

LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2014

**ISSUED BY
LANCASTER COUNTY SCHOOL DISTRICT**

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

**PREPARED BY
FINANCE DEPARTMENT**

THIS PAGE IS INTENTIONALLY LEFT BLANK

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2014

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 Balance Sheet of Governmental Funds to the Statement of Net Position	28
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	29
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds 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 Fiduciary Net Position - Pupil Activity	34
Notes to Financial Statements	35-52
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	53

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	PAGE
Combining and Individual Fund Schedules:	
General Fund:	
Balance Sheet	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	55-61
Special Revenue Fund:	
Balance Sheet	62
Special Revenue Fund - Special Projects Fund Excluding Education Improvement Act – Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	63-68
Special Revenue Fund - Special Projects Fund Excluding Education Improvement Act, Schedule of Subfund Listings	69
Special Revenue Fund - Special Projects Fund Summary Schedule for Designated State Restricted Grants	70
Balance Sheet - Education Improvement Act	71
Special Revenue Fund - Education Improvement Act – Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	72-76
Special Revenue Fund - Education Improvement Act - Summary Schedule by Program	77
Debt Service Fund:	
Debt Service Fund - District - Balance Sheet	78
Debt Service Fund - District - Schedule of Revenues, Expenditures and Changes in Fund Balance	79-80
Debt Service Fund - LEAP - Schedule of Revenues, Expenditures and Changes in Fund Balance	81

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

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

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS

	PAGE
STATISTICAL SECTION:	
Net Position by Component	95
Expenses, Program Revenues, and Net (Expenses)/Revenues, General Revenues and Total Change in Net Position	96-97
Fund Balances, Governmental Funds	98
Governmental Funds Revenues, Expenditures, Debt Service Ratios and Other Financing Sources and Uses and Net Change in Fund Balances	99
Assessed Value and Estimated Actual Value of Taxable Property	100
Direct and Overlapping Property Tax Rates	101
Principal Property Taxpayers	102
Property Tax Levies and Collections	103
Ratios of Outstanding Debt by Type	104
Ratio of General Bonded Debt Outstanding	105
Direct and Overlapping Governmental Activities Debt	106
Legal Debt Margin Information	107
Demographic and Economic Statistics	108
Principal Employers	109
Full-time Equivalent School District Employees by Function/Program	110
Operating Statistics	111
Teacher Base Salaries	112
School Building Information	113-114

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2014
TABLE OF CONTENTS

	PAGE
SINGLE AUDIT SECTION:	
Independent Auditor's 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>	115-116
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	117-118
Schedule of Findings and Questioned Costs	119-120
Summary Schedule of Prior Audit Findings	121
Schedule of Expenditures of Federal Awards	122-124
Notes to the Schedule of Expenditures of Federal Awards	125

THIS PAGE IS INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK



November 18, 2014

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, 2014. 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 2013-2014 year totaled 11,742 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 recently opened a new building of classrooms in August, 2014. Likewise, York Technical College maintains a campus in Chester and Kershaw.

Local Economy

Lancaster County is located along the northern border of South Carolina, approximately 21 miles south of Charlotte, North Carolina. Lancaster 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, Lancaster County's manufacturing and retail tax base continues to expand and diversify. Both Lancaster 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 among the top 5 counties in the state with more than 7,500 jobs created. Lancaster continues to be among the fastest growing counties in the State. Lancaster is home to a variety of business including: headquarters for Red Ventures one of the leading internet sales and technology companies employing more than 2,000 workers, headquarters for Continental Tire with more than 400 employees, back office location for URS Nuclear a top nuclear engineering company, headquarters for The Inspiration Networks a religious and entertainment broadcasting company. There are more than 50 manufacturing companies located in Lancaster including Duracell, AkzoNobel, Nutramax Laboratories, Pattison Sign Group, Thomas & Betts, Haile Gold Mine, Fancy Pokket, Keer America, McClancy Seasoning, Fab Fours, Silgan Containers, Rico Tag, and Cardinal Health.

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.

Fancy Pokket, a leader in gluten-free bakeries, recently moved to the new Lancaster County Air-Rail Business Park located on Highway 9 near the Lancaster County Airport has over 600 acres available with access to the railroad and nearby Interstate 77.

Lancaster County's unemployment rate for August 2014 was 7.80%, down from the rate one year ago of 9.10%. The state average for August 2014 was 6.40%.

Long-Term Financing

The district's major financial challenges include keeping-up with technology and construction of facilities to meet enrollment growth. The district maintains a capital improvement schedule and a technology schedule used to project major financial needs over the next 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 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 in 2012 for construction of a new elementary school that opened in August, 2014. The district recognized considerable savings during the 2013 year through refunding existing installment debt at reduced interest rates. The district is currently considering options to fund a one-to-one technology initiative and to fund construction of additional classrooms to meet growth at a middle school and a high school.

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:**
 - Head Start - \$1,713,614 over a 1.50 year period and is renewable.
 - 21st CCLC - Learning Center \$150,000 over 1 year and is renewable.
 - Project AWARE - Mental health \$95,479 over 2 years.
 - Project Prevent - Mental Health \$2,609,824 over 5 years.
 - Full Service Community - PYF Grant for a full service elementary school \$2,206,317 over 5 years.
- **2013 International Junior Civitan Chairperson of the Year**
Richard Gay, Lancaster High
- **2013 International Junior Civitan Club of the Year**
- **2013 International Junior Civitan On-Going Project of the Year**
- **2013 International Junior Civitan Environmental Club of the Year**

- **2013 International Junior Civitan Foundation Awards for the Largest Donation and the Largest Per Capita Donation to the Civitan International Research Center (CIRC)**
- **2013 International Junior Civitan Honor Club**
- **2013 S.C. Junior Civitan Campus Project of the Year**
- **2013 S.C. Junior Civitan Environmental Project of the Year**
- **2013 S.C. Junior Civitan Club of the Year**
- **2013 S.C. Junior Civitan On-Going Campaign of the Year**
- **2013 S.C. Junior Civitan CIRC Award**
- **2013 S.C. Junior Civitan Social Causes Award**
- **2013 S.C. Junior Civitan Collection Selection Award**
- **2013 S.C. Junior Civitan Claude Wilkes Attendance Award**
- **2013 S.C. Junior Civitan Club with Most Service Hours**
Lancaster High Junior Civitan Chapter
- **2013 International Junior Civitan of the Year**
- **2013 S.C. Junior Civitan of the Year**
- **2013 S.C. Junior Civitan President of the Year**
- **2013 S.C. Junior Civitan With Most Service Hours**
- **2013 International Junior Civitan Fellow** – Colton Crenshaw, Lancaster High
- **2013 International Junior Civitan Fellow**
- **2013 S.C. Junior Civitan District Honor Key** – Josh Cato, Lancaster High
- **S.C. Junior Civitan Area II Lt. Governor (2013-14)** - Dillon Patel, Lancaster High
- **S.C. Junior Civitan State Chaplain (2013-14)** - Adam Bailey, 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 S.C. Junior Civinette District Sergeant-at-Arms**
Summer Richardson, Lancaster High
- **2013 S.C. Junior Civinette Talent Show Winner** – Skyla Martin, Lancaster High
- **50 Duke TIP 2013 Scholars**
- **8 Duke TIP 2013 Scholars Qualifying for State Recognition**

- **1 Duke TIP 2013 Scholars Qualifying for State Recognition**
- **47 South Carolina Junior Scholars**
- **107 teachers who have earned their National Board Certification**
- **2013 University of South Carolina College Counselor Advisory Board Member**
Brenda Ishmael, Indian Land High
- **2013 PSTA STAR Seminar participant** - Jane Hudson, North Elementary
- **2013 South Carolina All-State Chorus**
Scott Barrett, Andrew Jackson High
Lexi Fletcher, Andrew Jackson High
Amanda Mobley, Andrew Jackson High
Brandon Pardue, Andrew Jackson High
Eric Roberts, Andrew Jackson High
- **2012-13 Class AA All-State Track Team**
Raheem Carter, Andrew Jackson High
Briana Wright, Andrew Jackson High
- **2012-13 Class AA All-State Softball Team**
Haley Faulkenberry, Andrew Jackson High
- **2012-13 Class AA All-State Soccer Team**
Trevor Hammond, Andrew Jackson High
- **2012-13 Class AA All-State Baseball Team**
Tripp Rollings, Andrew Jackson High
- **2012-13 National Promising Practice in Character Education**
“Extending Learning and Empowering Students” Program, Indian Land Middle
- **2014 SCSBA’s *Champion for Public Education Award*** - Burns Ford Mercury
- **2014 National Junior Beta Club State Convention Arts & Crafts Competition First-Place Winner – Watercolor**
Feride Ertural, McDonald Green Elementary
- **2014 National Junior Beta Club State Convention Arts & Crafts Competition First-Place Winner – Photography**
Ashton Neal, McDonald Green Elementary
- **2014 National Beta Club Harris Leadership Award**
Hope Jewett, Buford High
- **Winter 2014 Edition *Palmetto Administrator* article**
Gwendolyn Conner, Human Resources
- **Winter 2014 Edition *Palmetto Administrator* article**
Steven Puckett, Indian Land Elementary
- **2014 120-lb. Class A-AA State Champion**
Dalen Byerly, Indian Land High

- **2014 Class AA All-State Girls Basketball Team**
Dareisha Sowell, Andrew Jackson High
- **2014 Class A-AA All-State Wrestling Team**
Dalen Byerly, Indian Land High
- **2014 Class A-AA All-State Basketball Team**
Darnell Rogers, Indian Land High
- **2014 Class AA All-State Football Team**
- **2014 North-South All-Star Game Participant**
Manny McCord, Indian Land High
- **2014 Professional Disc Golf Association Girls 14-16 Winner in Singles, Putting, Distance and Accuracy**
Alex Lambert, Lancaster High
- **2014 Class AAA A All-State Girls Basketball Team**
- **2014 North-South All-Star Girls Basketball Game Participant**
Kyia Hough, Lancaster High
- **2014 Class AAA A All-State Girls Basketball Team**
- **2014 Carolinas Classic All-Star Girls Basketball Game Participant**
Phoebe Johnson, Lancaster High
- **S. C. Governor's School for Science & Math** - Marci Morrow, Lancaster High
- **2014 S. C. State Duck Calling Champion**
- **2014 S. C. Small Business Administration's Young Entrepreneur Award**
Blake Hodge, Buford High
- **2014 Academic Challenge Eighth-Grade State Champions**
Indian Land Middle Eighth-Grade Academic Challenge Team
- **2014 S. C. Music Educators Association's Performance and Sight Reading State Winner –**
Andrew Jackson High's Women's Ensemble
- **2014 S.C. State Band Directors Association's Outstanding Performance Award -**
Andrew Jackson High Band
- **2014 S.C. Exemplary Program – Project Lead the Way, Introduction to Engineering Design Innovation Award**
Tara Brooks, Charles Lane, Douglas Walker
Lancaster High
- **2014 Project Lead the Way Principals of Engineering Innovation Award**
Matthew Graham, Joseph Knight, Miles Lathan
Lancaster High
- **2014 Class AA All-State Softball Team**
- **2014 Class AA All-State Volleyball Team**
- **2014 North-South All-Star Softball Team**

- **2014 North-South All-Star Volleyball Team**
Haley Faulkenberry, Andrew Jackson High
- **2014 Class AA All-State Softball Team**
Hannah Cobb, Andrew Jackson High
- **2014 Class AA All-State Boys Soccer Team**
McKenzie Denkins, Andrew Jackson High
- **2014 Class AA All-State Girls Track Team**
Sha'Qwala Miller, Andrew Jackson High
- **2014 Class AA All-State Golf Team**
Logan Sowell, Andrew Jackson High
- **2014 Class AA All-State Girls Soccer Team**
- **2014 Class North-South All-Star Girls Soccer Team**
- **2014 S.C. Coaches Association of Women's Sports Class A-AA Soccer Player of the Year - Shalyn Dougherty**, Indian Land High
- **2014 Class AA All-State Girls Soccer Team**
Katherine Kilroy, Indian Land High
- **2014 Class AA All-State Softball Team** - Kayla Price, Indian Land High
- **2014 Class AA All-State Softball Team** - Alli Yarborough, Indian Land High
- **2014 Class AA All-State Golf Team** - Jared Long, Indian Land High
- **S. C. Governor's School for the Arts and Humanities' High School Program**
Erintrude Wrona, Indian Land High
- **2014 Class AAAA All-State Boys Track Team**
Quinshun Evans, Lancaster High
- **2014 Professional Disc Golf Association Girls 14-16 Winner in Singles, Putting, Distance and Accuracy** - Alex Lambert, Lancaster High

School District Focus

The district's focus over the past two years has been towards addressing the rapid enrollment growth in the northern area of the county. With plans to construct and open a new elementary school for FY 2014-2015, conservative budgeting for FY 2012-2013 resulted in an increase to fund balance for year-end of \$2,188,100. This same approach was taken with the FY 2013-2014 budget in order to increase the fund balance so the district would be able to cover the added cost of staffing and operating a new school assuming state funding would continue to recovery slowly. The general fund budget for FY 2013-2014 included a 5 mill increase to operating millage for a total of 145 mills; however, we were able to decrease the debt service millage by 4 mills for a total of 43 mills. Growth will continue to be a priority over the next few years along with increasing cost for technology.

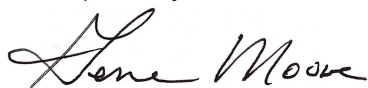
Awards and Acknowledgments

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, 2013. This was the tenth 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.

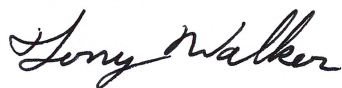
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



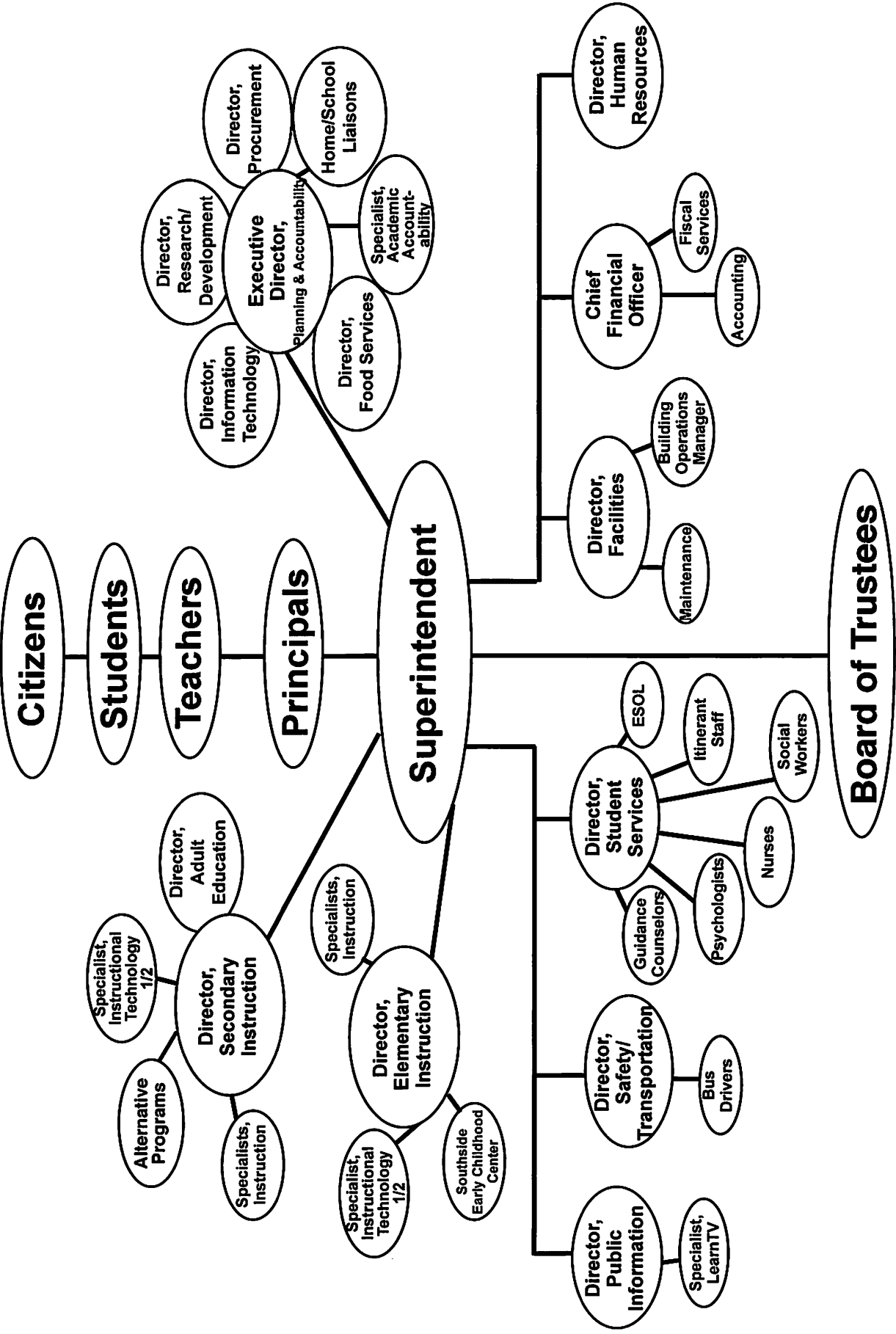
Gene Moore, ED.D.
Superintendent



Tony Walker, CPA
Chief Financial Officer

Organizational Chart

2013-2014



LANCASTER COUNTY SCHOOL DISTRICT

LANCASTER, SOUTH CAROLINA

SCHOOL DISTRICT OFFICIALS

JUNE 30, 2014

Board of Trustees

Bobby Parker, Chairman

Margaret Gamble, Vice Chairman

Janice Dabney, Secretary

William Sumner, Jr. Don L. McCorkle

Tyrom Faulkner Mary Etta Taylor

Administrative Staff

Gene Moore, ED.D., Superintendent

Tony Walker, CPA, Chief Financial Officer



Government Finance Officers Association


**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Lancaster County School District
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

THIS PAGE IS INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE IS INTENTIONALLY LEFT BLANK

C.C. McGregor, CPA
1906–1968

PARTNERS

W.C. Stevenson, CPA
B.T. Kight, CPA
G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
W.W. Francis, CPA

D.L. Richardson, CPA
E.C. Inabinet, CPA
S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA

D.K. Strickland, CPA
J.P. McGuire, CPA
L.H. Kelly, CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA
S. Wo, CPA
C.D. Hinchee, CPA
J.R. Matthews, II, CPA
D.E. Knobloch, CPA

G.P. Davis, CPA
H.J. Darver, CPA
K.B. Snipes, CPA
D.M. Herpel, CPA
J.R. Lebednik, CPA
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, 2014, 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.

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

COLUMBIA
3830 Forest Drive
Post Office Box 135
Columbia, SC 29202
(803) 787-0003
fax (803) 787-2299

BARNWELL
(803) 259-1163
fax (803) 259-5469

ORANGEBURG
(803) 536-1015
fax (803) 536-1020

www.mcgregorcpa.com

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, 2014, 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 53 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 17, 2014, 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.

McGuire & Company, LLP

Columbia, South Carolina
November 17, 2014

THIS PAGE IS INTENTIONALLY LEFT BLANK

**Lancaster County School District
Management's Discussion and Analysis
Year Ended June 30, 2014**

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, 2014. 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 FY 2013-2014 are as follows:

- The assets of the district exceeded its liabilities at the close of the fiscal year ended June 30, 2014 yielding a net position of approximately \$72.31 million. Of this amount, approximately \$19.54 million (unrestricted net position) may be used to meet the District's ongoing obligations.
- The district's total net position increased by approximately \$5.24 million. Changes to total assets included a decrease of \$.8 million for deferred charges that were expensed, due from county decreased by \$9.29 million as bond funds for construction were expensed during the year and a related increase in capital assets of \$10.38 million.
- As of the close of the current fiscal year, the district's governmental funds reported combined ending fund balances of approximately \$31.7 million, a decrease of approximately \$9.87 million. Approximately 50.00% of this total amount, \$15.8 million is unassigned.
- The unassigned fund balance for the general fund was \$15,848,013 or 84.96%. This represents a \$578,414 increase from the prior year.
- The district's long-term liabilities decreased by \$5,938,135 during the year. This was primarily due to reductions in principal during the year.
- The District implemented Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities* in 2014. GASB No. 65 establishes accounting and financial reporting standards that require reclassification, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement supplements and extends the reach of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was adopted by the District in 2013. The District's only former financial statement item that was affected by the implementation of GASB No. 65 was an unamortized loss on refunding- debt defeasance in the government-wide statement of net position. Under this Statement a deferred charge on refunding should no longer be shown as a component of non-current liabilities but will be reclassified and shown as a component of deferred outflows of resources.

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 deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any), with the difference between these items 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 Balance Sheet of Government Funds to the Statement of Net Position" and the "Reconciliation of Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds 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 35-52 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 53 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, 2014 than it was the year before, increasing to \$72,310,776, (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 \$5,039,163 to \$70,568,536. The net position of the district’s business-type activities increased \$200,548 to \$1,742,240.

Figure A-1 Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total Activities	
	FY 14	FY 13	FY 14	FY 13	FY 14	FY 13
Current Assets	\$ 45,732,831	\$ 56,540,734	\$ 1,251,336	\$ 1,121,884	\$ 46,984,167	\$ 57,662,618
Capital Assets	124,289,161	113,983,688	531,604	455,985	124,820,765	114,439,673
Total Assets	170,021,992	170,524,422	1,782,940	1,577,869	171,804,932	172,102,291
Deferred Outflows	4,501,530				4,501,530	
Total Current Liabilities	12,618,931	12,546,720	40,700	36,177	12,659,631	12,582,897
Total Noncurrent Liabilities	91,336,055	92,448,329	0	0	91,336,055	92,448,329
Total Liabilities	103,954,986	104,995,049	40,700	36,177	103,995,686	105,031,226
Net Position						
Net Investment						
In Capital Assets	38,615,430	22,739,357	531,604	455,985	39,147,034	23,195,342
Restricted	13,619,093	23,821,437	0	0	13,619,093	23,821,437
Unrestricted	18,334,013	18,968,579	1,210,636	1,085,707	19,544,649	20,054,286
Total Net Position	70,568,536	65,529,373	1,742,240	1,541,692	72,310,776	67,071,065

The district's financial position is the product of many factors. Property taxes receivables decreased by \$122,020 over the prior year for a total of \$2,491,094. There was a net increase of \$10,381,092 in capital assets for additions to capital assets of \$15,721,286 which exceeded current year depreciation of \$4,650,553 and disposal of obsolete or lost assets of \$689,641 for the year. Due from pupil activities increased \$434,683 for a total of \$626,164 and due from governmental agencies decreased by \$9,904,887 for a total of \$17,104,408. Deferred charges were expensed during the year for a reduction in net position of \$815,732. Current liabilities increased by \$76,734. No new long-term debt was issued during the year and long term liabilities decreased by \$1,112,274. Compensated absences of \$1,142,388 are reflected in the government-wide financial statements.

Changes in Net Position:

The district's total revenues for the fiscal year ended June 30, 2014 were \$115,763,499 (see figure A-2). Property taxes accounted for 32.56 percent of the district's revenue. Grants accounted for 54.36 percent, with the remaining 13.08 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, 2014 was \$110,523,788 (see figure A-2). The district's expenses are predominantly related to instruction (55.17 percent). The district's support services accounted for 35.71 percent and business activities accounted for 4.45 percent of total cost. Community services, pupil activities, intergovernmental and interest on long-term debt made up the remaining 4.67 percent.

Both governmental activities and business-type activities increased over the prior year. Total revenues surpassed expenses increasing net position by \$5,239,711.

Figure A-2 Condensed Changes in Net Position from Operating Results						
	Governmental Activities		Business-Type Activities		Total Activities	
	FY 14	FY 13	FY 14	FY 13	FY 14	FY 13
Program Revenues						
Charges for Services	\$ 27,393	\$ 50,572	\$ 1,453,478	\$ 1,550,131	\$ 1,480,871	\$ 1,600,703
Operating Grants	59,014,988	58,591,726	3,919,468	3,939,279	62,934,456	62,531,005
General Revenues						
Property Taxes	37,698,060	37,461,700	0	0	37,698,060	37,461,700
Unrestricted Grants	13,564,970	13,229,236	0	0	13,564,970	13,229,236
Other	85,142	137,979	0	0	85,142	137,979
Total Revenues	110,390,553	109,471,213	5,372,946	5,489,410	115,763,499	114,960,623
Program Expenses						
Instructional	60,978,687	58,954,051			60,978,687	58,954,051
Support Services	39,471,208	39,781,575			39,471,208	39,781,575
Food Service	0	0	4,913,072	5,152,584	4,913,072	5,152,584
Other	5,160,821	5,382,360			5,160,821	5,382,360
Total Expenses	105,610,716	104,117,986	4,913,072	5,152,584	110,523,788	109,270,570
Excess (Deficiency)						
Before Transfers	4,779,837	5,353,227	459,874	336,826	5,239,711	5,690,053
Transfers In/(Out)	259,326	287,592	(259,326)	(287,592)	0	0
Changes in Net Position	5,039,163	5,640,819	200,548	49,234	5,239,711	5,690,053

Governmental Activities:

Revenues and transfers in exceeded expenses for the district's governmental activities by \$5,039,163. Revenues and transfers totaled \$110,649,879 and expenses totaled \$105,610,716 for the year ended June 30, 2014 (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 \$105,610,716.

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

	Total Expense		Net (Expense) Revenue	
	<u>FY 14</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 13</u>
Instruction	\$ 60,978,687	\$ 58,954,051	(\$ 25,258,939)	(\$ 24,311,392)
Support Services & Other	39,484,162	39,781,575	(16,852,879)	(16,638,492)
Community Services	1,147,511	1,305,910	(443,207)	(449,354)
Pupil Activities	195,706	168,300	(195,706)	(168,300)
Interest on Long-Term Debt	3,804,650	3,908,150	(3,804,650)	(3,908,150)
Total	105,610,716	104,117,986	(46,555,381)	(45,475,688)

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

Chart 1 - Cost Distribution by Major Function**Business-Type Activities:**

Revenues exceed expenses and transfers out of the district's business-type activities by \$200,548. Revenues totaled \$5,372,946 and expenses and transfers out totaled \$5,172,398 for the year ended June 30, 2014 (see figure A-2).

Financial Analysis of the District's Funds

Governmental Funds:

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

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

As the district completed the year, its governmental funds reported combined fund balances of \$31,693,903. This was a decrease of \$9,874,426 to last year's ending fund balances of \$41,568,329.

Approximately \$15,848,013 or 50.00 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:

\$ 32,952 assigned for encumbrances
2,772,134 assigned for subsequent year's expenses
3,876,497 restricted for debt service
9,164,307 restricted for capital projects

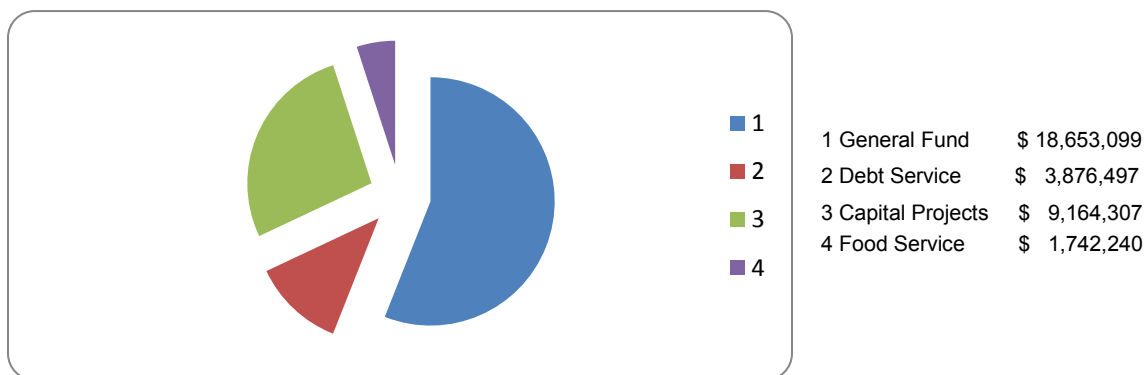
The general fund is the principal operating fund of the district. The general fund balance showed an increase of \$906,207. The debt service-district fund balance showed a decrease of \$1,108,901, a planned reduction based on needs. The capital projects-district showed a decrease of \$9,671,732 due to the use of capital funds for construction of a new elementary school.

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 \$1,742,240. This was an increase of \$200,548 from last year's ending retained earnings of \$1,541,692.

Chart 2 below provides a breakdown of total fund balance and retained earnings as of June 30, 2014.

Chart 2 - Fund Balance/Retained Earnings as of 6/30/14



General Fund Budgetary Highlights:

District's management built the original general fund budget with the use of \$2,423,778 in equity to balance. State funding levels were estimated to increase for the year by 2.66% or \$1,000,425. 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 FY 2014-2015. Budgeted revenues included an increase of 5 mills in school operating millage and a 4.0 mill decrease in debt service millage. Budgeted expenses included a step increases in payroll but there was no increase for inflation to the payroll schedules. 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 2014. Revenue adjustments were insignificant; however, the use of equity was reduced by \$570,842 to \$1,852,936 to balance the revised budget. Budgeted expenses were reduced by \$381,115 from the original budget.

For the year, ad valorem tax collections exceeded the budget of \$22,188,873 by \$744,165 or 3.35%. Other local revenues exceeded the budget by \$154,334 for the year. Overall local revenues exceeded the budget of \$24,534,806 by 3.66%. Total state revenues for the year exceeded the budget of \$51,288,308 by \$185,108 or .36%.

Salaries and fringe benefits were slightly under budget of \$68,892,685 for the year by \$1,410,413 or 2.05%. Purchased services were under the budget of \$5,462,945 by 5.24% or \$286,179. All other expenses were slightly over budget of \$4,880,670 by \$110,217 or 2.26% for the year.

Capital Assets and Debt Administration**Capital Assets:**

By the end of 2014, the district had invested \$185,898,456 in capital assets, including school buildings and facilities, vehicles, furniture, furnishings and equipment. Total depreciation expense for the year was \$4,650,553. The following schedule (figure A-4), presents capital asset balances net of depreciation for the fiscal year ended June 30, 2014.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total Activities	
	FY 14	FY 13	FY 14	FY 13	FY 14	FY 13
Land	\$ 4,619,029	\$ 4,619,029	\$ 0	\$ 0	\$ 4,619,029	\$ 4,619,029
Buildings & Improvements	103,679,890	105,528,904	0	0	103,679,890	105,528,904
Furniture & Equipment	2,287,252	2,645,174	531,604	455,985	2,818,856	3,101,159
Construction in Progress	13,702,990	1,190,581	0	0	13,702,990	1,190,581
Total Cost	124,289,161	113,983,688	531,604	455,985	124,820,765	114,439,973

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 \$24,030,000 in general obligation bonds debt outstanding (see figure A-5), of which \$4,955,000 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 \$23,860,852 of which \$11,105,000 was outstanding at 6/30/14 leaving an available balance of \$12,755,852. More detailed information about the district's long-term debt is presented in Note 8 to the financial statements.

Figure A-5 Outstanding Long-Term Debt

	July 1, 2013 Balance	Additions to (Reductions in) Principal	June 30, 2014 Balance	Amount Due Within One Year
General Obligation Bonds	\$28,015,000	\$ (3,985,000)	\$24,030,000	\$4,955,000
LEAP Installment Bonds	60,355,000	(1,325,000)	59,030,000	2,245,000

Economic Factors, Next Year's Budget, Subsequent Events and Other Matters

In the FY 2014-2015 budget the district balanced revenues with the use of \$2,772,134 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, 2014 was \$15,848,013 or 18.78% of the \$84,409,580 budgeted expenses for FY 2014-2015.

The budget also included a local tax millage increase of 4.5 mills for a total operating millage of 149.50. This, along with growth in the mill value of 3.41% or \$4,586, increased estimates for local tax revenues by approximately \$1.7 million. State tax reimbursements and state revenues are estimated to increase by approximately \$1.7 million as well for FY 2014-2015.

The district opened a new elementary school in FY 2014-2015 as scheduled and the fiscal year budget includes staffing and operational cost for this new school. This school was built to meet enrollment growth in the northern area of the district which continues to grow and as such remains one of the district's top priorities.

The state reimbursement for residential property tax FY 2014-2015 was calculated using a 1.56% increase for the consumer price index and a statewide growth percentage of 1.09%. This amounts to an increase of \$249,985 for a total budget of \$8,377,161.

The state base student cost used for the FY 2013-2014 budget was \$2,101 and the estimated base student cost for FY 2014-2015 was budgeted at \$2,120. This was an increase of .9% or \$19 in base student cost. This was an increase of approximately \$.2 million in state funding, 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 2014-2015 of \$2,742 (an estimated \$7.0 million less).

Overall general fund budgeted expenses for FY 2014-2015 increased by \$4,283,123. For salaries and fringe benefits, the FY 2014-2015 budget increased by \$4,299,966. This increase included the cost of staffing a new elementary school and an annual step increase where applicable. Budgets for operations, school allocations, district office and board of trustees remained about the same as the prior year.

Debt Service millage remained at a total of 43.00 mills for FY 2014-2015 budget to meet estimated debt requirements.

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.

OTHER MATTERS – NEW PRONOUNCEMENTS:

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions (Employers)*, which is intended to improve guidance for accounting and reporting on pensions that governments provide to their employees. GASB Statement No. 68, which is effective for fiscal years beginning after June 15, 2014, will require the District to recognize a net pension liability on its statement of net position and an additional pension expense on its statement of activities for the year ending June 30, 2015.

Once adopted, the District's financial statements for the year ending June 30, 2015, will be significantly impacted as follows:

- The beginning balance of the District's net position will be restated in an amount equal to the District's proportionate share of the retirement plan's collective net pension liability to reflect this liability as of the beginning of the fiscal year (July 1, 2014). Based on preliminary estimates received from the SC Public Employee Benefit Authority (PEBA), the organization that administers the State's retirement plans including the SC Retirement System of which the District is an active member, the District will recognize its portion of the collective net pension liability as of June 30, 2014 and use the estimated amount of \$121,259,453 to restate the beginning net position balance of the District as of July 1, 2014.
- The District will be required to recognize a pension expense based on actuarial calculations of future retirement benefits (deferred outflows of resources) as of June 30, 2014, in addition to the recognition of the annual required contribution (ARC) obligations to the cost-sharing multiple-employer SC retirement system (SCRS) plan. Based on preliminary estimates received from SC PEBA, the District's balance of deferred outflows of resources (future benefit provision) as of June 30, 2014, totals \$2,628,735, which is expected to be recognized as pension expense over the next 4 fiscal years as follows: \$813,095 each year for years ending June 30, 2015, 2016, 2017 and \$189,451 for year ending June 30, 2018.

Actual amounts that will be used by the District to adjust net position beginning balance for its proportionate share of the plan's collective net pension liability and to recognize the additional pension expense related to the balance of deferred outflows of resources over the next 4 fiscal years will not be available until the retirement plan's stand-alone audited financial statements are complete. The stand-alone June 30, 2014 audited financial statements of the plans administered by PEBA, including the SCRS plan, are expected to be available by the end of October 2014.

Funding requirements of the pension plan obligations will be governed by the District's funding policy. GASB Statement No. 68 reporting requirements do not impact the funding of the pension plans, only the financial accounting and reporting for the plans.

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash & Cash Equivalents	\$ 5,050,739	\$ 1,509,700	\$ 6,560,439	
Investments	19,877,148		19,877,148	
Property Tax Receivable	2,491,094		2,491,094	
Internal Balances	355,007	(355,007)	-	
Due from Pupil Activities	626,164		626,164	
Due From County Government	13,724,475		13,724,475	
Due From State Government	1,024,721	440	1,025,161	
Due From Federal Government	1,534,990		1,534,990	
Due From Other Governmental Units	819,782		819,782	
Inventories - Supply & Materials	-	81,643	81,643	
Other Receivables	228,711	14,560	243,271	\$ 38,412
Capital Assets (Net of Accumulated Depreciation)				
Land	4,619,029		4,619,029	
Buildings & Improvements	103,679,890		103,679,890	
Machinery, Equipment and Vehicles	2,287,252	531,604	2,818,856	
Construction in Progress	13,702,990		13,702,990	
Total Assets	170,021,992	1,782,940	171,804,932	38,412
Deferred Outflows of Resources				
Unamortized Loss on Refunding - Debt Defeasance	4,501,530	-	4,501,530	-
Total Deferred Outflows of Resources	4,501,530	-	4,501,530	-
Liabilities				
Accounts Payable and Other Liabilities	9,615,469		9,615,469	38,412
Due To State Government	17,662		17,662	
Retainage Payable	439,922		439,922	
Revenue Received in Advance	989,655	40,700	1,030,355	
Accrued Interest Payable	489,223		489,223	
Note Payable	1,067,000		1,067,000	
Noncurrent Liabilities:				
Due Within One Year	8,260,292		8,260,292	
Due in More Than One Year	83,075,763		83,075,763	
Total Liabilities	103,954,986	40,700	103,995,686	38,412
Net Position				
Net Investment in Capital Assets	38,615,430	531,604	39,147,034	
Restricted For:				
Debt Service	4,454,786		4,454,786	
Capital Projects	9,164,307		9,164,307	
Net Position - Unrestricted	18,334,013	1,210,636	19,544,649	
Total Net Position	\$ 70,568,536	\$ 1,742,240	\$ 72,310,776	\$ -

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

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Unit
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 60,978,687	\$ 16,572	\$ 35,703,176	\$ (25,258,939)	\$ -	\$ (25,258,939)
Support Services	39,471,208	10,494	22,607,835	(16,852,879)	-	(16,852,879)
Community Service	1,147,511	327	703,977	(443,207)	-	(443,207)
Pupil Activity	195,706	-	-	(195,706)	-	(195,706)
Interest & Other Charges	3,804,650	-	-	(3,804,650)	-	(3,804,650)
Loss on Sale of Capital Assets	12,954	-	-	(12,954)	-	(12,954)
Total Governmental Activities	105,610,716	27,393	59,014,988	(46,568,335)	-	(46,568,335)
Business-Type Activities:						
Food Service	4,913,072	1,453,478	3,919,468	-	459,874	459,874
Total Business-Type Activities	4,913,072	1,453,478	3,919,468	-	459,874	459,874
Total Primary Government	\$ 110,523,788	\$ 1,480,871	\$ 62,934,456	\$ (46,568,335)	\$ 459,874	\$ (46,108,461)
Component Unit:						
Charter School	\$ 698,075	-	\$ 698,075			\$ -
General Revenues:						
Property Taxes Levied For:						
General Purposes				25,105,438	-	25,105,438
Debt Service				12,592,622	-	12,592,622
State Aid Not Restricted For Specific Purpose				13,564,970	-	13,564,970
Unrestricted Investment Earnings				57,831	-	57,831
Miscellaneous				27,311	-	27,311
Transfers				259,326	(259,326)	-
Total General Revenues and Transfers				51,607,498	(259,326)	51,348,172
Change in Net Position				\$ 5,039,163	\$ 200,548	\$ 5,239,711
Net Position - Beginning				65,529,373	1,541,692	67,071,065
Net Position - Ending				\$ 70,568,536	\$ 1,742,240	\$ 72,310,776

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, 2014

	Special Revenue Funds					
		Education				Total
	General	Special	Improvement	Debt	Capital	Governmental
		Projects	Act	Service	Projects	Funds
Assets						
Cash & Cash Equivalents	\$ 5,050,739	\$ -	\$ -	\$ -	\$ -	\$ 5,050,739
Investments	19,877,148	-	-	-	-	19,877,148
Property Tax Receivable, Net	1,857,348	-	-	633,746	-	2,491,094
Due From Other Funds	335,354	-	-	-	1,496,167	1,831,521
Due From Pupil Activities	626,164	-	-	-	-	626,164
Due From County Government	1,184,524	-	-	3,820,811	8,719,140	13,724,475
Due From State Government	163,984	19,107	841,630	-	-	1,024,721
Due From Federal Government	-	1,534,990	-	-	-	1,534,990
Due From Other Governmental Units	812,274	7,279	-	229	-	819,782
Other Receivables	131,886	80,558	267	-	16,000	228,711
Total Assets	\$ 30,039,421	\$ 1,641,934	\$ 841,897	\$ 4,454,786	\$ 10,231,307	\$ 47,209,345
Liabilities						
Accounts Payable	2,692,538	-	-	-	-	2,692,538
Accrued Salaries	4,257,986	-	-	-	-	4,257,986
Accrued Payroll Related Liabilities	2,664,945	-	-	-	-	2,664,945
Due To Other Funds	-	1,385,289	91,225	-	-	1,476,514
Due To State Government	-	1,065	16,597	-	-	17,662
Notes Payable	18,406	-	-	-	1,067,000	1,085,406
Unearned Revenue	-	255,580	734,075	-	-	989,655
Total Liabilities	9,633,875	1,641,934	841,897	-	1,067,000	13,184,706
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	1,752,447	-	-	578,289	-	2,330,736
Total Deferred Inflows of Resources	1,752,447	-	-	578,289	-	2,330,736
Fund Balances						
Restricted	-	-	-	3,876,497	9,164,307	13,040,804
Assigned	2,805,086	-	-	-	-	2,805,086
Unassigned	15,848,013	-	-	-	-	15,848,013
Total Fund Balances	18,653,099	-	-	3,876,497	9,164,307	31,693,903
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 30,039,421	\$ 1,641,934	\$ 841,897	\$ 4,454,786	\$ 10,231,307	\$ 47,209,345

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, 2014**

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

Ending Fund Balance - Governmental Fund Financial Statements	\$ 31,693,903
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	124,289,161
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 inflows of resources on the fund financial statements.	2,330,736
Interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	(489,223)
Retainage payable on contracts in progress is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	(439,922)
Long-term liabilities, including bonds payable \$(83,060,000), unamortized bond premium \$(7,115,261), amount on deferred refunding \$4,501,530, and compensated absences \$(1,142,388) are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(86,816,119)
Net Position of Governmental Activities	<u>\$ 70,568,536</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 BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds						
	Special Revenue						
	General	Special Projects	Education Improvement Act	Debt Service	Debt Service LEAP	Capital Projects	Total Governmental Funds
Revenues							
Taxes Levied/Assessed by the LEA	\$ 23,121,781	\$ -	\$ -	\$ 12,072,608	\$ -	\$ -	\$ 35,194,389
Revenue From Local Governmental Units Other Than LEAs	1,802,454	-	-	485,085	-	-	2,287,539
Tuition	22,567	4,825	-	-	-	-	27,392
Earnings on Investments	30,468	-	-	5,501	-	21,862	57,831
Other Revenue from Local Sources	456,035	678,481	2,650	-	-	2,727	1,139,893
Total Local	25,433,305	683,306	2,650	12,563,194	-	24,589	38,707,044
Intergovernmental	-	-	-	-	-	-	-
State Sources	51,473,416	1,376,138	7,416,483	748,205	-	-	61,014,242
Federal Sources	-	10,453,133	-	-	-	-	10,453,133
Total Revenues	76,906,721	12,512,577	7,419,133	13,311,399	-	24,589	110,174,419
Expenditures							
Current:							
Instruction	47,316,319	7,299,810	3,975,715	-	-	-	58,591,844
Support Services	30,067,195	3,705,768	1,287,203	-	-	2,041,148	37,101,314
Community Services	-	1,147,511	-	-	-	-	1,147,511
Pupil Activities	194,387	1,319	-	-	-	-	195,706
Intergovernmental	875,391	-	-	-	-	-	875,391
Debt Service:							
Redemption of Principal	-	-	-	3,985,000	1,325,000	-	5,310,000
Interest	-	-	-	1,074,010	2,220,137	6,323	3,300,470
Other Objects	-	-	-	1,290	-	-	1,290
Capital Outlay	102,024	65,367	153,541	-	-	13,465,713	13,786,645
Total Expenditures	78,555,316	12,219,775	5,416,459	5,060,300	3,545,137	15,513,184	120,310,171
Excess of Revenues Over (Under) Expenditures	(1,648,595)	292,802	2,002,674	8,251,099	(3,545,137)	(15,488,595)	(10,135,752)
Other Financing Sources (Uses)							
Sale of Fixed Assets	-	-	-	-	-	2,000	2,000
Transfers In	2,554,802	-	-	-	3,545,137	5,814,863	11,914,802
Transfers Out	-	(292,802)	(2,002,674)	(9,360,000)	-	-	(11,655,476)
Total Other Financing Sources (Uses)	2,554,802	(292,802)	(2,002,674)	(9,360,000)	3,545,137	5,816,863	261,326
Net Change in Fund Balances	\$ 906,207	\$ -	\$ -	\$ (1,108,901)	\$ -	\$ (9,671,732)	\$ (9,874,426)
Fund Balance, Beginning of Year	17,746,892	-	-	4,985,398	-	18,836,039	41,568,329
Fund Balance, Ending of Year	\$ 18,653,099	\$ -	\$ -	\$ 3,876,497	\$ -	\$ 9,164,307	\$ 31,693,903

**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, 2014**

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

Net Change in Fund Balances - Total Governmental Funds:	\$ (9,874,426)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. This is the amount that the cost of assets \$14,419,395 exceeds current period depreciation \$4,538,890.	9,880,505
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.	(14,954)
In the statement of activities, unamortized bond issuance costs previously reported on the statement of net position, are reported as an expense for the current year.	(815,732)
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.	216,132
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 of bond premium amortization \$584,931 and amount deferred on refunding amortization \$(324,341).	260,600
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.	24,796
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.	52,242
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 for repayment of bond principal was \$5,310,000.	5,310,000
Change in Net Position - Governmental Activities	\$ 5,039,163

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 - FOOD SERVICE
JUNE 30, 2014**

Assets

Cash & Cash Equivalents	\$ 1,509,700
Due From State Government	440
Inventories - Supply & Materials	81,643
Other Receivables	14,560
Property and Equipment, Net	<u>531,604</u>
Total Assets	<u><u>2,137,947</u></u>

Liabilities

Due To Other Funds	355,007
Unearned Revenue	<u>40,700</u>
Total Liabilities	<u><u>395,707</u></u>

Net Position

Investment in Capital Assets	531,604
Unrestricted	<u>1,210,636</u>
Total Net Position	<u><u>\$ 1,742,240</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 THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities Enterprise Fund - Food Service
Operating Revenues	
Proceeds from Sales of Meals	\$ 1,453,478
Total Operating Revenues	<u>1,453,478</u>
Operating Expenses	
Food Costs	2,399,087
Salaries & Employee Benefits	2,104,654
Supplies & Materials	240,302
Depreciation	111,663
Other Operating Costs	57,366
Total Operating Expenses	<u>4,913,072</u>
Operating Income (Loss)	<u>(3,459,594)</u>
Non-Operating Revenues (Expenses)	
USDA Reimbursements	3,599,840
Commodities Received from USDA	319,187
Other Federal & State Aid	441
Total Non-Operating Revenues	<u>3,919,468</u>
Net Income Before Transfers	459,874
Transfers In (Out)	<u>(259,326)</u>
Change in Net Position	200,548
Net Position, Beginning of Year	<u>1,541,692</u>
Net Position, End of Year	<u><u>\$ 1,742,240</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, 2014**

	Business-Type Activities
	Enterprise Fund - Food Service
Cash Flows from Operating Activities	
Received from Patrons	\$ 1,457,782
Payments to Employees for Services	(2,104,654)
Payments to Suppliers for Goods and Services	(2,350,914)
	<hr/>
Net Cash Used by Operating Activities	(2,997,786)
	<hr/>
Cash Flows from Noncapital Financing Activities	
Federal Subsidy	3,599,840
Transfers to Other Funds	(251,457)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	3,348,383
	<hr/>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(187,282)
	<hr/>
Net Increase in Cash and Cash Equivalents	163,315
	<hr/>
Cash and Cash Equivalents - Beginning	1,346,385
	<hr/>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,509,700</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	(3,459,594)
	<hr/>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	
Depreciation Expense	111,663
Commodities Received from USDA	319,187
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(220)
Decrease in Inventories	26,654
Increase in Unearned Revenue	4,524
	<hr/>
Total Adjustments	461,808
	<hr/>
Net Cash Used by Operating Activities	<u><u>\$ (2,997,786)</u></u>
	<hr/>
Non-Cash Transactions:	
Commodities Received from the USDA	<u><u>\$ 319,187</u></u>

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

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
AGENCY FUND - PUPIL ACTIVITY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

Assets

Cash & Cash Equivalents	\$ 865,555
Investments	1,006,136
Other Receivables	<u>50,505</u>
Total Assets	<u>\$ 1,922,196</u>

Liabilities

Due to School District	626,164
Unearned Revenue	12,276
Due to School Organizations	<u>1,283,756</u>
Total Liabilities	<u>\$ 1,922,196</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 11,700 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

The Special Projects Fund, a major fund, is used to account for financial resources provided by federal, state and local projects and grants.

The Education Improvement Act (EIA) Fund, a major fund, is used to account for the revenues from the South Carolina Education Improvement Act of 1984, which is legally required by the State to be accounted for as a specific revenue source.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2014, has been recorded at fair market value as provided by the United States Department of Agriculture.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. These unearned revenues from grants are considered to be a liability to the District rather than deferred inflows of resources since the eligibility requirements of the grants have not been met.

Long-Term Obligations

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

As of June 30, 2014, the liability for compensated absences has been recorded in the amount of \$1,142,388. The amount expected to be paid from current resources is \$456,955.

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

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; The District's policy states that the Board of Trustees or an official to which the Board of Trustees delegate authority to, must approve the assignments of any fund balance.

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, 2014, the District's assigned fund balance in the General Fund consists of subsequent year expenditures and encumbered operating school expenditures in the amounts of \$2,772,134 and \$32,952, 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, 2014, 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, 2014, the District had the following investments, which meet the above requirements:

Investment Type	Credit Rating	Fair Market Value	Weighted Average Maturity (Years)
SC Treasurer's Investment Pool	Unrated	\$ 20,883,284	Less than 1 year

The total above includes investments in the General Fund and Pupil Activity Fund in the amounts of \$19,877,148 and \$1,006,136, respectively.

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, 2014, the District had no exposure to custodial credit risk.

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

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

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,619,029			\$ 4,619,029
Construction in Progress	1,190,581	\$ 13,187,096	\$ (674,687)	13,702,990
Total Capital Assets Not Being Depreciated	5,809,610	13,187,096	(674,687)	18,322,019
Capital Assets Being Depreciated:				
Buildings and Improvements	156,844,624	2,138,179		158,982,803
Furniture and Equipment	6,527,721	208,729	(102,157)	6,634,293
Total Capital Assets Being Depreciated	163,372,345	2,346,908	(102,157)	165,617,096
Less Accumulated Depreciation for:				
Buildings and Improvements	(51,315,720)	(3,987,193)		(55,302,913)
Furniture and Equipment	(3,882,547)	(551,697)	87,203	(4,347,041)
Total Accumulated Depreciation	(55,198,267)	(4,538,890)	87,203	(59,649,954)
Total Capital Assets Being Depreciated, Net	108,174,078	(2,191,982)	(14,954)	105,967,142
Governmental Activities Capital Assets, Net	113,983,688	10,995,114	(689,641)	124,289,161
Business-Type Activities:				
School Food Service Fund:				
Capital Assets Being Depreciated:				
Property and Equipment	\$ 1,780,939	\$ 187,282	\$ (8,880)	\$ 1,959,341
Less Accumulated Depreciation for:				
Property and Equipment	(1,324,954)	(111,663)	8,880	(1,427,737)
Business-Type Activities Capital Assets, Net	455,985	75,619	-	531,604

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 1,511,450
Support	3,027,440
Total Depreciation - Governmental Activities	<u>4,538,890</u>
Business-Type Activities:	
Food Service	\$ 111,663
Total Depreciation - Business-Type Activities	<u>111,663</u>

Construction Commitments

The District has several ongoing construction projects as of June 30, 2014, consisting primarily of capital projects with LEAP. The projects include renovations at existing schools and construction of Harrisburg elementary at Indian Land. Total outstanding construction commitments at June 30, 2014, are approximately \$4,230,652.

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 2014 fiscal year was based, was \$298,260,653. The millage rate charged for the District was 145.0 mills for current operations and 43.0 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 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the unamortized loss on refunding – debt defeasance in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. This amount of unavailable revenues from property taxes is deferred and recognized as an inflow of resources in the period that the amount becomes available.

NOTE 7 SHORT-TERM OBLIGATIONS

<u>Short-Term Obligations</u>	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>
Governmental Activities:				
Bond Anticipation Note	\$ 1,705,000	\$ 10,427,000	\$ 11,065,000	\$ 1,067,000
Total Governmental Activities	1,705,000	10,427,000	11,065,000	1,067,000

The District issued a Bond Anticipation Note on May 14, 2014 of \$1,067,000. The note is due and payable on October 15, 2014 at an interest rate of 0.89%.

The District issued \$9,360,000 of general obligations bonds during the fiscal year for the primary purpose of making payments to LEAP with excess funds being used for capital projects. These bonds were retired utilizing debt service fund property tax revenues.

NOTE 8 LONG-TERM OBLIGATIONS

Bonds payable consisted of the following at June 30, 2014:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Balance June 30, 2014
District:					
Series 2009A (Refunding)	04-01-2009	\$18,255,000	3.00 - 4.00%	03-01-2019	\$ 12,925,000
Series 2012	09-27-2012	21,720,000	2.00 - 5.00%	03-01-2021	11,105,000
LEAP:					
Series 2013A (Taxable Bond)	05-17-2013	23,810,000	0.60 - 2.46%	12-31-2020	22,485,000
Series 2013B (Refunding)	05-17-2013	36,545,000	3.00 - 5.00%	12-01-2028	36,545,000
Total General Obligation Bonds					83,060,000

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, 2014, 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.

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, 2014.

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 District's unamortized bond issuance costs in the amount of \$815,732 were previously being reported as a deferred charge (asset) on the government-wide statement of net position. During the current year, this deferred charge was reported in expense on the government-wide statement of activities.

NOTE 8 LONG-TERM OBLIGATIONS (Continued)

The following is a summary of changes in the District's long-term obligations for the year ended June 30, 2014:

	June 30, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
Governmental Activities:					
General Obligation Bonds:	\$ 28,015,000		\$ (3,985,000)	\$ 24,030,000	\$ 4,955,000
Premium	1,272,120		(152,921)	1,119,199	152,921
LEAP General Obligation Bonds	60,355,000		(1,325,000)	59,030,000	2,245,000
Premium	6,428,072		(432,010)	5,996,062	432,010
Note Payable - SC Energy	36,813		(18,407)	18,406	18,406
Compensated Absences	1,167,185	\$ 515,907	(540,704)	1,142,388	456,955
Government Activities					
Long-Term Liabilities	97,274,190	515,907	(6,454,042)	91,336,055	8,260,292

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, 2014.

The annual requirements for debt service on bonds outstanding at June 30, 2014, are summarized as follows:

Year Ended June 30:	Principal	Interest	Total
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	6,700,000	2,201,346	8,901,346
2020-2024	31,220,000	7,656,777	38,876,777
2025-2029	18,960,000	1,304,491	20,264,491
Totals	83,060,000	21,993,259	105,053,259

NOTE 9 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.

NOTE 9 EMPLOYEE RETIREMENT PLANS (Continued)

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the South Carolina Code of Laws. Employees are required to contribute 7.50% 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 4.92% 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, 2014, 2013, and 2012 were \$8,723,742, \$8,274,449, and \$7,301,068, respectively, which are equal to 100% of the required contributions.

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

Certain School District safety officials are members of the SCRS Police Officers' Retirement System (PORS). Participating employees are required to contribute 7.84% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 12.44% 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 4.92% for retiree surcharge. For the fiscal year, total contribution requirements to the PORS were \$6,025 from the School District as employer and \$2,660 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, 7.50% of their annual covered salary. The School District is required to contribute at an actuarially determined rate. The current rate is 5.45% plus the retiree surcharge of 4.92% 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, 2014 and 2013 were \$525,414 and \$514,451, 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 9 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, 4.92% and 4.55% of annual covered payroll for 2014 and 2013, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District paid \$3,012,912 and \$2,717,910 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014 and 2013, 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 10 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, 2014, consisted of the following individual fund amounts:

	Transfers In	Transfers Out
General Fund	\$ 2,554,802	
Special Projects Fund		\$ (292,802)
EIA Fund		(2,002,674)
Debt Service Fund		(9,360,000)
Debt Service Fund - LEAP	3,545,137	
Capital Projects Fund	5,814,863	
Proprietary Fund		(259,326)
Total	11,914,802	(11,914,802)

As of June 30, 2014, amounts due from (to) other funds related to the District's pooled cash are as follows:

	General Fund	Special Projects	EIA Fund	Capital Projects	Proprietary Fund	Total
Due From:						
General Fund				\$ 1,496,167		\$ 1,496,167
EIA Fund	\$ 91,225					91,225
Special Projects Fund	1,385,289					1,385,289
Proprietary Fund	355,007					355,007
	<u>1,831,521</u>	<u>-</u>	<u>-</u>	<u>1,496,167</u>	<u>-</u>	<u>3,327,688</u>
Due to:						
General Fund		\$ 1,385,289	\$ 91,225		\$ 355,007	1,831,521
Capital Projects	1,496,167					1,496,167
	<u>1,496,167</u>	<u>1,385,289</u>	<u>91,225</u>	<u>-</u>	<u>355,007</u>	<u>3,327,688</u>
	<u>335,354</u>	<u>(1,385,289)</u>	<u>(91,225)</u>	<u>1,496,167</u>	<u>(355,007)</u>	<u>-</u>

NOTE 11 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	\$ 3,832,452
Allowance for Doubtful Accounts	<u>(1,341,358)</u>
Property Taxes, Current	<u>2,491,094</u>

NOTE 12 COMMITMENTS AND CONTINGENCIES

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

In the ordinary course of business the District may become party to lawsuits. In order to protect the District against potential losses that may arise in connection with a lawsuit, management has procured various insurance policies and coverages. The District has not incurred any significant claims or uninsured losses in the three years ending June 30, 2014.

NOTE 13 LEGAL COMPLIANCE

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

NOTE 14 CONCENTRATIONS OF CREDIT RISK AND OTHER CONCENTRATIONS

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

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

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

NOTE 15 FUNDING FLEXIBILITY

The State of South Carolina passed a Joint Resolution to provide funding flexibility for the fiscal year ended June 30, 2014. Under the resolution, school districts may transfer revenue between programs to any instructional program with the same funding source and may make expenditures for instructional programs and essential operating costs from any state source without regard to fund type except school building bond funds. Certain funds and other exceptions apply. The District used this flexibility for the current fiscal year by making certain transfers allowed under the Joint Resolution. The impact of applying funding flexibility to the District's General Fund was not measured.

NOTE 16 SUBSEQUENT EVENTS

Debt Issuance - The District issued \$9,460,000 in General Obligation Bonds on October 14, 2014. The bond has stated interest rate of .53%. The principal and interest payments for the short-term general obligation bonds are due on March 5, 2015.

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.

NOTE 17 NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions (Employers) – an amendment of GASB Statement No. 27*, to improve guidance for accounting and reporting on pensions that governments provide to their employees. GASB believes it is important to give users of the financial statements of cost-sharing employers access to better, more transparent financial information. Consequently, under the new standard, the GASB is requiring that cost-sharing governments report a net pension liability, pension expense and pension-related deferred inflows and outflows of resources based on the government's proportionate share of the collective amounts for all the governments participating in the plan. Issued June 2012, this statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. GASB Statement No. 68 will be effective for the District, fiscal year ending June 30, 2015. This statement relates to accounting and financial reporting and does not apply to how governments approach the funding of their pension plans. At present, there is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial reports. This statement separates how the accounting and financial reporting is determined from how pensions are funded.

Key changes when GASB Statement No. 68 is adopted by participating governments will include:

- Separating how the accounting and financial reporting is determined from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer's past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the interest rate on a tax-exempt 20 year AA/Aa or higher rated municipal bond index to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.
- Requires a restatement of beginning net position balance equal to the government's proportionate share of the plan's collective net pension liability to reflect this liability as of the beginning of the year.
- The recognition of pension expense based on actuarial calculations in addition to the recognition of the annual required contribution (ARC) obligations to the State's cost-sharing multiple-employer retirement plan.

Once GASB Statement No. 68 is adopted during the year ending June 30, 2015, management expects the financial impact of recognizing the net pension liability on the government's statement of net position will be significant. The District's actual proportionate share of the collective net pension liability that will be used to adjust beginning net position by the recognition of this liability will not be available until the State plan's stand-alone audited financial statements are complete.

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE IS INTENTIONALLY LEFT BLANK

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local	\$ 24,673,131	\$ 24,534,806	\$ 25,433,305	\$ 898,499
State	50,205,527	51,288,308	51,473,416	185,108
Total Revenues	<u>74,878,658</u>	<u>75,823,114</u>	<u>76,906,721</u>	<u>1,083,607</u>
Expenditures				
Current:				
Instruction	48,027,671	48,410,273	47,322,035	1,088,238
Support Services	30,687,888	30,629,892	30,163,503	466,389
Intergovernmental	1,029,783	864,067	875,391	(11,324)
Total Expenditures	<u>79,745,342</u>	<u>79,904,232</u>	<u>78,360,929</u>	<u>1,543,303</u>
Excess Revenues Over (Under) Expenditures	<u>(4,866,684)</u>	<u>(4,081,118)</u>	<u>(1,454,208)</u>	<u>2,626,910</u>
Other Financing Sources (Uses)				
Operating Transfers from Other Funds	2,442,906	2,228,182	2,360,415	132,233
Total Other Financing Sources (Uses)	<u>2,442,906</u>	<u>2,228,182</u>	<u>2,360,415</u>	<u>132,233</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (2,423,778)</u>	<u>\$ (1,852,936)</u>	<u>\$ 906,207</u>	<u>\$ 2,759,143</u>
Fund Balance, Beginning of Year			<u>17,746,892</u>	
Fund Balance, End of Year			<u>\$ 18,653,099</u>	

THIS PAGE IS INTENTIONALLY LEFT BLANK

**COMBINING AND INDIVIDUAL
FUND SCHEDULES**

THIS PAGE IS INTENTIONALLY LEFT BLANK

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2014**

Assets

Cash & Cash Equivalents	\$ 5,050,739
Investments	19,877,148
Property Tax Receivable, Net	104,901
Due From Other Funds	961,518
Due From County Government	1,184,524
Due From State Government	163,984
Due From Other Governmental Units	812,274
Other Receivables	131,886
	<hr/>

Total Assets	\$ 28,286,974
	<hr/> <hr/>

Liabilities & Fund Balances

Liabilities

Accounts Payable	2,692,538
Accrued Salaries	4,257,986
Accrued Payroll Related Liabilities	2,664,945
Notes Payable	18,406
	<hr/>

Total Liabilities	9,633,875
	<hr/>

Fund Balances

Assigned	2,805,086
Unassigned	15,848,013
	<hr/>

Total Fund Balances	18,653,099
	<hr/>

Total Liabilities & Fund Balances	\$ 28,286,974
	<hr/> <hr/>

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 22,188,873	\$ 22,933,038	\$ 744,165
1140 Penalties & Interest on Taxes (Independent)	200,000	188,743	(11,257)
1200 Revenue From Local Governmental Units Other Than LEAs			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,705,099	1,802,454	97,355
1300 Tuition			
1310 From Patrons for Regular Day School	25,000	5,650	(19,350)
1320 From Other LEAs for Regular Day School	-	16,916	16,916
1500 Earnings on Investments:			
1510 Interest on Investments	25,000	30,468	5,468
1900 Other Revenue from Local Sources:			
1910 Rentals	40,834	23,128	(17,706)
1930 Medicaid	350,000	404,337	54,337
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	-	28,571	28,571
Total Local Sources	24,534,806	25,433,305	898,499
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	11,902	11,902
3160 School Bus Driver Salary (Includes Hazardous Condition Transportation)	460,283	576,845	116,562
3161 EAA Bus Driver Salary and Fringe	-	2,717	2,717
3162 Transportation Workers' Compensation	43,240	43,240	-
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	10,649,888	10,649,888	-
3181 Retiree Insurance (No Carryover Provision)	2,295,956	2,295,956	-
3199 Other Restricted State Grants	-	4,239	4,239
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	2,022,523	1,996,304	(26,219)
3312 Primary	5,093,840	5,101,825	7,985
3313 Elementary	6,282,091	6,299,978	17,887
3314 High School	2,798,355	2,732,333	(66,022)
3315 Trainable Mentally Handicapped	133,217	131,915	(1,302)
3316 Speech Handicapped (Part-Time Program)	896,152	927,330	31,178
3317 Homebound	20,808	65,703	44,895
3320 Part-Time Programs:			
3321 Emotionally Handicapped	140,826	139,067	(1,759)
3322 Educable Mentally Handicapped	166,665	170,392	3,727
3323 Learning Disabilities	2,883,255	2,884,235	980
3324 Hearing Handicapped	125,089	126,343	1,254
3325 Visually Handicapped	61,109	66,450	5,341
3326 Orthopedically Handicapped	51,021	55,499	4,478
3327 Vocational	3,338,864	3,327,021	(11,843)

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

3330 Miscellaneous EFA Programs:			
3331 Autism	\$ 238,269	\$ 257,635	\$ 19,366
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)	8,082,176	8,084,202	2,026
3830 Merchant's Inventory Tax	185,886	185,886	-
3840 Manufacturers Depreciation Reimbursement	217,537	197,661	(19,876)
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	171,550	182,512	10,962
3900 Other State Revenue:			
3999 Revenue From Other State Sources	15,000	41,630	26,630
Total State Sources	51,288,308	51,473,416	185,108
Total Revenues All Sources	75,823,114	76,906,721	1,083,607
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	2,727,166	2,668,571	58,595
200 Employee Benefits	1,026,524	1,025,513	1,011
400 Supplies and Materials	31,801	30,043	1,758
112 Primary Programs:			
100 Salaries	5,418,443	5,548,425	(129,982)
200 Employee Benefits	1,801,705	1,906,373	(104,668)
300 Purchased Services	2,240	2,109	131
400 Supplies and Materials	71,299	70,185	1,114
113 Elementary Programs:			
100 Salaries	10,949,792	10,816,419	133,373
200 Employee Benefits	4,553,153	3,686,278	866,875
300 Purchased Services	175,849	128,687	47,162
400 Supplies and Materials	555,625	551,334	4,291
500 Capital Outlay	31,980	4,097	27,883
600 Other Objects	20,050	18,532	1,518
114 High School Programs:			
100 Salaries	8,367,640	8,108,995	258,645
140 Terminal Leave	-	-	-
200 Employee Benefits	2,766,618	2,828,033	(61,415)
300 Purchased Services	65,025	51,653	13,372
400 Supplies and Materials	134,392	129,080	5,312
115 Career and Technology Education Programs:			
100 Salaries	1,936,609	1,879,815	56,794
200 Employee Benefits	635,609	607,601	28,008
300 Purchased Services - Other Than Tuition	6,600	2,416	4,184
400 Supplies and Materials	94,995	89,078	5,917
500 Capital Outlay	1,620	1,620	-
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	702,380	753,540	(51,160)
200 Employee Benefits	257,790	264,350	(6,560)
400 Supplies and Materials	1,050	1,055	(5)

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

122 Trainable Mentally Handicapped:			
100 Salaries	\$ 593,107	\$ 594,199	\$ (1,092)
200 Employee Benefits	193,744	202,082	(8,338)
400 Supplies and Materials	477	476	1
123 Orthopedically Handicapped:			
100 Salaries	83,362	82,672	690
200 Employee Benefits	21,538	20,996	542
124 Visually Handicapped:			
100 Salaries	4,960	4,921	39
200 Employee Benefits	294	376	(82)
300 Purchased Services	84,608	84,608	-
125 Hearing Handicapped:			
100 Salaries	76,471	95,060	(18,589)
200 Employee Benefits	24,872	29,340	(4,468)
400 Supplies and Materials	250	247	3
126 Speech Handicapped:			
100 Salaries	613,621	633,849	(20,228)
200 Employee Benefits	199,058	211,448	(12,390)
300 Purchased Services	-	1,349	(1,349)
400 Supplies and Materials	979	962	17
127 Learning Disabilities:			
100 Salaries	2,267,664	2,221,201	46,463
200 Employee Benefits	753,155	745,792	7,363
400 Supplies and Materials	2,817	2,785	32
128 Emotionally Handicapped:			
100 Salaries	248,559	269,518	(20,959)
200 Employee Benefits	94,671	94,951	(280)
400 Supplies and Materials	170	164	6
130 Pre-School Programs			
133 Pre-School Handicapped-Self-Contained (5 year olds):			
100 Salaries	7,372	8,076	(704)
200 Employee Benefits	546	1,362	(816)
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
100 Salaries	108,472	103,962	4,510
200 Employee Benefits	33,199	33,115	84
139 Early Childhood Programs:			
100 Salaries	11,006	-	11,006
200 Employee Benefits	3,601	-	3,601
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	119,178	117,209	1,969
200 Employee Benefits	43,703	40,972	2,731
145 Homebound:			
100 Salaries	105,000	70,140	34,860
200 Employee Benefits	24,329	16,057	8,272
300 Purchased Services	23,680	10,950	12,730
147 Full Day 4K:			
100 Salaries	134,626	134,245	381
200 Employee Benefits	48,075	48,497	(422)
160 Other Exceptional Programs			
161 Autism:			
100 Salaries	63,848	164,259	(100,411)
200 Employee Benefits	30,469	43,997	(13,528)

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

180 Adult/Continuing Educational Programs

188 Parenting/Family Literacy:			
100 Salaries	\$ 34,200	\$ 34,199	\$ 1
200 Employee Benefits	11,956	16,415	(4,459)
400 Supplies and Materials	-	250	(250)

190 Instructional Pupil Activity:			
100 Salaries (optional)	5,437	6,132	(695)
200 Employee Benefits (optional)	1,244	1,400	(156)

Total Instruction	48,410,273	47,322,035	1,088,238
--------------------------	-------------------	-------------------	------------------

200 Support Services

210 Pupil Services

211 Attendance and Social Work Services:			
100 Salaries	72,479	72,579	(100)
200 Employee Benefits	23,583	23,904	(321)
300 Purchased Services	6,000	8,022	(2,022)
400 Supplies and Materials	2,000	1,460	540
500 Capital Outlay	1,300	1,153	147
212 Guidance Services:			
100 Salaries	1,887,501	1,886,866	635
200 Employee Benefits	609,515	623,321	(13,806)
300 Purchased Services	4,899	4,764	135
400 Supplies and Materials	15,455	15,079	376
600 Other Objects	1,160	1,126	34
213 Health Services:			
100 Salaries	339,508	331,923	7,585
200 Employee Benefits	131,647	123,297	8,350
300 Purchased Services	-	3,920	(3,920)
400 Supplies and Materials	29,136	20,871	8,265
214 Psychological Services:			
100 Salaries	95,930	95,980	(50)
200 Employee Benefits	25,800	26,286	(486)
217 Career Specialist Services:			
100 Salaries	12,513	16,471	(3,958)
200 Employee Benefits	3,988	4,932	(944)

220 Instructional Staff Services

221 Improvement of Instruction Curriculum Development:			
100 Salaries	206,094	213,917	(7,823)
200 Employee Benefits	69,438	65,047	4,391
300 Purchased Services	35,050	33,651	1,399
400 Supplies and Materials	5,155	4,676	479
600 Other Objects	1,500	1,113	387
222 Library and Media Services:			
100 Salaries	1,488,647	1,491,870	(3,223)
200 Employee Benefits	516,159	525,323	(9,164)
300 Purchased Services	1,103	479	624
400 Supplies and Materials	71,568	69,151	2,417
500 Capital Outlay	114	114	-
223 Supervision of Special Programs:			
100 Salaries	321,451	322,744	(1,293)
200 Employee Benefits	146,862	117,314	29,548

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

224 Improvement of Instruction Inserve and Staff Training:			
100 Salaries	\$ 247,183	\$ 242,475	\$ 4,708
200 Employee Benefits	77,609	77,243	366
300 Purchased Services	26,900	11,427	15,473
400 Supplies and Materials	900	278	622
230 General Administration Services			
231 Board of Education:			
100 Salaries	40,621	30,930	9,691
200 Employee Benefits	765,655	491,805	273,850
300 Purchased Services	145,514	107,300	38,214
318 Audit Services	44,500	44,800	(300)
400 Supplies and Materials	9,000	5,616	3,384
600 Other Objects	25,726	25,926	(200)
232 Office of the Superintendent:			
100 Salaries	333,547	334,034	(487)
140 Terminal Leave	35,000	3,753	31,247
200 Employee Benefits	89,366	87,155	2,211
300 Purchased Services	29,750	24,318	5,432
400 Supplies and Materials	45,485	42,577	2,908
600 Other Objects	6,700	5,356	1,344
233 School Administration:			
100 Salaries	5,321,508	5,256,646	64,862
200 Employee Benefits	1,767,151	1,779,802	(12,651)
300 Purchased Services	53,564	43,056	10,508
400 Supplies and Materials	61,055	56,929	4,126
500 Capital Outlay	142	-	142
600 Other Objects	14,480	13,359	1,121
250 Finance and Operations Services			
251 Student Transportation (Federal/District Mandated)::			
300 Purchased Services	-	384	(384)
252 Fiscal Services:			
100 Salaries	613,892	583,655	30,237
200 Employee Benefits	205,259	207,321	(2,062)
300 Purchased Services	29,900	27,751	2,149
400 Supplies and Materials	11,221	9,462	1,759
500 Capital Outlay	1,349	1,153	196
600 Other Objects	3,125	3,217	(92)
254 Operation and Maintenance of Plant:			
100 Salaries	1,114,825	1,097,982	16,843
200 Employee Benefits	413,476	410,716	2,760
300 Purchased Services	3,472,685	3,504,199	(31,514)
321 Public Utilities (Excludes gas, oil, elec. & other heating fuels)	355,101	370,336	(15,235)
400 Supplies and Materials	478,155	635,156	(157,001)
470 Energy (Include gas, oil, elec. & other heating fuels)	2,476,841	2,583,413	(106,572)
500 Capital Outlay	100,740	58,057	42,683
255 Student Transportation (State Mandated):			
100 Salaries	1,298,684	1,271,960	26,724
200 Employee Benefits	499,915	440,812	59,103
300 Purchased Services	46,377	43,685	2,692
400 Supplies and Materials	7,192	5,798	1,394
500 Capital Outlay	5,000	4,111	889
600 Other Objects	1,000	363	637
256 Food Service:			
200 Employee Benefits	302,864	405,407	(102,543)

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

257 Internal Services:			
100 Salaries	\$ 241,769	\$ 236,733	\$ 5,036
200 Employee Benefits	77,367	77,947	(580)
300 Purchased Services	15,883	12,169	3,714
400 Supplies and Materials	3,200	2,539	661
600 Other Objects	600	599	1
258 Security:			
100 Salaries	116,410	132,916	(16,506)
200 Employee Benefits	32,703	36,980	(4,277)
300 Purchased Services	404,568	270,968	133,600
400 Supplies and Materials	23,000	18,887	4,113
260 Central Support Services			
262 Planning, Research, Development & Evaluation:			
100 Salaries	95,052	95,052	-
200 Employee Benefits	27,585	27,308	277
300 Purchased Services	3,700	2,838	862
400 Supplies and Materials	25,000	23,141	1,859
600 Other Objects	13,325	12,701	624
263 Information Services:			
100 Salaries	93,022	93,022	-
200 Employee Benefits	27,056	27,271	(215)
300 Purchased Services	28,147	36,444	(8,297)
400 Supplies and Materials	5,075	6,062	(987)
600 Other Objects	300	290	10
264 Staff Services:			
100 Salaries	302,148	296,057	6,091
200 Employee Benefits	101,097	96,168	4,929
300 Purchased Services	30,750	24,694	6,056
400 Supplies and Materials	3,250	4,198	(948)
600 Other Objects	37,000	30,106	6,894
266 Technology and Data Processing Services:			
100 Salaries	448,245	425,721	22,524
200 Employee Benefits	151,201	148,569	2,632
300 Purchased Services	361,404	310,644	50,760
400 Supplies and Materials	136,010	117,836	18,174
500 Capital Outlay	31,770	31,717	53
270 Support Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries (optional)	805,771	841,212	(35,441)
200 Employee Benefits (optional)	190,824	173,490	17,334
300 Purchased Services (optional)	9,148	9,148	-
660 Pupil Activity	83,000	83,000	-
Total Support Services	30,629,892	30,163,503	466,389
400 Other Charges:			
410 Intergovernmental Expenditures			
411 Payments to the South Carolina Department of Education			
720 Transits	134,523	163,484	(28,961)
412 Payments to Other Governmental Units			
720 Transits	40,000	13,832	26,168
416 LEA Payments to Public Charter Schools			
720 Transits	689,544	698,075	(8,531)
Total Intergovernmental Expenditures	864,067	875,391	(11,324)
Total Expenditures	79,904,232	78,360,929	1,543,303

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5230 Transfer from Special Revenue EIA Fund	\$ 1,974,319	\$ 2,002,674	\$ 28,355
5280 Transfer from Other Funds Indirect Costs	450,000	552,128	102,128
426-710 Transfer to Pupil Activity Fund	(196,137)	(194,387)	1,750

Total Other Financing Sources (Uses)	<u>2,228,182</u>	<u>2,360,415</u>	<u>132,233</u>
---	------------------	------------------	----------------

Excess/Deficiency of Revenues over Expenditures	<u>\$ (1,852,936)</u>	<u>\$ 906,207</u>	<u>\$ 2,759,143</u>
--	-----------------------	-------------------	---------------------

Fund Balance, Beginning of Year		<u>17,746,892</u>	
--	--	-------------------	--

Fund Balance, End of Year		<u>\$ 18,653,099</u>	
----------------------------------	--	----------------------	--

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL PROJECTS
BALANCE SHEET
JUNE 30, 2014**

Assets

Due From State Government	\$ 19,107
Due From Federal Government	1,534,990
Due From Other Governmental Units	7,279
Other Receivables	<u>80,558</u>

Total Assets	\$ 1,641,934
---------------------	---------------------

Liabilities & Fund Balances

Liabilities

Due To Other Funds	1,385,289
Due To State Government	1,065
Unearned Revenue	<u>255,580</u>

Total Liabilities	<u>1,641,934</u>
--------------------------	-------------------------

Total Liabilities & Fund Balances	\$ <u>1,641,934</u>
--	----------------------------

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
Revenues								
1000 Revenue from Local Sources								
1300 Tuition								
1330 From Patrons for Adult/Continuing Ed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,825	\$ 4,825
1900 Other Revenue from Local Sources:								
1910 Rentals	-	-	-	-	-	-	4,183	4,183
1920 Contributions & Donations Private Sources	-	-	-	-	-	-	443,397	443,397
1990 Miscellaneous Local Revenue:								
1999 Revenue from Other Local Sources	-	-	-	-	-	-	230,901	230,901
Total Local Sources	-	-	-	-	-	-	683,306	683,306
2000 Intergovernmental Revenue:								
2100 Payments from Other Governmental Units	-	-	-	-	-	-	698,075	698,075
Total Intergovernmental Revenues	-	-	-	-	-	-	698,075	698,075
3000 Revenue from State Sources								
3100 Restricted State Funding:								
3113 12-Month Agriculture Program	-	-	-	-	-	-	26,088	26,088
3118 EEDA Career Specialists	-	-	-	-	-	325,984	-	325,984
3127 Student Health and Fitness - PE Teachers	-	-	-	-	-	90,852	-	90,852
3130 Special Programs:								
3136 Student Health and Fitness - Nurses	-	-	-	-	-	309,266	-	309,266
3155 Adult Ed Supplemental Nutrition Assistance Program	-	-	-	-	-	1,956	-	1,956
3177 Summer Reading Camp	-	-	-	-	-	8,193	-	8,193
3193 Education License Plates	-	-	-	-	-	2,212	-	2,212
3199 Other Restricted State Grants	-	-	-	-	-	-	2,000	2,000
3600 Education Lottery:								
3607 6-8 Enhancement	-	-	-	-	-	35,978	-	35,978
3610 K-5 Enhancement	-	-	-	-	-	513,827	-	513,827
3900 Other State Revenue:								
3999 Revenue From Other State Sources	-	-	-	-	-	-	59,782	59,782
Total State Sources	-	-	-	-	-	1,288,268	87,870	1,376,138

4000 Revenue from Federal Sources

64

100 Instruction

110 General Instruction									
111 Kindergarten Programs:									
100 Salaries	-	-	-	-	-	-	-	75,026	75,026
200 Employee Benefits	-	-	-	-	-	-	-	30,817	30,817
112 Primary Programs:									
100 Salaries	1,399,455	-	-	-	-	-	266,682	459,094	2,125,231
200 Employee Benefits	517,077	-	-	-	-	-	88,534	164,556	770,167
300 Purchased Services	29,150	-	-	-	-	-	-	25,686	54,836
400 Supplies and Materials	101,261	-	-	-	-	-	-	10,067	111,328
113 Elementary Programs:									
100 Salaries	96,673	-	-	-	-	-	151,469	96,341	344,483
200 Employee Benefits	32,304	-	-	-	-	-	47,592	26,139	106,035
300 Purchased Services	136,330	-	-	-	-	-	28,785	61,958	227,073
400 Supplies and Materials	161,011	-	-	-	-	-	15,174	56,862	233,047
500 Capital Outlay	20,686	-	-	-	-	-	-	-	20,686
114 High School Programs:									
100 Salaries	-	-	-	-	-	-	-	292,598	292,598
200 Employee Benefits	-	-	-	-	-	-	-	6,741	6,741
300 Purchased Services	-	-	-	-	-	-	-	638	638
400 Supplies and Materials	-	-	-	-	-	-	-	7,554	7,554
500 Capital Outlay	-	-	-	-	-	-	-	436	436
115 Career and Technology Education Programs:									
100 Salaries	-	-	-	-	-	-	-	26,088	26,088
300 Purchased Services - Other Than Tuition	-	-	-	-	-	-	-	-	23,935
400 Supplies and Materials	-	-	-	-	-	-	-	-	66,368
500 Capital Outlay	-	-	-	-	-	-	-	-	42,108

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

120 Exceptional Programs

121 Educable Mentally Handicapped:

100 Salaries	\$	-	\$	389,190	\$	-	\$	-	\$	-	\$	389,190
200 Employee Benefits	-	-	-	157,795	-	-	-	-	-	-	-	157,795
300 Purchased Services	-	-	-	2,745	-	-	-	-	-	-	-	2,745
400 Supplies and Materials	-	-	-	3,397	-	-	-	-	-	-	-	3,397
122 Trainable Mentally Handicapped:												
100 Salaries	-	-	-	149,348	-	-	-	-	-	-	78	149,426
200 Employee Benefits	-	-	-	32,140	-	-	-	-	-	-	18	32,158
123 Orthopedically Handicapped:												
100 Salaries	-	-	-	41,745	-	-	-	-	-	-	-	41,745
200 Employee Benefits	-	-	-	9,525	-	-	-	-	-	-	-	9,525
124 Visually Handicapped:												
100 Salaries	-	-	-	-	-	-	-	-	-	-	156	156
200 Employee Benefits	-	-	-	-	-	-	-	-	-	-	36	36
300 Purchased Services	-	-	-	119	-	-	-	-	-	-	-	119
125 Hearing Handicapped:												
100 Salaries	-	-	-	61,697	-	-	-	-	-	-	-	61,697
200 Employee Benefits	-	-	-	21,118	-	-	-	-	-	-	-	21,118
300 Purchased Services	-	-	-	616	-	-	-	-	-	-	-	616
400 Supplies and Materials	-	-	-	3,400	-	-	-	-	-	-	-	3,400
126 Speech Handicapped:												
100 Salaries	-	-	-	100,015	-	-	-	-	-	-	299	100,314
200 Employee Benefits	-	-	-	40,477	-	-	-	-	-	-	70	40,547
300 Purchased Services	-	-	-	585	-	-	-	-	-	-	-	585
400 Supplies and Materials	-	-	-	458	-	-	-	-	-	-	-	458
600 Other Objects	-	-	-	1,750	-	-	-	-	-	-	-	1,750
127 Learning Disabilities:												
100 Salaries	-	-	-	494,181	-	-	-	-	-	-	104	494,285
200 Employee Benefits	-	-	-	164,113	-	-	-	-	-	-	24	164,137
300 Purchased Services	-	-	-	20,528	-	-	-	-	-	-	-	20,528
400 Supplies and Materials	-	-	-	1,212	-	-	-	-	-	-	-	1,212
128 Emotionally Handicapped:												
100 Salaries	-	-	-	87,256	-	-	-	-	-	-	-	87,256
200 Employee Benefits	-	-	-	30,312	-	-	-	-	-	-	-	30,312
300 Purchased Services	-	-	-	22,900	-	-	-	-	-	-	-	22,900
129 Coordinated Early Intervening Services (CEIS):												
100 Salaries	-	-	-	163,127	-	-	-	-	-	-	-	163,127
200 Employee Benefits	-	-	-	51,065	-	-	-	-	-	-	-	51,065
400 Supplies and Materials	-	-	-	1,426	-	-	-	-	-	-	-	1,426

130 Pre-School Programs

133 Pre-School Handicapped-Self-Contained (5 year olds):

100 Salaries	-	-	-	73,732	52,160	-	-	-	-	-	-	125,892
200 Employee Benefits	-	-	-	16,052	24,285	-	-	-	-	-	-	40,337
300 Purchased Services	-	-	-	110	-	-	-	-	-	-	-	110
400 Supplies and Materials	-	-	-	-	214	-	-	-	-	-	-	214
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):												
100 Salaries	-	-	-	17,173	28,285	-	-	-	-	-	-	45,458
200 Employee Benefits	-	-	-	5,747	11,983	-	-	-	-	-	-	17,730
139 Early Childhood Programs:												
100 Salaries	-	-	-	-	-	-	-	-	-	-	110,359	110,359
200 Employee Benefits	-	-	-	-	-	-	-	-	-	-	24,954	24,954

**SPECIAL REVENUE FUND - SPECIAL PROJECTS EXCLUDING EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Total Instruction

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, 2014

* 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		Other Special Revenue Programs (Continued)	
Subfund Code	Title	Subfund Code	Title
243	Adult Education - Federal	803	Communities in Schools
Other Designated State Restricted Grants		804	First Steps
Subfund Code	Title	805	Workforce Investment Act
919	Education License Plates	808	Lancaster Literacy Council - Adult Ed
926	Summer Reading Camp	809	Palmetto Citizens Against Sexual Assault
928	EEDA Career Specialist	810	Adult Ed - Computer Based Testing
936	Student Health and Fitness - Nurses	811	Learn TV Advertising
937	Student Health and Fitness - PE Teachers	812	Good Behavior Game Replication Project
955	Adult Ed - SNAP	814	Literacy Network - Adult Ed
960	K-5 Enhancement	815	Springs Close - Adult Ed
965	Digital Instructional Materials	816	SIMS: Home Literacy Trail
967	6-8 Enhancement	818	Supporting Teens through Education & Protection Program
Other Special Revenue Programs		819	SIMS - Lancaster Area Literacy Cooperative
Subfund Code	Title	821	John T Stevens Foundation - Summer Reading Camp
224	21st Century Community Learning Centers Title IV	825	Early Head Start
237	Title I - Focus Schools	827	Early Head Start
251	Title VI - Rural and Low-Income School Program	829	SIMS: Swimming and Water Safety, Jan - Dec 2014
264	Language Instruction for Limited English Proficient and Immigrant Students Title III	836	United Way - Adult Ed
267	Title II Improving Teacher Quality	839	EXT School Year
270	JROTC	840	SC Arts Commission - AJ Middle
275	Adult Education Local Contributions	841	SC Arts Commission - McDonald Green Elementary
276	Americorps	844	SC Arts Commission - Heath Springs Elementary
294	Elementary Homework Centers - PFY	846	SIMS: Reading for Workplace Success Literacy Program
296	Facility Rental Fund	851	Jobs for South Carolina's Graduates
801	Discovery School	856	Child Development Program - First Steps
802	Swimming and Water Safety, Jan - Dec 2013	857	Youth Build
		859	SIMS: Reading for Workplace Success Literacy Program
		861	SC GEAR-UP

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
FOR FISCAL YEAR ENDED JUNE 30, 2014

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
919	3193	Education License Plates	\$ 2,212	\$ 2,212	\$ -	\$ -	\$ 748
926	3116	Summer Reading Camp	8,193	8,193	-	-	8,751
928	3118	EEDA - Career Specialist	325,984	325,984	-	-	-
936	3136	Student Health and Fitness - Nurses	309,266	309,266	-	-	-
937	3127	Student and Health Fitness - PE Teachers	90,852	90,852	-	-	-
955	3155	Adult Ed Supplemental Nutrition Assistance Program	1,956	1,956	-	-	39,273
960	3610	K-5 Enhancement	513,827	513,827	-	-	-
965	3620	Digital Instructional Materials	-	-	-	-	65,203
967	3607	6-8 Enhancement	35,978	35,978	-	-	21,412
Totals - Other Restricted State Grants			\$ 1,288,268	\$ 1,288,268	\$ -	\$ -	\$ 135,387

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
BALANCE SHEET
JUNE 30, 2014**

Assets

Due From State Government	\$ 841,630
Other Receivables	<u>267</u>

Total Assets	<u>\$ 841,897</u>
---------------------	--------------------------

Liabilities & Fund Balances

Liabilities

Due To Other Funds	91,225
Due To State Government	16,597
Unearned Revenue	<u>734,075</u>

Total Liabilities	<u>841,897</u>
--------------------------	-----------------------

Total Liabilities & Fund Balances	<u>\$ 841,897</u>
--	--------------------------

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

1000 Revenue from Local Sources

1900 Other Revenue from Local Sources:

1990 Miscellaneous Local Revenue:

1999 Revenue from Other Local Sources \$ 2,650

Total Local Sources 2,650

3000 Revenue from State Sources

3500 Education Improvement Act:

3502 ADEPT 11,882

3505 Technology Support 21,536

3509 Arts in Education 58,504

3511 Professional Development 70,325

3518 Formative Assessment 17,370

3525 Career and Technology Education Equipment 99,828

3526 Refurbishment of K-8 Science Kits 75,640

3532 National Board Certification (NBC) Salary Supplement 942,207

3533 Teacher of the Year Awards 1,077

3538 Students At Risk of School Failure 2,347,538

3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children) 312,701

3544 High Achieving Students 265,157

3550 Teacher Salary Increase (No Carryover Provision) 1,767,645

3555 School Employer Contributions (No Carryover Provision) 235,029

3556 Adult Education 307,486

3558 Reading 107,685

3577 Teacher Supplies (No Carryover Provision) 219,725

3578 High Schools That Work/Making Middle Grades Work 64,509

3585 Aid to Districts - Special Education 9,683

3592 Work-Based Learning 57,787

3594 EEDA At Risk Supplemental Programs 136,293

3597 Aid to Districts 282,432

3599 Other EIA 4,444

Total State Sources 7,416,483

Total Revenues All Sources 7,419,133

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Expenditures

100 Instruction

110 General Instruction

111 Kindergarten Programs:

100 Salaries	\$ 29,990
200 Employee Benefits	6,823

112 Primary Programs:

100 Salaries	215,355
200 Employee Benefits	63,180
300 Purchased Services	24,272
400 Supplies and Materials	11,172

113 Elementary Programs:

100 Salaries	884,544
200 Employee Benefits	283,814
300 Purchased Services	47,321
400 Supplies and Materials	305,536
500 Capital Outlay	5,395
600 Other Objects	500

114 High School Programs:

100 Salaries	878,909
200 Employee Benefits	276,930
300 Purchased Services	500
400 Supplies and Materials	16,997
500 Capital Outlay	10,500
600 Other objects	400

115 Career and Technology Education Programs:

100 Salaries	22,500
200 Employee Benefits	5,177
400 Supplies and Materials	172
500 Capital Outlay	99,828

120 Exceptional Programs

121 Educable Mentally Handicapped:

100 Salaries	41,250
200 Employee Benefits	9,452

125 Hearing Handicapped:

100 Salaries	3,069
200 Employee Benefits	712

126 Speech Handicapped:

600 Other Objects	580
-------------------	-----

127 Learning Disabilities:

100 Salaries	26,250
200 Employee Benefits	5,998

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

128 Emotionally Handicapped:		
100 Salaries	\$	7,500
200 Employee Benefits		1,729
130 Pre-School Programs		
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):		
100 Salaries		10,569
200 Employee Benefits		2,433
139 Early Childhood Programs:		
100 Salaries		232,093
200 Employee Benefits		101,742
300 Purchased Services		530
400 Supplies and Materials		394
140 Special Programs		
141 Gifted and Talented - Academic:		
100 Salaries		136,591
200 Employee Benefits		46,018
400 Supplies and Materials		8,477
600 Other Objects		100
143 Advanced Placement:		
400 Supplies and Materials		3,558
148 Gifted and Talented - Artistic:		
100 Salaries		162
200 Employee Benefits		32
300 Purchased Services		37,170
170 Summer School Program		
172 Elementary Summer School:		
100 Salaries		40,413
200 Employee Benefits		9,511
400 Supplies and Materials		67
175 Instructional Programs Beyond Regular School Day:		
100 Salaries		9,767
200 Employee Benefits		2,263
400 Supplies and Materials		1,559
180 Adult/Continuing Educational Programs		
181 Adult Basic Education Programs:		
100 Salaries		19,175
200 Employee Benefits		701
400 Supplies and Materials		1,269

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

182 Adult Secondary Education Programs:	
100 Salaries	\$ 72,644
200 Employee Benefits	17,756
300 Purchased Services	615
400 Supplies and Materials	5
183 Adult English Literacy (ESL):	
100 Salaries	7,688
200 Employee Benefits	768
188 Parenting/Family Literacy:	
100 Salaries	34,251
200 Employee Benefits	6,761
	<hr/>
Total Instruction	4,091,437
	<hr/>
200 Support Services	
210 Pupil Services	
211 Attendance and Social Work Services:	
100 Salaries	28,145
200 Employee Benefits	9,365
212 Guidance Services:	
100 Salaries	44,232
200 Employee Benefits	10,055
217 Career Specialist Services:	
100 Salaries	750
200 Employee Benefits	172
220 Instructional Staff Services	
221 Improvement of Instruction Curriculum Development:	
100 Salaries	246,626
200 Employee Benefits	72,669
300 Purchased Services	6,472
222 Library and Media Services:	
100 Salaries	45,000
200 Employee Benefits	10,295
223 Supervision of Special Programs:	
100 Salaries	348,801
200 Employee Benefits	112,366
300 Purchased Services	48,880
400 Supplies and Materials	13,102
500 Capital Outlay	37,818
600 Other Objects	311

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

224 Improvement of Instruction Inserve and Staff Training:	
100 Salaries	\$ 56,115
200 Employee Benefits	15,125
300 Purchased Services	136,838
400 Supplies and Materials	5,584
600 Other Objects	36,225
250 Finance and Operations Services	
251 Student Transportation (Federal/District Mandated)::	
100 Salaries	1,014
200 Employee Benefits	92
300 Purchased Services	4,082
255 Student Transportation (State Mandated):	
100 Salaries	11,482
200 Employee Benefits	1,641
300 Purchased Services	230
260 Central Support Services	
266 Technology and Data Processing Services:	
300 Purchased Services	21,535
Total Support Services	<u>1,325,022</u>
Total Expenditures	<u>5,416,459</u>
Other Financing Sources (Uses)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	<u>(2,002,674)</u>
Total Other Financing Sources (Uses)	<u>(2,002,674)</u>
Excess/Deficiency of Revenues over Expenditures	<u>\$ -</u>
Fund Balance, Beginning of Year	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
FOR FISCAL YEAR ENDED JUNE 30, 2014

Program	Revenues	Expenditures	EIA Interfund Transfers In (Out)	Other Fund Transfers In (Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 11,882	\$ 11,882	\$ -	\$ -	\$ 252
3505 Technology Support	21,536	21,536	-	-	-
3509 Arts in Education	58,504	58,504	-	-	5,532
3511 Professional Development	70,325	70,325	-	-	49,025
3518 Formative Assessment	17,370	17,370	-	-	-
3525 Career and Technology Education Equipment	99,828	99,828	-	-	29,322
3526 Refurbishment of Science Kits	75,640	75,640	-	-	20,615
3532 National Board Certification	942,207	942,207	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	2,347,538	2,347,538	-	-	59,532
3540 Four-Year Old Early Childhood	312,701	312,701	-	-	-
3544 High Achieving Students	267,807	267,807	-	-	40,300
3550 Teacher Salary Increase	1,767,645	-	-	(1,767,645)	-
3555 School Employer Contributions	235,029	-	-	(235,029)	-
3556 Adult Education	307,486	307,486	-	-	43,019
3558 Reading	107,685	107,685	-	-	-
3571 Palmetto Priority Schools	-	-	-	-	61,354
3577 Teacher Supplies	219,725	219,725	-	-	-
3578 High Schools that Work	64,509	64,509	-	-	29,616
3585 Aide to Districts	9,683	9,683	-	-	34,939
3592 School-to-Work Transition	57,787	57,787	-	-	33,029
3594 EEDA at Risk Supplemental Programs	136,293	136,293	-	-	38,868
3597 Aide to Districts	282,432	282,432	-	-	288,672
3599 Other EIA Funds	4,444	4,444	-	-	-
Total	\$ 7,419,133	\$ 5,416,459	\$ -	\$ (2,002,674)	\$ 734,075

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
DEBT SERVICE FUND - DISTRICT
BALANCE SHEET
JUNE 30, 2014**

Assets

Property Tax Receivable, Net	\$ 55,457
Due From County Government	3,820,811
Due From Other Governmental Units	<u>229</u>

Total Assets	<u>\$ 3,876,497</u>
---------------------	----------------------------

Liabilities & Fund Balances

Fund Balances

Restricted For Debt Service	<u>3,876,497</u>
-----------------------------	------------------

Total Fund Balances	<u>3,876,497</u>
----------------------------	-------------------------

Total Liabilities & Fund Balances	<u>\$ 3,876,497</u>
--	----------------------------

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
DEBT SERVICE FUND - DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes-Including Delinquent	\$ 12,027,620	\$ 11,969,336	\$ (58,284)
1140 Penalties & Interest on Taxes	115,000	103,272	(11,728)
1200 Revenue From Local Governmental Units Other Than LEAs			
1280 Revenue in Lieu of Taxes	456,213	485,085	28,872
1500 Earnings on Investments:			
1510 Interest on Investments	5,000	5,501	501
Total Local Sources	<u>12,603,833</u>	<u>12,563,194</u>	<u>(40,639)</u>
3000 Revenue from State Sources			
3800 State Revenue in Lieu of Taxes:			
3820 Homestead Exemption (Tier 2)	685,172	656,517	(28,655)
3830 Merchant's Inventory Tax	12,496	12,496	-
3840 Manufacturers Depreciation Reimbursement	73,030	58,617	(14,413)
3890 Other State Property Tax Revenues	16,299	20,575	4,276
Total State Sources	<u>786,997</u>	<u>748,205</u>	<u>(38,792)</u>
Total Revenues All Sources	<u>13,390,830</u>	<u>13,311,399</u>	<u>(79,431)</u>
Expenditures			
500 Debt Service			
610 Redemption of Principal	3,985,000	3,985,000	-
620 Interest	1,519,423	1,074,010	445,413
690 Other Objects (Includes Fees For Servicing Bonds)	-	1,290	(1,290)
Total Debt Service	<u>5,504,423</u>	<u>5,060,300</u>	<u>444,123</u>
Total Expenditures	<u>5,504,423</u>	<u>5,060,300</u>	<u>444,123</u>

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
DEBT SERVICE FUND - DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)			
Interfund Transfers, From (To) Other Funds:			
423-710 Transfer to Debt Service Fund - LEAP	\$ (2,492,359)	\$ (2,492,359)	\$ -
424-710 Transfer to Capital Projects Fund	(6,867,641)	(6,867,641)	-
Total Other Financing Sources (Uses)	<u>(9,360,000)</u>	<u>(9,360,000)</u>	<u>-</u>
Excess/Deficiency of Revenues over Expenditures	<u>\$ (1,473,593)</u>	<u>\$ (1,108,901)</u>	<u>\$ 364,692</u>
Fund Balance, Beginning of Year		<u>4,985,398</u>	
Fund Balance, End of Year		<u><u>\$ 3,876,497</u></u>	

**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, 2014**

	Actual
Expenditures	
500 Debt Service:	
610 Redemption on Principal	\$ 1,325,000
620 Interest	<u>2,220,137</u>
Total Expenditures	<u>3,545,137</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,545,137)</u>
Other Financing Sources (Uses)	
Interfund Transfers From (To) Other Funds	
5240 Transfer from Debt Service Fund - District	2,492,359
5250 Transfer from Capital Projects Fund	<u>1,052,778</u>
Total Other Financing Sources (Uses)	<u>3,545,137</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u><u>\$ -</u></u>
Fund Balance, July 1, 2013	<u>-</u>
Fund Balance, June 30, 2014	<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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
CAPITAL PROJECTS FUND - DISTRICT
BALANCE SHEET
JUNE 30, 2014**

Assets

Due From Other Funds	\$ 1,496,167
Due From County Government	8,719,140
Other Receivables	<u>16,000</u>

Total Assets	<u>\$ 10,231,307</u>
---------------------	-----------------------------

Liabilities & Fund Balances

Liabilities

Bond Anticipation Note Payable	<u>1,067,000</u>
--------------------------------	------------------

Total Liabilities	<u>1,067,000</u>
--------------------------	-------------------------

Fund Balances

Restricted For Capital Projects	<u>9,164,307</u>
---------------------------------	------------------

Total Fund Balances	<u>9,164,307</u>
----------------------------	-------------------------

Total Liabilities & Fund Balances	<u>\$ 10,231,307</u>
--	-----------------------------

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
CAPITAL PROJECTS FUND - DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1500 Earnings on Investments:			
1510 Interest on Investments	\$ 21,862	\$ 21,862	\$ -
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	2,727	2,727	-
Total Local Sources	24,589	24,589	-
Total Revenues All Sources	24,589	24,589	-
Expenditures			
200 Support Services			
250 Finance and Operations Services			
253 Facilities Acquisition and Construction:			
300 Purchased Services	5,475,306	1,335,979	4,139,327
400 Supplies and Materials	1,943,478	705,169	1,238,309
500 Capital Outlay	-	-	-
520 Construction Services	15,067,121	12,457,043	2,610,078
530 Improvements Other Than Buildings	312,359	170,142	142,217
540 Equipment	169,325	61,035	108,290
545 Technology, Equipment and Software	1,791,930	777,493	1,014,437
Total Support Services	24,759,519	15,506,861	9,252,658
500 Debt Service			
620 Interest	-	6,323	(6,323)
Total Debt Service	-	6,323	(6,323)
Total Expenditures	24,759,519	15,513,184	9,246,335

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
CAPITAL PROJECTS FUND - DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)			
5300 Sale of Fixed Assets	\$ 2,000	\$ 2,000	\$ -
Interfund Transfers, From (To) Other Funds:			
5240 Transfer from Debt Service Fund	5,170,028	6,867,641	1,697,613
423-710 Transfer to Debt Service Fund - LEAP	-	(1,052,778)	(1,052,778)
Total Other Financing Sources (Uses)	<u>5,172,028</u>	<u>5,816,863</u>	<u>644,835</u>
Excess/Deficiency of Revenues over Expenditures	<u>\$ (19,562,902)</u>	<u>\$ (9,671,732)</u>	<u>\$ 9,891,170</u>
Fund Balance, Beginning of Year		<u>18,836,039</u>	
Fund Balance, End of Year		<u>\$ 9,164,307</u>	

THIS PAGE IS INTENTIONALLY LEFT BLANK

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
PROPRIETARY FUND - FOOD SERVICE FUND
BALANCE SHEET
JUNE 30, 2014**

Assets

Cash & Cash Equivalents	\$ 1,509,700
Due From State Government	440
Inventories - Supply & Materials	81,643
Other Receivables	14,560
Property, Plant and Equipment, Net	<u>531,604</u>

Total Assets	<u>\$ 2,137,947</u>
---------------------	----------------------------

Liabilities & Net Position

Liabilities

Due To Other Funds	355,007
Unearned Revenue	<u>40,700</u>

Total Liabilities	<u>395,707</u>
--------------------------	-----------------------

Net Position

Investment in Capital Assets	531,604
Unrestricted	<u>1,210,636</u>

Total Net Position	<u>1,742,240</u>
---------------------------	-------------------------

Total Liabilities & Net Position	<u>\$ 2,137,947</u>
---	----------------------------

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
PROPRIETARY FUND - FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1600 Food Service:			
1610 Lunch Sales to Pupils	\$ 786,000	\$ 744,056	\$ (41,944)
1620 Breakfast Sales to Pupils	113,000	91,799	(21,201)
1630 Special Sales to Pupils	486,500	461,535	(24,965)
1640 Lunch Sales to Adults	60,700	58,446	(2,254)
1650 Breakfast Sales to Adults	11,700	10,363	(1,337)
1660 Special Sales to Adults	91,800	85,458	(6,342)
1900 Other Revenue from Local Sources:			
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	3,750	1,821	(1,929)
Total Local Sources	<u>1,553,450</u>	<u>1,453,478</u>	<u>(99,972)</u>
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3142 Program Aid	441	441	-
Total State Sources	<u>441</u>	<u>441</u>	<u>-</u>
4000 Revenue from Federal Sources			
4800 USDA Reimbursement:			
4810 School Lunch and After School Snacks Program	2,759,000	2,759,491	491
4830 School Breakfast Program	846,000	840,348	(5,652)
4900 Other Federal Sources:			
4990 Other Federal Revenue:			
4991 USDA Commodities (Food Distribution Program)	320,500	319,187	(1,313)
Total Federal Sources	<u>3,925,500</u>	<u>3,919,026</u>	<u>(6,474)</u>
Total Revenues All Sources	<u>5,479,391</u>	<u>5,372,945</u>	<u>(106,446)</u>

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
PROPRIETARY FUND - FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
200 Support Services			
256 Food Service:			
100 Salaries	\$ 1,742,150	\$ 1,706,153	\$ 35,997
200 Employee Benefits	325,283	398,500	(73,217)
300 Purchased Services	40,300	39,574	726
400 Supplies and Materials	3,280,602	2,639,390	641,212
500 Capital Outlay	29,000	118,330	(89,330)
600 Other Objects	12,500	11,124	1,376
Total Support Services	<u>5,429,835</u>	<u>4,913,071</u>	<u>516,764</u>
Total Expenditures	<u>5,429,835</u>	<u>4,913,071</u>	<u>516,764</u>
Other Financing Sources (Uses)			
Interfund Transfers, From (To) Other Funds:			
432-791 Food Service Fund Indirect Costs	<u>(291,662)</u>	<u>(259,326)</u>	<u>32,336</u>
Total Other Financing Sources (Uses)	<u>(291,662)</u>	<u>(259,326)</u>	<u>32,336</u>
Excess/Deficiency of Revenues over Expenditures	<u>\$ (242,106)</u>	<u>\$ 200,548</u>	<u>\$ 442,654</u>
Net Position, Beginning of Year		<u>1,541,692</u>	
Net Position, End of Year		<u><u>\$ 1,742,240</u></u>	

THIS PAGE IS INTENTIONALLY LEFT BLANK

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
AGENCY FUND - PUPIL ACTIVITY FUND
SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2014

Assets

Cash & Cash Equivalents	\$ 865,555
Investments	1,006,136
Other Receivables	<u>50,505</u>
Total Assets	<u>\$ 1,922,196</u>

Liabilities

Liabilities

Due to School District	626,164
Unearned Revenue	12,276
Due to School Organizations	<u>1,283,756</u>
Total Liabilities	<u>1,922,196</u>
Total Liabilities	<u>\$ 1,922,196</u>

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
FIDUCIARY FUND - PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS
DUE TO SCHOOL ORGANIZATIONS
FOR THE YEAR ENDED JUNE 30, 2014**

Receipts

1000 Receipts from Local Sources

1300 Tuition	
1350 From Patrons for Summer School	\$ 19,303
1500 Earnings on Investments:	
1510 Interest on Investments	1,641
1700 Pupil Activities:	
1710 Admissions	336,573
1720 Bookstore Sales	1,503,807
1730 Pupil Organization Membership Dues and Fees	814,740
1740 Student Fees	32,272
1900 Other Receipts from Local Sources:	
1920 Contributions & Donations Private Sources	517,094
1990 Miscellaneous Local Receipts:	
1999 Receipts from Other Local Sources	180
Total Local Sources	<u>3,225,610</u>
Total Receipts All Sources	<u>3,225,610</u>

Disbursements

100 Instruction

190 Instructional Pupil Activity:	
100 Salaries (optional)	80,655
200 Employee Benefits (optional)	17,539
400 Supplies and Materials (optional)	3,883
500 Capital Outlay (optional)	4,597
660 Instructional Pupil Activity	1,508,231
Total Instruction	<u>1,614,905</u>

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
FIDUCIARY FUND - PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS
DUE TO SCHOOL ORGANIZATIONS
FOR THE YEAR ENDED JUNE 30, 2014**

200 Support Services

270 Support Services Pupil Activity

271 Pupil Services Activities:

100 Salaries (optional)	\$ 223,215
200 Employee Benefits (optional)	36,849
300 Purchased Services (optional)	8,599
500 Capital Outlay (optional)	16,137
660 Pupil Activity	1,355,355

272 Enterprise Activities

100 Salaries (optional)	14,972
200 Employee Benefits (optional)	2,844
600 Other Objects (optional)	-
660 Pupil Activity	135,277

273 Trust and Agency Activities

300 Purchased Services (optional)	216,600
600 Other Objects (optional)	-
660 Pupil Activity	3,959

Total Support Services

2,013,807

Total Disbursements

3,628,712

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)	194,387
5220 Transfer from Special Receipts Fund (Excludes Indirect Cost)	1,319

Total Other Financing Sources (Uses)

195,706

Excess/Deficiency of Receipts over Disbursements

\$ (207,396)

Due to School Organizations, Beginning of Year

1,491,152

Due to School Organizations, End of Year

\$ 1,283,756

THIS PAGE IS INTENTIONALLY LEFT BLANK

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPONENT UNIT - THE DISCOVERY SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

	<u>The Discovery School</u>
Assets	
Accounts Receivable	\$ 38,412
Total Assets	<u>\$ 38,412</u>
Liabilities and Fund Balances	
Liabilities	
Accounts Payable and Accrued Liabilities	38,412
Total Liabilities	<u>38,412</u>
Net Assets	
Unrestricted	<u>-</u>
Total Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 38,412</u>

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
COMPONENT UNIT - THE DISCOVERY SCHOOL
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2014

	<u>Actual</u>
Support and Revenue:	
Local Funding Passed Through Local School District	\$ 698,075
Total Support and Revenue	<u>698,075</u>
Expenses:	
Instruction	432,604
Support Services	<u>265,471</u>
Total Expenses	<u>698,075</u>
Changes in Net Assets	<u>\$ -</u>
Net Assets, July 1, 2013	<u>-</u>
Net Assets, June 30, 2014	<u>\$ -</u>

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
DETAILED SCHEDULE OF DUE TO STATE
DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
FOR FISCAL YEAR ENDED JUNE 30, 2014**

Program	Revenue/ Subfund Code	Description	Total Due June 30, 2014	Status of Amount Due to Grantors
National Board Certification	3532/332	Unexpended Funds	\$ 3,739	Unpaid
Academic Alternatives	3594/394	Unexpended Funds	12,858	Unpaid
Extended School Year	4999/839	Unexpended Funds	1,065	Unpaid
Total			<u><u>\$ 17,662</u></u>	

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
LOCATION RECONCILIATION SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2014**

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
10	Brooklyn Springs Elementary	Elementary Schools	School	\$ 3,633,840
12	Discovery School	Other Schools	School	698,075
13	Clinton Elementary	Elementary Schools	School	3,127,745
15	Erwin Elementary	Elementary Schools	School	3,440,457
16	Lancaster High School	High Schools	School	12,204,443
19	McDonald Green Elementary	Elementary Schools	School	3,695,408
20	North Elementary	Elementary Schools	School	4,578,188
22	South Middle	Middle Schools	School	4,458,134
23	Southside Early Childhood Center	Other Schools	School	2,047,192
24	Barr Street Learning Center	Other Schools	School	365,033
25	A.R. Rucker	Middle Schools	School	4,345,665
30	Andrew Jackson High	High Schools	School	4,870,088
33	Heath Springs Elementary	Elementary Schools	School	4,040,866
34	Kershaw Elementary	Elementary Schools	School	3,286,146
37	Andrew Jackson Middle	Middle Schools	School	3,486,979
40	Buford Middle	Middle Schools	School	3,454,626
41	Buford Elementary	Elementary Schools	School	4,550,874
43	Buford High	High Schools	School	5,185,833
50	Indian Land High	High Schools	School	5,885,149
51	Indian Land Elementary	Elementary Schools	School	7,299,260
52	Indian Land Middle	Middle Schools	School	3,950,985
53	Harrisburg Elementary School	Elementary Schools	School	12,066,293
11,17,60-99	District Wide	Non-School	Central	<u>27,984,970</u>

Total Expenditures/Disbursements for All Funds

\$ 128,656,249

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

General Fund (Subfund 100s)	78,360,929
Special Revenue Fund (Subfunds 200s, 800s and 900s)	12,218,456
Special Revenue EIA Fund (Subfunds 300s)	5,416,459
Debt Service Fund (Subfunds 400s)	8,605,437
Capital Projects Fund (School Building)(Subfunds 500s)	15,513,184
Proprietary Fund (Food Service)(Subfund 600s)	4,913,072
Agency Fund (Pupil Activity)(Subfunds 700s)	<u>3,628,712</u>

Total by Fund

\$ 128,656,249

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.	95-99
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	100-103
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.	104-107
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.	108-110
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.	111-114

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Government										
Governmental Activities										
Net Investment in Capital Assets	\$ (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	\$ 38,615,430
Restricted	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	13,619,093
Unrestricted	11,762,362	11,088,122	8,048,729	12,276,843	10,404,535	11,193,834	12,679,479	15,305,628	18,968,579	18,334,013
Total Governmental Activities Net Position	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	70,568,536
Business-Type Activities										
Net Investment in Capital Assets	756,937	679,414	611,098	798,128	764,181	679,606	570,429	470,369	455,985	531,604
Unrestricted	656,307	667,344	773,065	364,200	57,091	283,218	564,534	1,022,090	1,085,707	1,210,636
Total Business-Type Activities Net Position	1,413,244	1,346,758	1,384,163	1,162,328	821,272	962,824	1,134,963	1,492,459	1,541,692	1,742,240
Total Primary Government										
Net Investment in Capital Assets	(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	39,147,034
Restricted	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	13,619,093
Unrestricted	12,418,669	11,735,466	8,821,794	12,641,043	10,461,626	11,477,052	13,244,013	16,327,718	20,054,286	19,544,649
Total Primary Government Net Position	\$ 46,931,821	\$ 45,944,935	\$ 47,644,053	\$ 44,628,522	\$ 45,010,480	\$ 47,343,966	\$ 55,265,515	\$ 61,381,013	\$ 67,071,065	\$ 72,310,776

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
LANCASTER, SOUTH CAROLINA
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSES) REVENUES,
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Instruction	\$ 51,136,711	\$ 51,626,212	\$ 56,144,595	\$ 59,757,292	\$ 61,108,147	\$ 61,056,481	\$ 54,761,743	\$ 55,826,863	\$ 58,954,051	\$ 60,978,687
Support Services	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	39,471,208
Community Services	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	1,147,511
Intergovernmental	422,681	924,574	-	-	-	-	-	-	-	-
Interest and Other Charges	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	3,804,650
Pupil Activities	313,944	123,362	222,336	136,570	313,165	133,669	119,900	344,787	168,300	195,706
Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	12,954
Total Governmental Activities Expenses	87,305,657	92,598,318	101,067,346	108,716,622	105,761,216	104,959,535	96,516,299	98,017,369	104,117,986	105,610,716
Business-Type Activities:										
Food Service	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	4,913,072
Total Business-Type Activities Expenses	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	4,913,072
Total Primary Government Expenses	\$ 91,046,255	\$ 96,430,656	\$ 105,058,923	\$ 113,329,568	\$ 110,577,711	\$ 109,619,859	\$ 101,324,327	\$ 102,936,957	\$ 109,270,570	\$ 110,523,788
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	48,790	66,218	90,966	103,082	85,244	58,021	61,994	86,903	30,054	16,572
Support Services	-	-	-	-	-	-	-	-	19,822	10,494
Community Services	-	-	-	-	-	-	-	-	696	327
Operating Grants and Contributions	49,261,919	54,789,919	58,159,659	62,216,670	60,819,394	61,170,815	54,411,245	54,664,412	58,591,726	59,014,988
Capital Grants and Contributions	171,457	608,544	55,924	156,414	478,096	6,982	4,034	3,119	-	-
Total Governmental Activities Program Revenues	49,482,166	55,464,681	58,306,549	62,476,166	61,382,734	61,235,818	54,477,273	54,754,434	58,642,298	59,042,381
Business-Type Activities:										
Charges for Services	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	1,453,478
Operating Grants and Contributions	2,581,594	2,623,988	2,792,462	3,140,152	3,279,631	3,554,868	3,625,926	3,899,979	3,939,279	3,919,468
Total Business-Type Activities Program Revenues	3,844,639	3,928,027	4,213,566	4,587,542	4,677,533	5,023,982	5,198,033	5,511,488	5,489,410	5,372,946
Total Primary Government Program Revenues	53,326,805	59,392,708	62,520,115	67,063,708	66,060,267	66,259,800	59,675,306	60,265,922	64,131,708	64,415,327
Net (Expense) Revenue										
Governmental Activities	(37,823,491)	(37,133,637)	(42,760,797)	(46,240,456)	(44,378,482)	(43,723,717)	(42,039,026)	(43,262,935)	(45,475,688)	(46,568,335)
Business-Type Activities	104,041	95,689	221,989	(25,404)	(138,962)	363,658	390,005	591,900	336,826	459,874
Total Primary Governmental Net (Expense) Revenue	\$ (37,719,450)	\$ (37,037,948)	\$ (42,538,808)	\$ (46,265,860)	\$ (44,517,444)	\$ (43,360,059)	\$ (41,649,021)	\$ (42,671,035)	\$ (45,138,862)	\$ (46,108,461)

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
LANCASTER, SOUTH CAROLINA
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 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	\$ 25,105,438
Property Taxes, Levied for Debt Service	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	12,592,622
Unrestricted Grants, Aide and Contributions	6,363,997	6,472,147	6,333,232	12,266,528	11,983,804	12,435,746	12,656,324	12,894,313	13,229,236	13,564,970
Unrestricted Investment Earnings	1,401,681	2,577,578	2,627,828	1,286,634	283,331	103,229	115,775	57,831	73,410	57,831
Gain on Sale of Capital Assets	-	-	4,739,640	-	-	-	-	-	-	-
Insurance Proceeds	1,712,280	1,080	-	-	-	-	4,894,906	-	-	-
Miscellaneous	198,113	203,438	54,340	61,269	29,782	29,187	26,771	26,871	64,569	27,311
Transfers	33,659,952	36,213,237	44,422,510	203,414	205,473	223,376	219,935	235,169	287,592	259,326
Total Governmental Activities				43,446,760	45,101,496	45,915,651	49,788,436	49,020,937	51,116,507	51,607,498
Business-Type Activities:										
Unrestricted Investment Earnings	7,950	14,791	14,935	6,983	3,379	1,270	2,069	765	-	-
Miscellaneous	(198,113)	26,472	(199,519)	(203,414)	(205,473)	(223,376)	(219,935)	(235,169)	(287,592)	(259,326)
Transfers	(190,163)	(162,175)	(184,584)	(196,431)	(202,094)	(222,106)	(217,866)	(234,404)	(287,592)	(259,326)
Total Business-Type Activities										
Total Primary Government	33,469,789	36,051,062	44,237,926	43,250,329	44,899,402	45,693,545	49,570,570	48,786,533	50,828,915	51,348,172
Change in Net Position										
Governmental Activities	(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	5,039,163
Business-Type Activities	(86,122)	(66,486)	37,405	(221,835)	(341,056)	141,552	172,139	357,496	49,234	200,548
Total Change in Net Position-Primary Government	\$ (4,249,661)	\$ (986,886)	\$ 1,699,118	\$ (3,015,531)	\$ 381,958	\$ 2,333,486	\$ 7,921,549	\$ 6,115,498	\$ 5,690,053	\$ 5,239,711

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
LANCASTER, SOUTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved*	\$ 331,911	\$ 46,511	\$ 89,715	\$ 106,575	\$ 35,064	\$ 6,811	N/A	N/A	N/A	N/A
Unreserved										
Designated for Subsequent Years	2,612,135	2,585,148	3,456,085	2,651,809	1,520,434					
Undesignated	9,869,381	12,404,514	11,735,638	11,753,390	10,259,136	11,284,835	N/A	N/A	N/A	N/A
Total General Fund	\$ 12,813,427	\$ 15,036,173	\$ 15,281,438	\$ 14,511,774	\$ 11,814,634	\$ 11,291,646	\$ -	\$ -	\$ -	\$ -
General Fund**										
Nonspendable:										
Prepaid Expenditures	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	831,936	\$ 954,973	\$ 2,423,778	\$ 2,772,134
Encumbered Operating Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	71,971	36,355	53,515	32,952
Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	11,425,838	14,567,464	15,269,599	15,848,013
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,399,688	\$ 15,558,792	\$ 17,746,892	\$ 18,653,099
All Other Governmental Funds										
Reserved for:										
Debt Service	3,333,819	1,953,594	2,146,610	1,668,140	1,883,466	2,077,477	N/A	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	N/A
Capital Projects	278,629	1,607,423	7,343,335	4,176,572	2,775,727	1,533,182	N/A	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	N/A
Unreserved, Reported in:										
Special Revenue Funds		(24,520)	267,742	976	976	-	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	\$ 48,755,086	\$ 33,820,258	\$ 23,535,866	\$ 14,498,662	\$ 12,773,318	\$ 10,731,189	\$ -	\$ -	\$ -	\$ -
All Other Governmental Funds**										
Restricted:										
Debt Service	N/A	N/A	N/A	N/A	N/A	N/A	1,502,646	3,406,898	4,985,399	3,876,497
Debt Service LEAP	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	7,116,888	6,143,482	18,836,038	9,164,307
Capital Projects LEAP	N/A	N/A	N/A	N/A	N/A	N/A	123,888	4	-	-
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,329,308	\$ 16,136,508	\$ 23,821,437	\$ 13,040,804

Notes: Modified accrual basis of accounting.

*Includes encumbrances, inventory and prepaid items

** The 2011-2014 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 2005-2010 are not reported under GASBS 54.

Source: Comprehensive Annual Financial Report

Unaudited

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, DEBT SERVICE RATIO, OTHER FINANCING SOURCES AND USES AND CHANGE IN FUND BALANCES,
LAST TEN FISCAL YEARS

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Local Sources:										
State Sources	\$ 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	\$ 38,707,044
Federal Sources	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	61,014,242
Total Revenues	8,240,281	9,022,291	10,097,836	11,269,677	11,507,063	18,494,227	13,646,168	9,457,423	9,759,753	10,453,133
	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	110,174,419
Expenditures										
Instruction	47,376,811	50,002,675	52,508,322	58,671,380	59,082,085	59,952,570	52,547,193	53,634,111	56,699,790	58,591,844
Support Services	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	37,146,008
Community Services	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	1,147,511
Pupil Activities	-	-	-	-	-	-	119,900	344,787	168,300	195,706
Intergovernmental	422,681	924,574	737,522	749,709	806,061	789,155	778,140	792,327	809,899	830,697
Debt Service:										
Principal	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	5,310,000
Interest and Fiscal Charges	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	3,300,470
Other Objects	-	-	-	-	-	-	-	-	-	1,290
Capital Outlay	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	13,786,645
Total Expenditures	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	120,310,171
Excess (Deficiency) of Revenues Over Expenditures	(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)	(10,135,752)
Other Financing Sources (Uses)										
Sale of Capital Assets	2,179,450	9,401	4,757,000			25,000			7,747,382	2,000
Premium on Bonds Sold	51,275,000	5,000,000	5,500,000						21,720,000	
Proceeds of General Obligation Bonds	19,425,000			9,375,000	18,255,000				60,355,000	
Proceeds of Refund Debt	(21,235,629)			(9,440,000)	(17,725,000)				(72,779,959)	
Payment to Refunded Debt Escrow Agent										
Medicaid Reimbursements										
Operating Transfers In	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	11,914,802
Operating Transfers (Out)	(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)	(11,655,476)
Miscellaneous Other Financing Sources										
Total Other Financing Sources (Uses)	51,527,990	5,089,488	10,227,183	1,844	558,419	114,707	219,935	235,169	17,330,015	261,326
Net Change in Fund Balances	\$ 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	\$ (9,874,426)
Debt Service as a Percentage of Noncapital Expenditures	7.68%	12.42%	11.94%	6.55%	5.50%	7.66%	7.67%	7.30%	15.43%	8.13%

Note: Modified accrual basis of accounting.

Source: Comprehensive Annual Financial Report

Unaudited

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

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2005	\$ 109,788,698	\$ 2,266,664,653	\$ 69,239,761	\$ 666,482,988	\$ 179,028,459	\$ 2,933,147,641	6.10%
2006	121,546,145	2,433,252,221	64,855,435	679,641,458	186,401,580	3,112,893,679	5.99%
2007	162,587,950	3,332,779,960	71,203,051	737,248,972	233,791,001	4,070,028,932	5.74%
2008	177,479,354	3,661,535,838	73,291,963	772,983,709	250,771,317	4,434,519,547	5.65%
2009	201,753,816	4,223,965,667	75,404,200	821,602,457	277,158,016	5,045,568,124	5.49%
2010	211,761,152	4,483,636,367	74,113,190	784,691,724	285,874,342	5,268,328,091	5.43%
2011	215,604,040	4,591,062,583	59,733,425	739,712,513	275,337,465	5,330,775,096	5.17%
2012	221,005,620	4,742,031,500	60,511,398	765,238,561	281,517,018	5,507,270,061	5.11%
2013	223,980,320	4,831,654,250	63,738,973	814,133,088	287,719,293	5,645,787,338	5.10%
2014	231,213,120	4,997,842,833	67,047,533	886,988,462	298,260,653	5,884,831,295	5.07%

Source: Lancaster County Auditor

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
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	
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
2014	145.00	43.00	188.00	90.41	3.95	154.70	75.00	512.06

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
LANCASTER, SOUTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2014			2005		
	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	\$ 8,194,510	1	2.75%	\$ 6,851,530	2	3.83%
Lancaster Hospital Corp.	4,482,700	2	1.50%	3,535,800	4	1.97%
The Gillette Company	3,758,547	3	1.26%	5,827,595	3	3.26%
Haile Gold Mine	1,923,685	4	0.64%			
Springs Global (A)	1,496,780	5	0.50%	8,665,158	1	4.84%
Lancaster Telephone Co.	1,443,470	6	0.48%	1,685,030	6	0.94%
Springland Associates, LLC	1,321,020	7	0.44%	1,883,250	5	1.05%
HSBC WAP, LP	1,316,732	8	0.44%			
Lynches River Electric	1,300,150	9	0.44%	793,580	10	0.44%
Pulte Home Corporation	1,261,720	10	0.42%			
Belden CDT Networking Inc.				1,183,039	7	0.66%
Allegiance Healthcare				924,311	8	0.52%
Boral Bricks				829,160	9	0.46%
Total Assessed Value	<u>\$ 26,499,314</u>		<u>8.87%</u>	<u>\$ 32,178,453</u>		<u>17.97%</u>

Note:

* Taxpayers are assessed on January 1, 2013 for the 2014 fiscal year.

* Taxpayers are assessed on January 1, 2004 for the 2005 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
LANCASTER, SOUTH CAROLINA
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
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	36,375,440	34,630,857	95.20%	1,075,156	35,706,013	98.16%
2014	37,371,998	35,548,973	95.12%	-	35,548,973	95.12%

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

Source: Lancaster County Finance Department

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
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
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	3.94%	1,154
2014	25,149,199	65,026,062	18,406	90,193,667	Not Available	1,121

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
LANCASTER, SOUTH CAROLINA
RATIOS OF GENERAL BONDED
DEBT OUTSTANDING
LAST TEN FISCAL YEARS

General Bonded Debt Outstanding

Fiscal Year	General Obligation Bonds	LEAP Bonds	Total	Less Debt Service	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property (A)	Per Capital (B)
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
2014	25,149,199	65,026,062	90,175,261	3,876,497	86,298,764	1.47%	1,073

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
LANCASTER, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Lancaster County	\$ 43,028,118	100%	\$ 43,028,118
City of Lancaster	115,158	100%	<u>115,158</u>
Subtotal, Overlapping Debt			<u>43,143,276</u>
District Direct Debt			<u>90,193,667</u>
Total Direct and Overlapping Debt			<u><u>\$ 133,336,943</u></u>

Source: Debt outstanding data provided by each governmental unit

Unaudited

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

Legal Debt Margin Calculation for Fiscal Year 2014	
Assessed Value	\$ 298,260,653
Debt Limit (8% of Assessed Value)	23,860,852
Debt Applicable to Limit	11,105,000
Legal Debt Margin	<u>\$ 12,755,852</u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 14,322,277	\$ 14,934,568	\$ 18,703,280	\$ 20,061,705	\$ 22,172,641	\$ 22,869,947	\$ 22,026,997	\$ 65,130,647	\$ 23,017,543	\$ 23,860,852
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	12,660,000	11,105,000
Legal Debt Margin	<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>\$ 65,130,647</u>	<u>\$ 10,357,543</u>	<u>\$ 12,755,852</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%	55.00%	46.54%

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
LANCASTER, SOUTH CAROLINA
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)
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	2,316,469	29,289	11,581	11.6%
2013	80,458	(C)	(C)	11,760	7.7%

Sources:

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

(B) Based on 135-day report.

(C) Information not available

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND EIGHT YEARS AGO**

Employer	2014			2006 (B)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Red Ventures	1,600	1	4.75%			
Lancaster County School District	1,569	2	4.66%	1,524	1	5.11%
Lancaster County	840	3	2.49%	467	6	1.57%
Springs Memorial Hospital	700	4	2.08%	800	3	2.68%
Cardinal Health	695	5	2.06%	700	4	2.35%
Wal-Mart	671	6	1.99%	300	9	1.01%
Continental Tire	430	7	1.28%			
Duracell, USA	425	8	1.26%	601	5	2.01%
Inspiration Ministries	310	9	0.92%			
URS Nuclear	225	10	0.67%			
Founders Federal CU				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	<u>7,465</u>		<u>22.16%</u>	<u>6,850</u>		<u>22.98%</u>

Note:

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

(B) Prior years unavailable

Source: Lancaster County Economic Development Corporation

Unaudited

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
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	
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014	2005-2014
Instruction												
Teachers	753	784	791	819	833	817	739	729	761	763		1.33%
Aides	156	160	167	178	181	178	164	160	163	165		5.77%
Total Instruction	909	944	958	997	1,014	995	903	889	924	928		2.09%
Support Services												
Guidance Counselors	27	31	32	39	42	35	33	33	33	33		22.22%
Psychologist and Social Workers	8	8	9	10	12	12	11	11	11	11		37.50%
Media Specialists	19	20	19	20	20	20	20	20	20	20		5.26%
Nurses	17	20	20	23	23	23	23	23	23	24		41.18%
Instructional Staff Services	51	53	63	65	67	64	60	62	59	58		13.73%
Principals	17	17	17	17	18	18	18	18	18	18		5.88%
Assistant Principals	26	25	26	31	31	30	30	28	32	32		23.08%
Instructional Specialists	8	9	8	7	6	3	3	3	3	3		-62.50%
Noninstructional Administrators	22	26	26	27	27	27	27	26	25	26		18.18%
General and Finance Administrative Assistants	72	74	77	82	89	89	87	87	88	88		22.22%
Bus Drivers, Bus Aids and Maintenance	81	84	87	89	92	94	97	98	101	102		25.93%
Total Support Services	348	367	384	410	427	415	409	409	413	415		19.25%
Community Services	34	35	34	37	36	37	38	38	42	20		-41.18%
Pupil Activity	-	-	-	-	-	-	-	-	-	-		-
Food Service												
Managers and Clerical	21	22	22	23	22	23	23	23	23	23		9.52%
Cafeteria Staff	102	107	107	108	105	102	100	100	103	102		0.00%
Total Food Service	123	129	129	131	127	125	123	123	126	125		1.63%
Total	1,414	1,475	1,505	1,575	1,604	1,572	1,473	1,459	1,505	1,488		5.23%

Source: Lancaster County School District Accounting Department

Unaudited

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
OPERATING STATISTICS,
LAST TEN FISCAL YEARS

Fiscal Year	School Enrollment	Operating Expenditures	Cost		Percentage Change	Expenses	Cost		Percentage Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals	
			per Pupil	per Pupil			per Pupil	per Pupil					
2005	10,876	\$ 73,641,507	\$ 6,771	\$ 8,371	6.80%	\$ 91,046,255	\$ 8,371		15.85%	753	14.44	51%	
2006	11,023	79,525,498	7,215	8,748	6.55%	96,430,656	8,748		4.50%	784	14.06	50%	
2007	11,171	84,296,825	7,546	9,405	4.60%	105,058,923	9,405		7.50%	791	14.12	50%	
2008	11,274	94,691,165	8,399	10,052	11.30%	113,329,568	10,052		6.89%	819	13.77	49%	
2009	11,508	96,098,397	8,351	9,609	-0.58%	110,577,711	9,609		-4.41%	833	13.82	52%	
2010	11,401	95,401,264	8,368	9,611	0.21%	109,574,383	9,611		0.02%	817	13.95	54%	
2011	11,378	86,687,084	7,619	8,905	-8.95%	101,324,327	8,905		-7.34%	739	15.40	55%	
2012	11,554	88,182,407	7,632	8,909	0.18%	102,936,957	8,909		0.04%	729	15.85	57%	
2013	11,581	92,786,835	8,012	9,435	4.98%	109,270,570	9,435		5.91%	761	15.22	56%	
2014	11,760	95,870,618	8,152	9,398	1.75%	110,523,788	9,398		-0.39%	763	15.41	56%	

Notes: Operating expenditures are total expenditures less debt service and capital outlays.

Source: Nonfinancial information from district records.

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

Fiscal Year	Minimum Salary	Maximum Salary	County Average Salary (A)	Statewide Average Salary (B)
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
2014	33,361	71,002	49,252	48,375

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

Unaudited

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHOOL BUILDING INFORMATION,
LAST TEN FISCAL YEARS

<u>School</u>	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	581	584	575	564	505	440	419	425	446	470
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	855	863	883	878	865	816	800	771	745	764
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	107	107	108	108	108	107	106
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	400	387	386	390	398	372	372	380	324	347
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	479	451	426	423	408	408	451	463	458	446
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	343	357	373	388	396	391	411	404	401
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	1,023	1,077	1,247	1,451	1,090	1,169	1,200	1,309	1,383	1,521
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	482	495	479	462	501	486	466	432	450	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	459	498	502	479	487	469	490	481	471	480
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	572	578	618	636	644	668	689	698	706	696
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	633	577	528	509	511	519	528	543	523	553
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	476	470	484	487	474	482	495	526	513	466
Buford(1956)										
Square feet	59,258	59,258	72,041	72,041	72,041	72,041	72,041	72,041	72,041	72,041
Capacity	683	683	859	859	859	859	859	859	859	859
Enrollment	454	444	465	439	449	443	488	494	478	455

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

<u>School</u>	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
School										
Indian Land(1981)										
Square feet	-	-	-	100,948	100,948	100,948	100,948	100,948	100,948	100,948
Capacity	-	-	-	750	750	750	750	750	750	750
Enrollment	-	-	-	N/A	507	521	535	573	608	662
South(1962)										
Square feet	94,009	94,009	108,509	108,509	108,509	108,509	108,509	108,509	108,509	108,509
Capacity	1,019	1,019	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Enrollment	815	769	733	691	639	626	598	591	605	576
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	513	566	577	582	621	610	615	593	597	605
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	514	561	555	582	602	588	567	600	609	617
Indian Land(1981)										
Square feet	88,498	88,498	88,498	-	-	-	-	-	-	-
Capacity	624	624	624	-	-	-	-	-	-	-
Enrollment	415	481	525	-	-	-	-	-	-	-
Indian Land(2008)										
Square feet	-	-	-	142,657	142,657	142,657	142,657	142,657	142,657	142,657
Capacity	-	-	-	800	800	800	800	800	800	800
Enrollment	-	-	-	557	597	639	655	708	759	789
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	1,776	1,768	1,718	1,662	1,715	1,640	1,511	1,448	1,392	1,356
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	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

THIS PAGE IS INTENTIONALLY LEFT BLANK

C.C. McGregor, CPA
1906–1968

PARTNERS

W.C. Stevenson, CPA
B.T. Kight, CPA
G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
W.W. Francis, CPA

D.L. Richardson, CPA
E.C. Inabinet, CPA
S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA

D.K. Strickland, CPA
J.P. McGuire, CPA
L.H. Kelly, CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA
S. Wo, CPA
C.D. Hinchee, CPA
J.R. Matthews, II, CPA
D.E. Knobloch, CPA

G.P. Davis, CPA
H.J. Darver, CPA
K.B. Snipes, CPA
D.M. Herpel, CPA
J.R. Lebednik, CPA
T.L. Hartley, CPA
H.O. Crider, Jr, CPA

INDEPENDENT AUDITOR'S 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, 2014, which collectively comprise Lancaster County School District's basic financial statements and have issued our report thereon dated November 17, 2014. 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.

COLUMBIA
3830 Forest Drive
Post Office Box 135
Columbia, SC 29202
(803) 787-0003
fax (803) 787-2299

BARNWELL
(803) 259-1163
fax (803) 259-5469

ORANGEBURG
(803) 536-1015
fax (803) 536-1020

www.mcgregorcpa.com

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

Columbia, South Carolina
November 17, 2014

C.C. McGregor, CPA
1906–1968

PARTNERS

W.C. Stevenson, CPA
B.T. Kight, CPA
G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
W.W. Francis, CPA

D.L. Richardson, CPA
E.C. Inabinet, CPA
S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA

D.K. Strickland, CPA
J.P. McGuire, CPA
L.H. Kelly, CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA
S. Wo, CPA
C.D. Hinchee, CPA
J.R. Matthews, II, CPA
D.E. Knobloch, CPA

G.P. Davis, CPA
H.J. Darver, CPA
K.B. Snipes, CPA
D.M. Herpel, CPA
J.R. Lebednik, CPA
T.L. Hartley, CPA
H.O. Crider, Jr, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2014. 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, 2014.

Report on 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 17, 2014

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2014

Part I Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? ☐ Yes ☒ No

Significant Deficiencies Identified That Are Not
Considered To Be Material Weaknesses ☐ Yes ☒ None Reported

Noncompliance Material to Financial Statements
Noted ☐ Yes ☒ No

Federal Awards

Internal Control Over Major Federal Programs:

Material Weakness(es) Identified? ☐ Yes ☒ No

Significant Deficiencies Identified That Are Not
Considered To Be Material Weaknesses ☐ Yes ☒ None Reported

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

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

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2014

Part I Summary of Auditors' Results (Continued)

Identification of Major Federal Programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
---------------------	--

84.027, 84.173	IDEA Cluster
84.367	Improving Teacher Quality

Dollar Threshold Used to Distinguish Between Type A and Type B Programs
\$ 431,165.

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, 2014

Summary of Prior Year Findings

None

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	\$ 319,187
	Non-Cash Assistance Subtotal			319,187
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	840,348
600	National School Lunch Program	10.555	N/A	2,759,491
	Cash Assistance Subtotal			3,599,839
	Total for Program (Cluster)			3,919,026
	Total U. S. Department of Agriculture			3,919,026
U. S. Department of Education				
Pass-Through State Department of Education:				
Title I Cluster				
201	Title I - Grants to LEA's	84.010	14BA049-01	3,063,725
237	Title I - Support Project	84.010	13BM049	23,703
237	Title I - Focus Schools	84.010	13FO049	54,857
	Total Title I Cluster			3,142,285
IDEA Cluster (Major Program)				
203	IDEA - Children with Disabilities	84.027	13CA049	2,019,816
203	IDEA - Children with Disabilities	84.027	14CA049	1,798,737
205	Special Education Pre-school Grant	84.173	13CG049	40,049
205	Special Education Pre-school Grant	84.173	14CG049	79,495
	Total IDEA Cluster			3,938,097
207	Vocational Education	84.048	14VA049	177,738
224	21st Century Community Learning Centers Program	84.287C	14CL049-02	71,829
224	21st Century Community Learning Centers Program	84.287C	14CL049-20	138,826
224	21st Century Community Learning Centers Program	84.287C	13CL049-90	7,769
224	21st Century Community Learning Centers Program	84.287C	13CL049-92	6,854
	Total CFDA 84.287C			225,278
243	Adult Education - Family Literacy Collaborative Program	84.002	14EA049-02	10,000
243	Adult Education	84.002	14EA049-01	97,989
243	Adult Education - English Literacy/Civics	84.002	14ED049-01	2,500
243	Adult Education - Supplemental	84.002	13EA049-03	8,379
	Total CFDA 84.002			118,868
251	Title VI - Rural/Low Income	84.358B	14BS049	39,207
251	Title VI - Rural/Low Income	84.358B	13BS049	170,152
	Total CFDA 84.358B			209,359

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
264	Title III - Language Instruction for Limited English	84.365	14BP049	\$ 3,085
264	Title III - Language Instruction for Limited English	84.365	13BP049	62,140
264	Title III - Language Instruction for Limited English	84.365	12BP049	1,410
	Total CFDA 84.365			<u>66,635</u>
267	Improving Teacher Quality (Major Program)	84.367	14TQ049	428,748
267	Improving Teacher Quality	84.367	13TQ049	5,174
	Total CFDA 84.367			<u>433,922</u>
	Total Passed-Through State Department of Education			<u>8,312,182</u>
	Direct Programs:			
839	Extended School Year	12.000	N/A	948
861	Gear-Up	84.334A	P334A080033	<u>439,764</u>
	Total U. S. Department of Education			<u>8,752,894</u>
	U. S. Department of Defense			
	Direct Program:			
270	Army ROTC	12.000	N/A	<u>257,201</u>
	Total U. S. Department of Defense			<u>257,201</u>
	Corporation for National and Community Services			
	Pass-Through State Department of Education:			
276	Americorps	94.006	12AC137716	<u>5,530</u>
	Total Corporation for National and Community Services			<u>5,530</u>
	U. S. Department of Health & Human Services			
	Pass-Through State Department of Education:			
825	Early Head Start	93.600	04-CH4608-10	131,892
827	Early Head Start	93.600	04-CH4608-11	<u>698,278</u>
	Total Passed-Through State Department of Education			<u>830,170</u>
	Direct Program:			
812	Good Behavior Game Replication Game	93.243	10SM601292A	<u>104,819</u>
	Total U. S. Department of Health & Human Services			<u>934,989</u>

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

LEA Subfund Code	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
U. S. Department of Justice				
Direct Program:				
818	Supporting Teens Through Education & Protection Act of 2005	16.684	2011GW-AX-K005	\$ 148,664
Total U. S. Department of Justice				<u>148,664</u>
U. S. Department of Labor				
Pass-Through S.C. Department of Employment & Workforce:				
851	WIA Youth Activities - Jobs For SC Graduates	17.259	13JAG107	49,754
Total Passed-Through S.C. Department of Employment & Workforce				<u>49,754</u>
Direct Program:				
857	Youth Build	17.274	YB21730-11	304,101
Total U. S. Department of Labor				<u>353,855</u>
Total Federal Awards Expended				<u><u>\$ 14,372,159</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, 2014

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK