,855,435	679,641,458	186,401,580	3,112,893,679	182.0	5.99%
2007	162,587,950	3,332,779,960	71,203,051	737,248,972	233,791,001	4,070,028,932	157.5	5.74%
2008	177,479,354	3,661,535,838	73,291,963	772,983,709	250,771,317	4,434,519,547	167.0	5.65%
2009	201,753,816	4,223,965,667	75,404,200	821,602,457	277,158,016	5,045,568,124	172.0	5.49%
2010	211,761,152	4,483,636,367	74,113,190	784,691,724	285,874,342	5,268,328,091	172.0	5.43%
2011	215,604,040	4,591,062,583	59,733,425	739,712,513	275,337,465	5,330,775,096	175.3	5.17%
2012	221,005,620	4,742,031,500	60,511,398	765,238,561	281,517,018	5,507,270,061	183.5	5.11%
2013	223,980,320	4,831,654,250	63,738,973	814,133,088	287,719,293	5,645,787,338	187.0	5.10%

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	
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
2013	140.00	47.00	187.00	85.10	3.80	149.70	72.10	497.70

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 TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2013			2004		
	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	\$ 7,572,510	1	2.63%	\$ 6,851,530	2	3.89%
Lancaster Hospital Corp.	4,398,090	2	1.53%	3,535,800	4	2.01%
The Gillette Company	4,014,234	3	1.40%	5,827,595	3	3.31%
Pulte Home Corporation	2,299,350	4	0.80%			
Haile Gold Mine	1,892,756	5	0.66%			
Springs Global (A)	1,588,890	6	0.55%	8,665,158	1	4.93%
Lancaster Telephone Co.	1,415,180	7	0.49%	1,685,030	6	0.96%
Springland Associates, LLC	1,395,020	8	0.48%	1,883,250	5	1.07%
Wells Real Estate	1,293,393	9	0.45%			
Springmaid FCU	806,648	10	0.28%			
Belden CDT Networking Inc.				1,183,039	7	0.67%
Allegiance Healthcare				924,311	8	0.53%
Boral Bricks				829,160	9	0.47%
Lynches River Electric				793,580	10	0.45%
Total Assessed Value	<u>26,676,071</u>		<u>9.27%</u>	<u>32,178,453</u>		<u>18.29%</u>

Note:

* Taxpayers are assessed on January 1, 2012 for the 2013 fiscal year.

* Taxpayers are assessed on January 1, 2003 for the 2004 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
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	33,096,441	30,869,911	93.27%	1,958,147	32,828,058	99.19%
2010	33,513,231	31,342,185	93.52%	1,659,750	33,001,935	98.47%
2011	32,778,823	30,239,000	92.25%	1,954,720	32,193,720	98.21%
2012	35,337,343	33,436,170	94.62%	1,172,549	34,608,719	97.94%
2013	36,477,578	34,630,857	94.94%	-	34,630,857	94.94%

Note: Fiscal years 2004-2005 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**

Fiscal Year	General Obligation Bonds	LEAP Bonds	Note Payable	Total Primary Government	Percentage of Personal Income	Per Capita
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	70,495,462		101,730,462	6.85%	1,621
2007	29,260,000	70,480,709		99,740,709	6.47%	1,568
2008	27,277,735	70,420,956		97,698,691	6.02%	1,331
2009	25,590,617	70,256,203		95,846,820	5.47%	1,263
2010	23,133,499	69,996,450		93,129,949	5.23%	1,198
2011	20,586,381	69,626,697	\$ 73,625	90,286,703	4.69%	1,149
2012	17,934,263	69,151,944	55,219	87,141,426	4.23%	1,119
2013	29,287,120	61,957,211	36,813	91,281,144	Not Available	1,154

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
RATIOS OF GENERAL BONDED
DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>General Bonded Debt Outstanding</u>							
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)
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	70,495,462	101,730,462	8,810,915	92,919,547	2.98%	1,481
2007	29,260,000	70,480,709	99,740,709	9,032,290	90,708,419	2.23%	1,426
2008	27,277,735	70,420,956	97,698,691	8,489,977	89,208,714	2.01%	1,215
2009	25,590,617	70,256,203	95,846,820	8,496,059	87,350,761	1.73%	1,151
2010	23,133,499	69,996,450	93,129,949	8,663,461	84,466,488	1.60%	1,086
2011	20,586,381	69,626,697	90,213,078	8,088,532	82,124,546	1.54%	1,045
2012	17,934,263	69,151,944	87,086,207	9,993,022	77,093,185	1.40%	990
2013	29,287,120	61,957,211	91,244,331	4,985,399	86,258,932	1.53%	1,091

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, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Lancaster County	\$ 18,325,000	100%	\$ 18,325,000
City of Lancaster	150,000	100%	<u>150,000</u>
Subtotal, Overlapping Debt			<u>18,475,000</u>
District Direct Debt			<u>91,281,144</u>
Total Direct and Overlapping Debt			<u><u>109,756,144</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 2013	
Assessed Value	\$ 287,719,293
Debt Limit (8% of Assessed Value)	23,017,543
Debt Applicable to Limit	<u>12,660,000</u>
Legal Debt Margin	<u>10,357,543</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 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	\$ 23,017,543
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	12,660,000
Legal Debt Margin	<u>14,073,001</u>	<u>14,322,277</u>	<u>14,934,568</u>	<u>18,703,280</u>	<u>20,061,705</u>	<u>22,172,641</u>	<u>22,869,947</u>	<u>22,026,997</u>	<u>22,521,361</u>	<u>10,357,543</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	55.00%

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**

Calendar Year	Estimated Population (A)	Personal Income (A) (thousands of dollars)	Per Capita Personal Income (A)	School Enrollment (B)	Unemployment Rate (A)
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	2,049,128	26,302	11,554	12.7%
2012	79,089	(C)	(C)	11,581	11.6%

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 SEVEN YEARS AGO**

Employer	2013			2006 (B)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Red Ventures	1,600	1	4.98%			
Lancaster County School District	1,569	2	4.88%	1,524	1	5.11%
Lancaster County	840	3	2.61%	467	6	1.57%
Cardinal Health	800	4	2.49%	700	4	2.35%
Wal-Mart	723	5	2.25%	300	9	1.01%
Springs Memorial Hospital	700	6	2.18%	800	3	2.68%
Continental Tire	430	7	1.34%			
Duracell, USA	405	8	1.26%	601	5	2.01%
URS Nuclear	400	9	1.24%			
Founders Federal CU	311	10	0.97%	268	10	0.90%
Springs Global (A)				1,500	2	5.03%
Humana (Kanawha)				360	7	1.21%
US Textiles Corp				330	8	1.11%
Total	7,778		24.20%	6,850		22.98%

Note:

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

(B) Prior years unavailable

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
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-2013
Instruction											
Teachers	733	753	784	791	819	833	817	739	729	761	3.82%
Aides	158	156	160	167	178	181	178	164	160	163	3.16%
Total Instruction	891	909	944	958	997	1,014	995	903	889	924	3.70%
Support Services											
Guidance Counselors	24	27	31	32	39	42	35	33	33	33	37.50%
Psychologist and Social Workers	7	8	8	9	10	12	12	11	11	11	57.14%
Media Specialists	18	19	20	19	20	20	20	20	20	20	11.11%
Nurses	18	17	20	20	23	23	23	23	23	23	27.78%
Instructional Staff Services	55	51	53	63	65	67	64	60	62	59	7.27%
Principals	17	17	17	17	17	18	18	18	18	18	5.88%
Assistant Principals	22	26	25	26	31	31	30	30	28	32	45.45%
Instructional Specialists	7	8	9	8	7	6	3	3	3	3	-57.14%
Noninstructional Administrators	21	22	26	26	27	27	27	27	26	25	19.05%
General and Finance Administrative Assistants	72	72	74	77	82	89	89	87	87	88	22.22%
Bus Drivers, Bus Aids and Maintenance	85	81	84	87	89	92	94	97	98	101	18.82%
Total Support Services	346	348	367	384	410	427	415	409	409	413	19.36%
Community Services	37	34	35	34	37	36	37	38	38	42	13.51%
Pupil Activity	-	-	-	-	-	-	-	-	-	-	-
Food Service											
Managers and Clerical	21	21	22	22	23	22	23	23	23	23	9.52%
Cafeteria Staff	105	102	107	107	108	105	102	100	100	103	-1.90%
Total Food Service	126	123	129	129	131	127	125	123	123	126	0.00%
Total	1,400	1,414	1,475	1,505	1,575	1,604	1,572	1,473	1,459	1,505	7.50%

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 per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2004	10,888	\$ 69,027,941	6,340	0.57%	\$ 78,673,327	7,226	47.30%	733	14.85	51%
2005	10,876	73,641,507	6,771	6.80%	91,046,255	8,371	15.85%	753	14.44	51%
2006	11,023	79,525,498	7,215	6.55%	96,430,656	8,748	4.50%	784	14.06	50%
2007	11,171	84,296,825	7,546	4.60%	105,058,923	9,405	7.50%	791	14.12	50%
2008	11,274	94,691,165	8,399	11.30%	113,329,568	10,052	6.89%	819	13.77	49%
2009	11,508	96,098,397	8,351	-0.58%	110,577,711	9,609	-4.41%	833	13.82	52%
2010	11,401	95,401,264	8,368	0.21%	109,574,383	9,611	0.02%	817	13.95	54%
2011	11,378	86,687,084	7,619	-8.95%	101,324,327	8,905	-7.34%	739	15.40	55%
2012	11,554	88,182,407	7,632	0.18%	102,936,957	8,909	0.04%	729	15.85	57%
2013	11,581	92,786,835	8,012	4.98%	109,270,570	9,435	5.91%	761	15.22	56%

Notes: 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**

Fiscal Year	Minimum Salary	Maximum Salary	County Average Salary (A)	Statewide Average Salary (B)
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
2013	33,361	71,002	48,481	47,050

Source: (A) District records
(B) SC Department of Education

Unaudited

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

<u>School</u>	<u>Fiscal Year</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Elementary School										
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	592	581	584	575	564	505	440	419	425	446
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	830	855	863	883	878	865	816	800	771	745
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	108	108	108	108	107	107	108	108	108	107
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	458	400	387	386	390	398	372	372	380	324
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	473	479	451	426	423	408	408	451	463	458
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	320	320	343	357	373	388	396	391	411	404
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	973	1,023	1,077	1,247	1,451	1,080	1,169	1,200	1,309	1,383
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	489	482	495	479	462	501	486	466	432	450
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	436	459	498	502	479	487	469	490	481	471
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	569	572	578	618	636	644	668	689	698	706
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	-	-	2	3	2	-	1	-	-	3
Middle School										
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	695	633	577	528	509	511	519	528	543	523
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	446	476	470	484	487	474	482	495	526	513
Buford(1956)										
Square feet	59,258	59,258	59,258	72,041	72,041	72,041	72,041	72,041	72,041	72,041
Capacity	683	683	683	859	859	859	859	859	859	859
Enrollment	435	454	444	465	439	449	443	488	494	478
Indian Land(1981)										
Square feet	-	-	-	-	100,948	100,948	100,948	100,948	100,948	100,948
Capacity	-	-	-	-	750	750	750	750	750	750
Enrollment	-	-	-	-	N/A	507	521	535	573	608
South(1962)										
Square feet	94,009	94,009	94,009	108,509	108,509	108,509	108,509	108,509	108,509	108,509
Capacity	1,019	1,019	1,019	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Enrollment	772	815	769	733	691	639	626	598	591	605

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School										
High School										
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	545	513	566	577	582	621	610	615	593	597
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	485	514	561	555	582	602	588	567	600	609
Indian Land(1981)										
Square feet	88,498	88,498	88,498	88,498	-	-	-	-	-	-
Capacity	624	624	624	624	-	-	-	-	-	-
Enrollment	390	415	481	525	-	-	-	-	-	-
Indian Land(2008)										
Square feet	-	-	-	-	142,657	142,657	142,657	142,657	142,657	142,657
Capacity	-	-	-	-	800	800	800	800	800	800
Enrollment	-	-	-	-	557	597	639	655	708	759
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	1,872	1,776	1,768	1,718	1,662	1,715	1,640	1,511	1,448	1,392
Other										
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	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.

SINGLE AUDIT SECTION

McGregor & COMPANY^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS | SINCE 1930

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

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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, the aggregate remaining fund information, and the related notes to the financial statements of Lancaster County School District as of and for the year ended June 30, 2013, which collectively comprise Lancaster County School District's basic financial statements and have issued our report thereon dated November 15, 2013. 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

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

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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

A handwritten signature in black ink that reads "McGee & Company, LLP". The signature is written in a cursive, flowing style.

Columbia, South Carolina
November 15, 2013

McGregor & COMPANY^{LLP}

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor Responsibility

Our responsibility is to express an opinion on compliance for each of Lancaster County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lancaster County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Lancaster County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Columbia, South Carolina
November 15, 2013

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2013

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, 2013

Part I Summary of Auditors' Results (Continued)

Identification of Major Federal Programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
84.010	Title One Cluster
84.334A	Gear-Up

Dollar Threshold Used to Distinguish Between Type A and Type B Programs
\$ 410,845.

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, 2013

Summary of Prior Year Findings

None

LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
U. S. Department of Agriculture				
Pass-Through State Department of Education:				
Child Nutrition Cluster :				
Non-Cash Assistance (Commodities):				
600	National School Lunch Program	10.555	N/A	\$ 320,559
	Non-Cash Assistance Subtotal			320,559
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	846,135
600	National School Lunch Program	10.555	N/A	2,759,302
	Cash Assistance Subtotal			3,605,437
	Total for Program (Cluster)			3,925,996
600	School Lunch Program Aid	10.565	N/A	9,091
	Total U. S. Department of Agriculture			3,935,087
U. S. Department of Education				
Pass-Through State Department of Education:				
Title I Cluster (Major Program)				
201	Title I - Grants to LEA's	84.010	13BA049	3,651,690
237	Title I - School Improvement	84.010	12BJ049	90,167
237	Title I - School Improvement	84.010	11BJ049	2,484
	Total Title I Cluster			3,744,341
IDEA Cluster				
203	IDEA - Children with Disabilities	84.027	13CA049	377,340
203	IDEA - Children with Disabilities	84.027	12CA049	1,739,774
205	Special Education Pre-school Grant	84.173	13CG049	105,981
205	Special Education Pre-school Grant	84.173	12CG049	61,379
	Total IDEA Cluster			2,284,474
207	Vocational Education	84.048	13VA049	197,275
224	21st Century Community Learning Centers Program	84.207	13CL049	229,632
243	Adult Education	84.002	13EA049	134,302
243	Adult Education	84.002	12EA049	35,068
243	English Literacy/Civics	84.002	13ED049	2,500
	Total CFDA 84.002			171,870
251	Title VI - Rural/Low Income	84.358B	13BS049	201,486
251	Title VI - Rural/Low Income	84.358B	12BS049	48,868
	Total CFDA 84.358B			250,354
264	ESOL Title III	84.365	13BP049	28,077
264	ESOL Title III	84.365	12BP049	7,222
	Total CFDA 84.365			35,299
267	Improving Teacher Quality	84.367	13TQ049	450,388
267	Improving Teacher Quality	84.367	12TQ049	16,438
	Total CFDA 84.367			466,826
	Total Passed-Through State Department of Education			7,380,071
Direct Programs:				
839	Extended School Year	12.000	N/A	184
861	Gear-Up (Major Program)	84.334A	P334A080033	593,806
	Total U. S. Department of Education			7,974,061

LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
	U. S. Department of Defense			
100	Direct Program: Army ROTC	12.000	N/A	\$ 252,312
	Total U. S. Department of Defense			<u>252,312</u>
	Corporation for National and Community Services			
276	Pass-Through State Department of Education: Americorps	94.006	12AC137716	122,317
	Total Corporation for National and Community Services			<u>122,317</u>
	U. S. Department of Health & Human Services			
825	Pass-Through State Department of Education: Early Head Start	93.600	04-CH4608-09	108,459
827	Early Head Start	93.600	04-CH4608-09	671,955
	Total Passed-Through State Department of Education			<u>780,414</u>
812	Direct Program: Good Behavior Game Replication Game	93.243	10SM601292A	87,032
	Total U. S. Department of Health & Human Services			<u>867,446</u>
	U. S. Department of Justice			
818	Direct Program: Supporting Teens Through Education & Protection Act of 2005	16.684	2011GW-AX-K005	195,028
	Total U. S. Department of Justice			<u>195,028</u>
	U. S. Department of Labor			
851	Pass-Through S.C. Department of Employment & Workforce: WIA Youth Activities - Jobs For SC Graduates	17.259	12JAG107	7,303
851	WIA Dislocated Worker Formula Grants	17.278	12JAG107	37,499
	Total Passed-Through S.C. Department of Employment & Workforce			<u>44,802</u>
857	Direct Program: Youth Build	17.274	YB21730-11	303,787
	Total U. S. Department of Labor			<u>348,589</u>
	Total Federal Awards Expended			<u><u>13,694,840</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, 2013

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.