

**LANCASTER COUNTY SCHOOL DISTRICT**  
**LANCASTER, SOUTH CAROLINA**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2016**

**ISSUED BY  
LANCASTER COUNTY SCHOOL DISTRICT**

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

**PREPARED BY  
FINANCE DEPARTMENT**

**LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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## INTRODUCTORY SECTION



September 30, 2016

## **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, 2016. We believe the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the school district. In addition, we believe we have included all disclosures necessary for the reader to understand the school district's financial activity.

## **The Report**

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

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

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, an 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 who is responsible for implementing board policies. The school district provides educational services which include child development, kindergarten, primary, secondary and adult education to those students residing within the district's jurisdiction. The school district operates ten elementary schools, five middle schools, four high schools, a child development center, and an alternative school. Average daily membership for the 2015-2016 year totaled 12,420 students.

Our 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 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 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 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 1,725 full and part-time students from a service area of six counties (Lancaster, Chester, Chesterfield, Kershaw, Fairfield, and York).

## **Local Economy**

Lancaster County's close proximity to Charlotte, N.C. 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. Other residential developments include Carolina Reserve, a 400-home community and Tree Tops, a planned gated community,

In addition to its growth in residential properties, Lancaster County's manufacturing and retail tax base continues to expand and diversify. The County is home to a variety of industries such as Red Ventures, Accutrex Products, Thomas & Betts, Bowers Fibers, CardinalHealth, Nutramax Labs, Kennametal and Verian Technologies. International companies in Lancaster County include Gerdau Ameristeel of Brazil and Nibrol of Sweden.

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 which is owned by the Town of Kershaw.

The Lancaster County Air-Rail Business Park is located on Highway 9 near the Lancaster County Airport. The park has access to the L&C Railway, Norfolk-Southern and CSX main lines and is less than an hour drive to the Charlotte-Douglas International Airport and downtown Charlotte, NC.

Keer America, a China-based textile company, recently constructed a 230,000 square foot facility in Lancaster County. Total investment is approximately \$218 million with 200 current employees and plans to create 500 additional jobs.

Romarco Minerals owns a gold mine in the County and has invested \$353 million in the development and construction phase of the operation. Romarco expects to hire 350 employees this year and produce the first gold by the end of 2016.

Lancaster County's unemployment rate for August 2016 was 6.00%, down from the rate one year ago of 6.50%. The state average for August 2016 was 5.10%.

## **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 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 recently issued debt to fund construction of additional classrooms to meet growth at a middle school. The district recently completed a district-wide study of facility needs that will improve existing schools, including construct of a new high school and a new elementary school to meet growth. Lancaster County is one of the fastest growing counties in the country for residential homes. In March 2016, the voters of Lancaster County approved a \$199 million bond referendum to fund new schools and upgrade existing schools in the district along with other major capital projects across the district including, safety, athletics, playgrounds, cafeterias, paving, technology, etc.

## **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:

- Office of Research & Development authored \$8.60 million in grants during FY 2016
- 108 teachers have earned National Board certification
- 2015 S.C. STAR Seminar Participant  
Rosemarie Clawson, North Elementary
- 2015-16 Southern Division American Choral Directors Association Honor Choir
- 2016 S.C. All-State Choir  
Jordan Mungo, Andrew Jackson High  
Will Robinson, Andrew Jackson High
- 2015-16 Southern Division American Choral Directors Association Honor Choir  
Kendijah Brown, Andrew Jackson High  
Maddy Harper, Andrew Jackson High  
Mykela Lesso, Andrew Jackson High  
Breanna Mahaffey, Andrew Jackson High  
Ty Walker, Andrew Jackson High
- 2015-16 S.C. All-State Choir



Semaj Digby, Andrew Jackson High  
Katie Harbin, Andrew Jackson High  
Dylan Hinson, Andrew Jackson High  
Trevor Hinson, Andrew Jackson High  
Samantha Ihm, Andrew Jackson High  
Gabby Plyler, Andrew Jackson High

- 2016 National Junior Beta Club's Club of Distinction  
Kershaw Elementary Chapter
- 2016 National Junior Beta Club State Convention Black/White Photography Competition  
First-Place Winner  
Branden Knight, Kershaw Elementary
- 2016 S.C. Department of Education's Palmetto Gold Award  
Buford High  
Discovery School  
Indian Land Elementary  
Indian Land High  
North Elementary
- 2016 S.C. Department of Education's Closing the Achievement Gap Award  
North Elementary
- 2016 North South All-Star Girls Basketball Game Assistant Coach  
Ronnie Robinson, Lancaster High
- 2016 S.C. North South All-Star Girls Basketball Game Participants  
Keyotta Garriss, Lancaster High  
Malia Rivers, Lancaster High
- 2016 S.C. Civinette Advisor of the Year Alessandra Gileta, Lancaster High
- 2016 S.C. Civinette Most Spirit Award
- 2016 S.C. Civinette Joint Junior/Senior Project of the Year  
Lancaster High Civinette Chapter
- 2016 S.C. Civinette Talent Show First-Place Award  
Sierra Massey
- 2016 Duke University TIP Program State Recognition Qualifiers  
Andrew Jackson Middle  
Georgia Moore  
Indian Land Middle  
Zachary Blackwelder  
Ana Chavez  
Noelle Edmonds  
Nolan Hook

Sarah Kelley  
Hunter Koenig  
Michael May  
Hope Voshell  
South Middle  
Stephany Perez Sanchez

- 2016 Duke University TIP Program Grand Recognition Qualifier
- 2016 Duke University TIP Program State Recognition Qualifier  
James Bender, Indian Land Middle
- 2015-16 S.C. Junior Scholars  
A.R. Rucker Middle  
Ali Nicole Faile  
Himanshu Paresh Patel  
Jordan Nicole Whitaker  
Andrew Jackson Middle  
Darius De'Ante Miller  
Buford Middle  
Maloree Powers  
Indian Land Middle  
Ian Chvez  
Genevieve Cook  
Blakely Hardin  
Riley Hennigan  
Amiri Jefferson  
Ava Jessup  
Zachary Kaim  
Lauren Leibman  
Emilie Pedder  
Natasha Ramesh  
Jacqueline Schellberg  
Madison Williams
- 2015-16 Class AA All-State Softball Team  
Hunter Allen, Buford High  
Sydney Sullivan, Buford High
- 2015-16 Class AA State Softball Champions  
Buford High Lady Jackets Softball Team
- 2016 International Junior Civitan Junior Fellow  
Dilon Patel, Lancaster High
- 2016 International Vice President
- 2016 S.C. Junior Civitan Governor
- 2016 S.C. Junior Civitan District Officer of the Year

Tanner Knight, Lancaster High

- 2016 International Junior Civitan Director
- 2016 S.C. Junior Civitan Deputy Governor  
Cody Catoe, Lancaster High
- 2016 S.C. Junior Civitan Corresponding Secretary  
Connor Parman, Lancaster High
- 2016 S.C. Junior Civitan Social Media Coordinator  
Jose Robles, Lancaster High
- 2016 S.C. Junior Civitan Secretary
- 2016 S.C. Junior Civitan Officer of the Year  
Kyle Baker, Lancaster High
- 2016 S.C. Junior Civitan Club President of the Year  
Seth Phillips, Lancaster High
- 2016 S.C. Junior Civitan of the Year  
2016 S.C. Most Service Hours Individual  
James George, Lancaster High
- 2016 International & S.C. Junior Civitan  
Club of the Year
- 2016 International Junior Civitan  
Honor Club of Distinction  
CIRC Foundation Award
- 2016 S.C. Junior Civitan  
Collection Selection  
Most Service Hours  
Campus Project of the Year  
On-Going Project of the Year  
Community Project of the Year  
Environmental Project of the Year  
Lancaster High Junior Civitan chapter
- 2016 S.C. Joint Junior Senior Project of the Year  
Lancaster High Junior Civitan chapter  
Lancaster High Junior Civinettes chapter
- 2016 S.C. Junior Civinette  
Claude Wilkes Attendance Award  
Lancaster High Junior Civinettes chapter
- 2016 S.C. Junior Civinette Area II  
Lieutenant Governor  
Puja Patel, Lancaster High

- 2016 S.C. Junior Civinette Public  
Relations Coordinator  
Hayley Parman, Lancaster High

## **School District Focus**

The district's focus over past years has been towards addressing the rapid enrollment growth in the northern area of the county. A new elementary school was opened in FY 2014-2015, and a bond referendum was approved by the voters in FFY 2015-2016 to help fund major capital needs across the school district. The District increased debt service millage by 10 mills in FY 2015-2016. There was no increase in operating millage for the year. Conservative budgeting along with local tax collections exceeding budget expectations resulted in an increase in fund balance for the year of \$1,636,984. The District recognizes the need to build a healthy fund balance to help support the growth in enrollment and continue to meet the needs of the schools. 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, 2015. This was the twelfth 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 along with the Superintendent's and the Department of Public Information for their assistance. We are especially grateful to our Board of Trustees for its continued support.

Respectfully submitted,



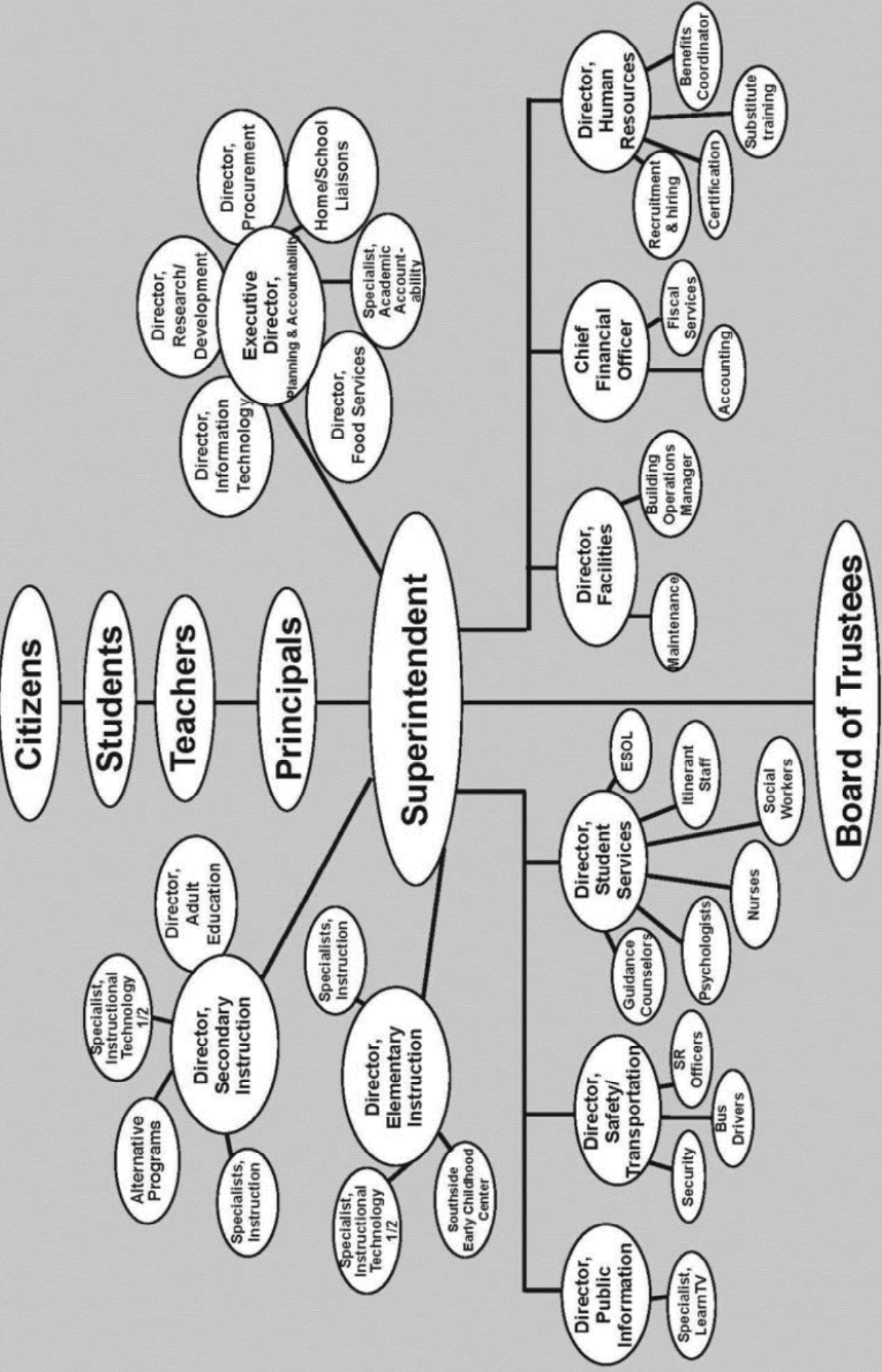
Gene Moore, ED.D.  
Superintendent



Tony Walker, CPA  
Chief Financial Officer

# Organizational Chart

2015-2016



**LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2016**

**Board of Trustees**

Bobby Parker, Chairman

Tyrom Faulkner, Vice Chairman

Janice Dabney, Secretary

James Mitchell Brooks

Margaret E. Gamble

Don L. McCorkle

Bill Sumner

**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, 2015**

Executive Director/CEO

## **FINANCIAL SECTION**



PARTNERS				ASSOCIATES			
C.C. McGregor, CPA 1906–1968	W.C. Stevenson, CPA	D.L. Richardson, CPA	D.K. Strickland, CPA	V.K. Laroche, CPA	G.P. Davis, CPA	B.A.G. Felch, CPA	
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA	H.S. Mims, CPA	
	G.D. Skipper, CPA	S.S. Luoma, CPA	L.H. Kelly, CPA	M.L. Layman, CPA	D.M. Herpel, CPA	T. Solorzano, CPA	
	L.R. Leaphart, Jr, CPA	T.M. McCall, CPA	J.R. Matthews II, CPA	P.A. Betette, Jr, CPA	H.O. Crider, Jr, CPA		
	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	F.C. Gillam, CPA		
	W.W. Francis, CPA	L.B. Salley, CPA		C.D. Hinchee, CPA	M.L. Goode, CPA		

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lancaster County School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lancaster County School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### COLUMBIA

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COLUMBIA, SC 29202  
(803) 787-0003 | FAX (803) 787-2299

#### ORANGEBURG

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

#### BARNWELL

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

#### GREENVILLE

101 N MAIN STREET | SUITE 1510  
GREENVILLE, SC 29601  
(864) 751-6556 | FAX (864) 751-6557

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of district's proportionate share of the net pension liability – SCRS and PORS and the schedule of district contributions – SCRS and PORS on pages 13-20, 55, 56 and 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, 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 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  
September 30, 2016

**Lancaster County School District  
Management's Discussion and Analysis  
Year Ended June 30, 2016**

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, 2016. 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 2015-2016 are as follows:

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the fiscal year ended June 30, 2016 yielding a negative net position of approximately \$(22.82) million. The main factor for the net position (deficit) was the mandatory implementation of GASBS 68, *Accounting and Financial Reporting on Pensions (Employers)*. The total net pension liability reported this year for the primary government was \$122.60 million. This also resulted in an unrestricted net position (deficit) of \$(88.33) million. The net pension liability was required to be allocated proportionately among the District's governmental and business-type activities in the amounts of \$119.25 million and \$3.35 million, respectively, at June 30, 2016.
- The District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* in 2015 to improve on accounting and reporting of pensions that governments provide to their employees. This was a mandatory requirement for years beginning after June 15, 2014, which required the District to recognize a net pension liability on its statement of net position (deficit) and pension expense on its statement of activities for the year ending June 30, 2016 based on the actuarial calculation of future retirement benefits performed by the SC Public Employee Benefit Authority (PEBA). Additional information on the District's pension plan and GASBS 68 implementation can be found in Note 9 of the financial statements.
- After the beginning net position (deficit) was restated for GASBS 68, the District's total net position increased during the year by approximately \$9.24 million. Changes to total assets included an increase of \$9.46 million. This includes a \$2.96 million increase in cash, cash equivalents and investments due to conservative budgeting; an increase in due from county of \$5.41 million as bond issuance proceeds for construction and capital needs were received during the year; and a related increase in capital assets of \$1.82 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$35.62 million, an increase of approximately \$6.78 million as capital project funds increased and debt service reserve increased during the year. Approximately 52.46% of this total amount, \$18.69 million is unassigned.
- The unassigned fund balance for the general fund was \$18,686,693 or 83.43%. This represents a \$1,022,459 increase from the prior year.
- The District's long-term liabilities increased by \$8,536,105 during the year. This was primarily due to an increase in the District's net pension liability of \$10,944,338. Debt principal and premiums decreased during the year by \$2,433,948 while compensated absences increased by \$25,715.

## **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 position 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 31-32.

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 21-22 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 23 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 31-54 of this report.

**Required supplementary information** is included concerning the District's budget and pension plan information. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the general fund on page 55 of this report. In addition, the schedules on pages 56-57 of this report are included to provide additional information related to the District's proportionate share of the net pension liability.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. With the reporting of the District's net pension liability as required under GASBS 68 this year, the District's net position was a deficit. The District's net deficit was less on June 30, 2016 than it was the year before, decreasing to \$(22,823,690), (See figure A-1). Most of the decrease in the District's financial deficit came from its governmental activities, the net deficit of which decreased \$10,056,711 to \$(22,038,612). The net position of the District's business-type activities decreased \$817,758 to \$(785,078).

<b>Figure A-1 Condensed Statement of Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<b>FY 15</b>	<b>FY 16</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 15</b>	<b>FY 16</b>
<b>Current Assets</b>	\$ 43,281,919	\$ 50,925,903	\$1,114,334	\$1,260,867	\$ 44,396,253	\$ 52,186,770
<b>Capital Assets</b>	125,484,050	127,299,845	1,109,933	1,092,312	126,593,983	128,392,157
<b>Total Assets</b>	<b>168,765,969</b>	<b>178,225,748</b>	<b>2,224,267</b>	<b>2,353,179</b>	<b>170,990,236</b>	<b>180,578,927</b>
<b>Deferred Outflows</b>	13,763,249	13,595,736	188,209	273,445	13,951,458	13,869,181
<b>Total Current Liabilities</b>	12,282,776	12,863,896	46,913	49,334	12,329,689	12,913,230
<b>Total Noncurrent Liabilities</b>	193,108,012	200,448,614	2,151,496	3,346,999	195,259,508	203,795,613
<b>Total Liabilities</b>	<b>205,390,788</b>	<b>213,312,510</b>	<b>2,198,409</b>	<b>3,396,333</b>	<b>207,589,197</b>	<b>216,708,843</b>
<b>Deferred Inflows</b>	9,233,753	547,586	181,387	15,369	9,415,140	562,955
<b>Net Position</b>						
<b>Net Investment in Capital Assets</b>	47,270,919	51,196,331	1,109,933	1,092,312	48,380,852	52,288,643
<b>Restricted</b>	8,706,914	13,218,539	-	-	8,706,914	13,218,539
<b>Unrestricted</b>	(88,073,156)	(86,453,482)	(1,077,253)	(1,877,390)	(89,150,409)	(88,330,872)
<b>Total Net Position</b>	<b>(32,095,323)</b>	<b>(22,038,612)</b>	<b>32,680</b>	<b>(785,078)</b>	<b>(32,062,643)</b>	<b>(22,823,690)</b>

The District's financial position is the product of many factors. Cash/cash equivalents and Investments increased by \$2,393,213 due to conservative budgeting of local tax collections and expenditures. Property taxes receivables increased by \$201,400 over the prior year for a total of \$2,939,930. Due from County Government increased by \$5,414,840 to \$12,790,963 as capital funds increased from bond issuance proceeds. There was a net increase of \$1,798,174 in capital assets for additions to capital assets of \$7,375,825 which exceeded current year depreciation and disposals of \$5,577,651 for the year. Current liabilities decreased by \$82,277. Long-term debt of \$15,545,000 was issued during the year with a deferred premium of \$516,176, however; overall long-term debt decreased by \$2,433,948. Compensated absences increased by \$25,715 to \$1,238,549 and are reflected in the government-wide financial statements.

**Changes in Net Position:**

The District's total revenues for the fiscal year ended June 30, 2016 were \$132,838,576 (see figure A-2). Property taxes accounted for 34.40 percent of the District's revenue. Grants accounted for 52.40 percent, with the remaining 13.20 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, 2016 was \$123,599,623 (see figure A-2). The District's expenses are predominantly related to instruction (54.54 percent). The District's support services accounted for 36.70 percent and business activities accounted for 5.22 percent of total cost. Community services, pupil activities, intergovernmental and interest on long-term debt made up the remaining 3.54 percent.

Governmental activities increased over the prior year by \$10,056,711 while business-type activities decreased by \$(817,758) due to an increase in the net pension liability of \$1,195,503. Total revenues surpassed expenses increasing net position by \$9,238,953.

<b>Figure A-2 Condensed Changes in Net Position from Operating Results</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<b>FY 15</b>	<b>FY 16</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 15</b>	<b>FY 16</b>
<b>Program Revenues</b>						
Charges for Services	\$ 35,780	\$ 46,455	\$ 1,429,613	\$ 1,599,461	\$ 1,465,393	\$ 1,645,916
Operating Grants	62,730,886	65,247,998	4,105,555	4,238,696	66,836,441	69,486,694
Capital Grants	-	-	-	113,677	-	113,677
<b>General Revenues</b>						
Property Taxes	40,001,674	45,698,725	-	-	40,001,674	45,698,725
Unrestricted Grants	13,779,684	15,296,090	-	-	13,779,684	15,296,090
Other	77,142	597,473	-	-	77,142	597,473
<b>Total Revenues</b>	<b>116,625,166</b>	<b>126,886,741</b>	<b>5,535,168</b>	<b>5,951,834</b>	<b>122,160,334</b>	<b>132,838,575</b>
<b>Program Expenses</b>						
Instructional	64,637,304	67,435,882			64,637,304	67,435,882
Support Services	42,449,478	45,338,801			42,449,478	45,338,801
Food Service	-	-	5,457,733	6,449,582	5,457,733	6,449,582
Other	3,908,316	4,375,357			3,908,316	4,375,357
<b>Total Expenses</b>	<b>110,995,098</b>	<b>117,150,040</b>	<b>5,457,733</b>	<b>6,449,582</b>	<b>116,452,831</b>	<b>123,599,622</b>
<b>Excess (Deficiency)</b>						
Before Transfers	5,630,068	9,736,701	77,435	(497,748)	5,707,503	9,238,953
Transfers In/(Out)	(334,129)	320,010	334,129	(320,010)	-	-
<b>Changes in Net Position</b>	<b>5,295,939</b>	<b>10,056,711</b>	<b>411,564</b>	<b>(817,758)</b>	<b>5,707,503</b>	<b>9,238,953</b>

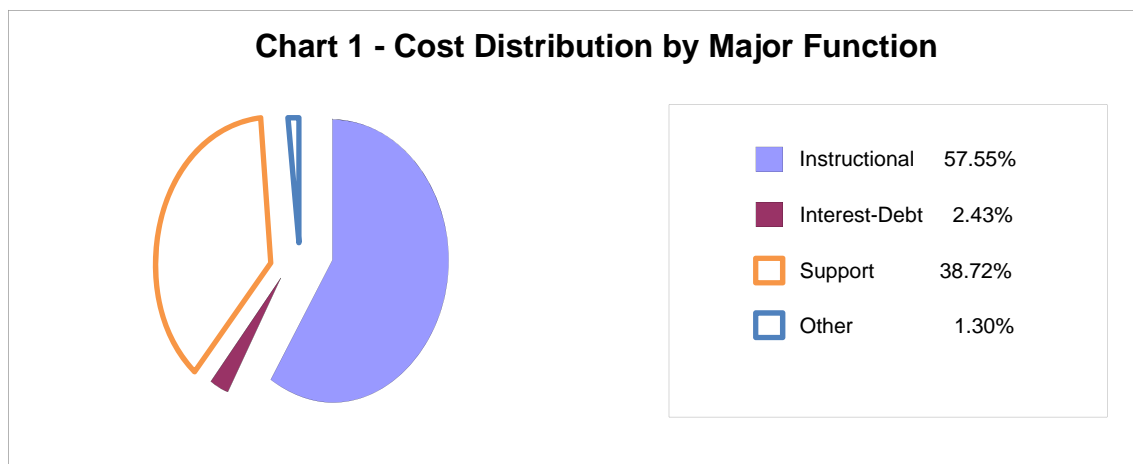
**Governmental Activities:**

For the District's governmental activities, revenues and transfers-in exceeded expenses by \$10,056,711. Revenues totaled \$126,886,742, transfers-in totaled \$320,010 and expenses totaled \$117,150,041 for the year ended June 30, 2016 (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 \$117,150,040.

<b>Figure A-3 Cost of the Five Major Functional Activities for Governmental Activities</b>				
	<b>Total Expense</b>		<b>Net (Expense) Revenue</b>	
	<b>FY 15</b>	<b>FY 16</b>	<b>FY 15</b>	<b>FY 16</b>
<b>Instruction</b>	\$ 64,637,304	\$ 67,435,882	(\$ 26,716,172)	(\$ 30,944,549)
<b>Support Services</b>	42,449,478	45,338,801	(18,220,494)	(17,224,783)
<b>Community Services</b>	987,968	1,274,727	(371,418)	(585,625)
<b>Pupil Activities</b>	226,209	247,537	(226,209)	(247,537)
<b>Interest &amp; Other Charges</b>	2,694,139	2,853,093	(2,694,139)	(2,853,093)
<b>Total</b>	<b>110,995,098</b>	<b>117,150,040</b>	<b>(48,228,432)</b>	<b>(51,855,588)</b>

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



#### **Business-Type Activities:**

Expenses and transfers-out exceeded revenues of the District's business-type activities by \$817,758. Revenues totaled \$5,951,834 while expenses and transfers-out totaled \$6,769,592 for the year ended June 30, 2016 (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 \$35,617,938. This was an increase of \$6,776,680 from last year's ending fund balances of \$28,841,258.

Approximately \$18,686,693 or 52.46 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:

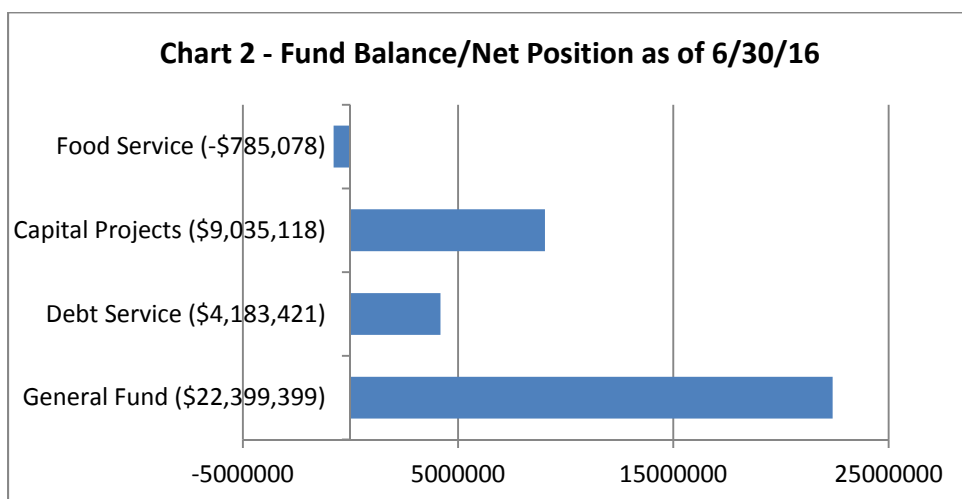
\$ 26,567 assigned for encumbrances  
3,686,139 assigned for subsequent year's expenses  
4,183,421 restricted for debt service  
9,035,118 restricted for capital projects

The general fund is the principal operating fund of the District. The general fund balance showed an increase of \$1,636,984. The debt service-district fund balance showed an increase of \$1,753,795. The capital projects-district showed an increase of \$3,385,901.

#### 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 \$(785,078). This was a decrease of \$(817,758) from last year's ending net position of \$32,680.

Chart 2 below provides a breakdown of total fund balance and net position as of June 30, 2016.



#### General Fund Budgetary Highlights:

District's management built the original general fund budget with the use of \$3,058,770 in equity to balance. State funding levels were estimated to increase for the year by 3.95% or \$1,697,382. It was the District's goal to maintain programs and staffing where federal funds were diminishing and address the growth in enrollment pressing on the District. Budgeted revenues included an increase of 10 mills in school debt service millage with no increase in school operating millage. The 10 mill increase in debt service was needed to cover the cost of construction for additional classrooms to meet growth. Budgeted expenses included a step increases in payroll for all employees where eligible. The state provided no inflation increase to the teacher payroll schedule. Hourly, classified and administrative salary schedules included an increase between 3% and 5% based on a salary study performed by the District. Bus Drivers received an inflation adjustment to their payroll schedule of \$1.75 across all steps. This increased the bus driver between 12% and 25% depending on the step. Teacher/pupil ratios continued at the higher levels set in the previous years. School budget allocations were fully funded according to the District's funding formula. Overall budgeted expenditures increased by 5.69%.

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 2016. Revenue projections increased by \$2,015,227 mostly in state funding for student growth. Expenditures also increased by \$952,859 for additional positions hired to meet increasing student enrollment. This net increase in revenue allowed for the reduction in the use of equity by \$1,062,368 to \$1,996,402 to balance the revised budget.



For the year, ad valorem tax collections exceeded the budget of \$24,674,548 by \$347,237 or 1.41%. Revenue in lieu of taxes exceeded the budget of \$2,331,876 by 650,628 or 27.90%. Other local revenues exceeded the budget by \$112,531 for the year. Overall local revenues exceeded the budget of \$27,808,838 by 4.05%. Total state revenues for the year were slightly higher than the budget of \$58,094,831 by \$637,740 or 1.10%.

Salaries and fringe benefits were slightly under budget of \$77,500,120 for the year by \$1,255,360 or 1.62%. Most of this savings comes from attrition and conservative budgeting on health insurance coverage during the year. Purchased services were under the budget of \$7,041,726 by 7.93% or \$558,662. Most of this savings is in repairs and maintenance and communications.

## **Capital Assets and Debt Administration**

### **Capital Assets:**

By the end of 2016, the District had invested \$199,621,398 in capital assets, including school buildings and facilities, vehicles, furniture, furnishings and equipment. Total depreciation expense for the year was \$5,465,081. The following schedule (figure A-4), presents capital asset balances net of depreciation for the fiscal year ended June 30, 2016.

<b>Figure A-4 Capital Assets (Net of Depreciation)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<b>FY 15</b>	<b>FY 16</b>	<b>FY 15</b>	<b>FY 16</b>	<b>FY 15</b>	<b>FY 16</b>
<b>Land</b>	\$ 4,619,029	\$ 4,619,029	\$ -	\$ -	\$ 4,619,029	\$ 4,619,029
<b>Buildings &amp; Improvements</b>	115,205,610	115,050,697	-	-	115,205,610	115,050,697
<b>Furniture &amp; Equipment</b>	3,665,225	4,604,979	1,109,932	1,092,312	4,775,158	5,697,291
<b>Construction in Progress</b>	1,994,186	3,025,140	-	-	1,994,186	3,025,140
<b>Capital Assets, Net</b>	<b>125,484,050</b>	<b>127,299,845</b>	<b>1,109,932</b>	<b>1,092,312</b>	<b>126,593,983</b>	<b>128,392,157</b>

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 \$19,085,000 in general obligation bonds debt outstanding (see figure A-5), of which \$6,605,000 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 \$26,566,835 of which \$11,040,000 was outstanding at 6/30/16 leaving an available balance of \$15,526,835. More detailed information about the District's long-term debt is presented in Note 8 to the financial statements.

<b>Figure A-5 Outstanding Long-Term Debt</b>				
	<b>July 1, 2015 Balance</b>	<b>Additions to (Reductions in) Principal</b>	<b>June 30, 2016 Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>	\$19,075,000	\$ 10,000	\$19,085,000	\$6,605,000
<b>LEAP Installment Bonds</b>	56,785,000	(2,215,000)	54,570,000	2,220,000

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

In the FY 2016-2017 operating budget the District balanced revenues with the use of \$3,686,139 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.

Total general fund equity at July 1, 2016 was \$22,399,399 or 23.02% of the \$97,297,229 budgeted expenses for FY 2016-2017. Unassigned general fund equity available after the budget for FY2017 was balanced totaled \$18,686,693 or 19.21% of budgeted expenses.

The budget did not include a local tax millage increase as total operating millage remained at 149.50. Growth in the mill value of 2.24% or \$3,154, gave us increased estimates for local tax revenues by approximately \$471,523. Other local revenues are estimated to increase by \$97,418. State tax reimbursements and state revenues are estimated to increase by approximately \$4,528,993 as well for FY 2016-2017.

The state reimbursement for residential property tax FY 2016-2017 was calculated using a .176% decline in the consumer price index and a statewide growth percentage of 1.387%. This amounts to an increase of \$148,090 for a total budget of \$8,867,567.

The state base student cost used for the FY 2015-2016 budget was \$2,220 and the estimated base student cost for FY 2016-2017 was budgeted at \$2,350. This was an increase of 5.86% or \$130 in base student cost. This was an estimated increase of approximately \$2.50 million in state funding, still well below the funding level from FY 2007-2008 of \$2,476 and the recommended funding level for FY 2016-2017 of \$2,933.

Overall general fund budgeted expenses for FY 2016-2017 increased by \$6,787,671. For salaries and fringe benefits, the FY 2016-2017 budget increased by \$5,958,823. Other budgets for operations, school allocations, District office and board of trustees were increased by 6.34% in total. Planning for future budgets will include funding to meet growth as it continues in Lancaster County.

In March 2016, the voters of Lancaster County approved a \$199 million bond resolution for the purpose of constructing a new high school, a new elementary school, three, new multipurpose buildings, improvements to existing school buildings, along with security, athletic, and technology upgrades throughout the district. Accordingly, Debt Service millage increased by 15 mills for a total of 68.00 mills for FY 2016-2017 to meet existing and future 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.

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

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

## **BASIC FINANCIAL STATEMENTS**

**LANCASTER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets</b>				
Cash & Cash Equivalents	\$ 6,166,009	\$ 1,656,057	\$ 7,822,066	\$ -
Investments	24,366,103	-	24,366,103	-
Property Tax Receivable	2,939,930	-	2,939,930	-
Internal Balances	520,609	(520,609)	-	
Due from Pupil Activities	487,395		487,395	
Due From County Government	12,790,963	-	12,790,963	-
Due From State Government	243,392	-	243,392	-
Due From Federal Government	2,280,527	31,258	2,311,785	-
Due From Other Governmental Units	885,403	-	885,403	11,145
Inventories - Supplies & Materials	-	94,103	94,103	-
Other Receivables	245,572	58	245,630	-
Capital Assets (Net of Accumulated Depreciation)				-
Land	4,619,029	-	4,619,029	-
Buildings & Improvements	115,050,697	-	115,050,697	-
Equipment	4,604,979	1,092,312	5,697,291	-
Construction in Progress	3,025,140	-	3,025,140	-
<b>Total Assets</b>	<b>\$ 178,225,748</b>	<b>\$ 2,353,179</b>	<b>\$ 180,578,927</b>	<b>\$ 11,145</b>
<b>Deferred Outflows of Resources</b>				
Net Pension Deferred Outflows	2,969,142	83,332	3,052,474	-
Unamortized Loss on Refunding - Debt Defeasance	3,852,868	-	3,852,868	
Employer Contributions Subsequent to Measurement Date	6,773,726	190,113	6,963,839	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 13,595,736</b>	<b>\$ 273,445</b>	<b>\$ 13,869,181</b>	<b>\$ -</b>
<b>Liabilities</b>				
Accounts Payable	\$ 2,547,069	\$ -	\$ 2,547,069	\$ -
Accrued Salaries	4,574,615	-	4,574,615	-
Accrued Payroll Related Liabilities	3,045,262	-	3,045,262	-
Due To State Government	25,859	-	25,859	-
Due to Federal Government	3,312	-	3,312	-
Due To Other Governmental Units	-	-	-	11,145
Bonds Payable	1,062,000	-	1,062,000	-
Retainage Payable	79,491	-	79,491	-
Unearned Revenue	1,118,517	49,334	1,167,851	-
Accrued Interest Payable	407,771	-	407,771	-
Noncurrent Liabilities:				-
Net Pension Liability	119,253,683	3,346,999	122,600,682	-
Due Within One Year	10,237,513	-	10,237,513	-
Due in More Than One Year	70,957,418	-	70,957,418	-
<b>Total Liabilities</b>	<b>\$ 213,312,510</b>	<b>\$ 3,396,333</b>	<b>\$ 216,708,843</b>	<b>\$ 11,145</b>
<b>Deferred Inflows of Resources</b>				
Net Pension Deferred Inflows	547,586	15,369	562,955	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 547,586</b>	<b>\$ 15,369</b>	<b>\$ 562,955</b>	<b>\$ -</b>
<b>Net Position</b>				
Net Investment in Capital Assets	51,196,331	1,092,312	52,288,643	-
Restricted For:				
Debt Service Program	4,183,421	-	4,183,421	-
Capital Projects	9,035,118	-	9,035,118	-
Net Position - Unrestricted	(86,453,482)	(1,877,390)	(88,330,872)	-
<b>Total Net Position</b>	<b>\$ (22,038,612)</b>	<b>\$ (785,078)</b>	<b>\$ (22,823,690)</b>	<b>\$ -</b>

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

**LANCASTER COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>							
Instruction	\$ 67,435,882	\$ -	\$ 36,491,333	\$ -	\$ (30,944,549)	\$ -	\$ (30,944,549)
Support Services	45,338,801	46,455	28,067,563	-	(17,224,783)	-	(17,224,783)
Community Service	1,274,727	-	689,102	-	(585,625)	-	(585,625)
Pupil Activity	247,537	-	-	-	(247,537)	-	(247,537)
Interest & Other Charges	2,740,524	-	-	-	(2,740,524)	-	(2,740,524)
(Loss) on Sale of Capital Assets	112,569	-	-	-	(112,569)	-	(112,569)
<b>Total Governmental Activities</b>	<b>117,150,040</b>	<b>46,455</b>	<b>65,247,998</b>	<b>-</b>	<b>(51,855,587)</b>	<b>-</b>	<b>(51,855,587)</b>
<b>Business-Type Activities:</b>							
Food Service	6,449,582	1,599,461	4,238,696	113,677	-	(497,748)	(497,748)
<b>Total Business-Type Activities</b>	<b>6,449,582</b>	<b>1,599,461</b>	<b>4,238,696</b>	<b>113,677</b>	<b>-</b>	<b>(497,748)</b>	<b>(497,748)</b>
<b>Total Primary Government</b>	<b>\$123,599,622</b>	<b>\$1,645,916</b>	<b>\$ 69,486,694</b>	<b>\$ 113,677</b>	<b>\$ (51,855,587)</b>	<b>\$ (497,748)</b>	<b>\$ (52,353,335)</b>
<b>Component Units:</b>							
Charter School	863,276	-	863,276	-	-	-	\$ -
<b>General Revenues:</b>							
Property Taxes Levied For:							
General Purposes					28,417,807	-	28,417,807
Debt Service					17,280,918	-	17,280,918
State Aid Not Restricted For Specific Purpose					15,296,090	-	15,296,090
Unrestricted Investment Earnings					166,405	-	166,405
Miscellaneous					431,068	-	431,068
Transfers					320,010	(320,010)	-
<b>Total General Revenues and Transfers</b>					<b>61,912,298</b>	<b>(320,010)</b>	<b>-</b>
<b>Change in Net Position</b>					<b>\$ 10,056,711</b>	<b>\$ (817,758)</b>	<b>\$ 9,238,953</b>
<b>Net Position, Beginning of Year</b>					<b>(32,095,323)</b>	<b>32,680</b>	<b>(32,062,643)</b>
<b>Net Position - Ending</b>					<b>\$ (22,038,612)</b>	<b>\$ (785,078)</b>	<b>\$ (22,823,690)</b>

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

LANCASTER COUNTY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016

	Special Revenue Funds					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Debt Service	Capital Projects	
<b>Assets</b>						
Cash & Cash Equivalents	\$ 6,166,009	\$ -	\$ -	\$ -	\$ -	\$ 6,166,009
Investments	24,366,103	-	-	-	-	24,366,103
Property Tax Receivable, Net	41,402	-	-	46,688	-	88,090
Due From Other Funds	521,994	-	531,784	-	1,892,001	2,945,779
Due From County Government	389,622	-	-	4,136,733	8,264,608	12,790,963
Due From State Government	174,726	-	68,666	-	-	243,392
Due From Federal Government	-	2,280,527	-	-	-	2,280,527
Due From Other Governmental Units	885,403	-	-	-	-	885,403
Other Receivables	21,086	204,084	402	-	20,000	245,572
<b>Total Assets</b>	<b>\$ 32,566,345</b>	<b>\$ 2,484,611</b>	<b>\$ 600,852</b>	<b>\$ 4,183,421</b>	<b>\$ 10,176,609</b>	<b>\$ 50,011,838</b>
<b>Liabilities &amp; Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	2,547,069	-	-	-	-	2,547,069
Accrued Salaries	4,574,615	-	-	-	-	4,574,615
Accrued Payroll Related Liabilities	3,045,262	-	-	-	-	3,045,262
Due To Other Funds	-	1,937,775	-	-	-	1,937,775
Due To State Government	-	-	25,859	-	-	25,859
Due to Federal Government	-	3,312	-	-	-	3,312
Bonds Payable	-	-	-	-	1,062,000	1,062,000
Retainage Payable	-	-	-	-	79,491	79,491
Unearned Revenue	-	543,524	574,993	-	-	1,118,517
<b>Total Liabilities</b>	<b>10,166,946</b>	<b>2,484,611</b>	<b>600,852</b>	<b>-</b>	<b>1,141,491</b>	<b>14,393,900</b>
<b>Fund Balances</b>						
Restricted	-	-	-	4,183,421	9,035,118	13,218,539
Assigned	3,712,706	-	-	-	-	3,712,706
Unassigned	18,686,693	-	-	-	-	18,686,693
<b>Total Fund Balances</b>	<b>22,399,399</b>	<b>-</b>	<b>-</b>	<b>4,183,421</b>	<b>9,035,118</b>	<b>35,617,938</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 32,566,345</b>	<b>\$ 2,484,611</b>	<b>\$ 600,852</b>	<b>\$ 4,183,421</b>	<b>\$ 10,176,609</b>	<b>\$ 50,011,838</b>

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

**LANCASTER COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

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

<b>Total Governmental Fund Balances</b>	<b>\$ 35,617,938</b>
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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 the assets exceeds the accumulated depreciation.*

Cost of Assets	\$ 196,895,570	
Accumulated Depreciation	<u>(69,595,725)</u>	127,299,845

Deferred Outflows (Inflows) resulting from the recognition of the employer's share of the state's net pension liability are not current financial resources and, therefore, are not reported in the funds.	9,195,282
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Deferred Outflows resulting from the loss on debt defeasance are not current financial resources and, therefore, are not reported in the funds.	3,852,868
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Certain unearned revenues reported in the governmental funds are recognized subject to a reserve for uncollectible amounts in the statement of activities. <i>This is the additional amount of taxes receivable recognized under the accrual basis.</i>	2,851,840
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Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Long Term Debt	(73,655,000)	
Net Pension Liability	(119,253,683)	
Bond Premiums, Net of Amortization	(6,301,382)	
Compensated Absences	(1,238,549)	
Accrued Interest Payable	<u>(407,771)</u>	<u>(200,856,385)</u>

<b>Net Position of Governmental Activities:</b>	<b><u><u>\$ (22,038,612)</u></u></b>
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*The notes to the basic financial statements are an integral part of this statement.*

**LANCASTER COUNTY SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General	Special Projects	Special Revenue Education Improvement Act	Debt Service	Debt Service LEAP	Capital Projects	Total Governmental Funds
<b>Revenues</b>							
Taxes Levied/Assessed by the LEA	\$ 25,234,326	\$ -	\$ -	\$ 16,240,713	\$ -	\$ -	\$ 41,475,039
Revenue From Local Governmental Units Other Than LEAs	2,982,504	-	-	1,040,205	-	-	4,022,709
Tuition	28,256	18,159	40	-	-	-	46,455
Earnings on Investments	112,769	-	-	4,988	-	48,648	166,405
Other Revenue from Local Sources	577,829	903,157	-	-	-	752,547	2,233,533
<b>Total Local</b>	<b>28,935,684</b>	<b>921,316</b>	<b>40</b>	<b>17,285,906</b>	<b>-</b>	<b>801,195</b>	<b>47,944,141</b>
Intergovernmental	-	660,859	-	-	-	-	660,859
State Sources	58,732,572	2,380,007	6,269,900	996,880	-	-	68,379,359
Federal Sources	-	9,701,406	-	-	-	-	9,701,406
<b>Total Revenues</b>	<b>\$ 87,668,256</b>	<b>\$ 13,663,588</b>	<b>\$ 6,269,940</b>	<b>\$ 18,282,786</b>	<b>\$ -</b>	<b>\$ 801,195</b>	<b>\$ 126,685,765</b>
<b>Expenditures</b>							
<b>Current:</b>							
Instruction	52,810,506	7,670,626	2,945,146	-	-	-	63,426,278
Support Services	34,702,024	4,147,836	1,035,387	-	-	2,208,884	42,094,131
Community Services	-	1,199,282	-	-	-	-	1,199,282
Intergovernmental	904,002	-	-	-	-	-	904,002
<b>Debt Service:</b>							
Legal Services	-	-	-	-	-	55,657	55,657
Redemption of Principal	-	-	-	15,535,000	2,215,000	-	17,750,000
Interest	-	-	-	993,991	2,106,231	2,464	3,102,686
<b>Capital Outlay</b>	<b>74,698</b>	<b>395,542</b>	<b>152,224</b>	<b>-</b>	<b>-</b>	<b>6,888,235</b>	<b>7,510,699</b>
<b>Total Expenditures</b>	<b>\$ 88,491,230</b>	<b>\$ 13,413,286</b>	<b>\$ 4,132,757</b>	<b>\$ 16,528,991</b>	<b>\$ 4,321,231</b>	<b>\$ 9,155,240</b>	<b>\$ 136,042,735</b>
Excess of Revenues Over (Under) Expenditures	(822,974)	250,302	2,137,183	1,753,795	(4,321,231)	(8,354,045)	(9,356,970)
<b>Other Financing Sources (Uses)</b>							
Premiums on Bonds Sold	-	-	-	-	-	516,176	516,176
Issuance of Debt	-	-	-	-	-	15,545,000	15,545,000
Transfers In	2,707,495	792,392	-	-	4,321,231	1,077,464	8,898,582
Transfers Out	(247,537)	(1,042,694)	(2,137,183)	-	-	(5,398,694)	(8,826,108)
<b>Total Other Financing Sources (Uses)</b>	<b>2,459,958</b>	<b>(250,302)</b>	<b>(2,137,183)</b>	<b>-</b>	<b>4,321,231</b>	<b>11,739,946</b>	<b>16,133,650</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,636,984</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,753,795</b>	<b>\$ -</b>	<b>\$ 3,385,901</b>	<b>\$ 6,776,680</b>
<b>Fund Balance, Beginning of Year</b>	<b>20,762,415</b>	<b>-</b>	<b>-</b>	<b>2,429,626</b>	<b>-</b>	<b>5,649,217</b>	<b>28,841,258</b>
<b>Fund Balance, Ending of Year</b>	<b>\$ 22,399,399</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,183,421</b>	<b>\$ -</b>	<b>\$ 9,035,118</b>	<b>\$ 35,617,938</b>

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



**LANCASTER COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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

Net Change in Fund Balances - Total Governmental Funds \$ 6,776,680

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. *This is the amount by which depreciation expense exceeded capital outlays in the current period.*

Depreciation Expense	\$(5,333,785)	
Capital Outlay	7,262,148	1,928,363

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 position. *This is the amount that principal repaid during the year exceeds the amount of debt issued during the year.*

Redemption of Principal	17,750,000	
Proceeds from Long-Term Debt	(15,545,000)	2,205,000

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. *This is the change in bond issuance cost amortization, change in bond premium amortization, and change in loss on defeasance amortization.*

Change in Recording of Retainage Payable	88,183	
Change in Amortization of Bond Premiums	228,948	
Change in Amortization of Loss on Defeasance of Debt	(324,331)	(7,200)

In the statement of activities, the gain/(loss) on the sale or disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus the change in net position differs from the change in fund balance by the cost of fixed assets disposed or sold.

(112,569)

Certain unavailable tax revenues reported in the governmental funds are recognized in the statement of activities, net of a reserve for uncollectible amounts. This is the change in the amount of taxes receivable recognized under the accrual basis.

200,977

The change in compensated absences reported in the statement of activities does not require the use of current financial resources, and therefore, is not reported as an expenditure/revenue in the governmental funds. *This is the amount that compensated absences at the end of the prior year exceeded the compensated absences at the end of the current year.*

Compensated Absences - End of Current Year	(1,238,549)	
Compensated Absences - End of Prior Year	1,212,834	(25,715)

Retirement expense in the statement of activities is measured by the District's proportionate share of the SCRS total pension expense. In the governmental funds, however, the expenditure is measured by the current contributions to the retirement system. *This is the amount Current Contributions exceed the District's proportionate share.*

District's Proportionate Share of Total Pension Expense	(7,679,577)	
Current Contributions to Retirement System	6,773,726	(905,851)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. *This is the amount that accrued interest on bonds at the end of the prior year exceeded the accrued interest on bonds at the end of the current year.*

Accrued Interest - End of Current Year	(407,771)	
Accrued Interest - End of Prior Year	404,797	(2,974)

**Change in Net Position of Governmental Activities \$ 10,056,711**

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

**LANCASTER COUNTY SCHOOL DISTRICT  
PROPRIETARY FUND - FOOD SERVICE  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

**Assets**

**Current Assets**

Cash & Cash Equivalents	\$ 1,656,057
Due From Federal Government	31,258
Inventories - Supplies & Materials	94,103
Other Receivables	<u>58</u>

<b>Total Current Assets</b>	<u>1,781,476</u>
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Property, Plant and Equipment, Net	<u>1,092,312</u>
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<b>Total Assets</b>	<u><u>\$ 2,873,788</u></u>
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**Deferred Outflows of Resources**

Net Pension Deferred Outflows	83,332
Employer Contributions Subsequent to Measurement Date	<u>190,113</u>

<b>Total Deferred Outflows of Resources</b>	<u><u>\$ 273,445</u></u>
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**Liabilities**

**Current Liabilities**

Due To Other Funds	520,609
Unearned Revenue	49,334

<b>Total Current Liabilities</b>	<u>569,943</u>
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**Long Term Liabilities**

Net Pension Liability	<u>3,346,999</u>
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<b>Total Long Term Liabilities</b>	<u>3,346,999</u>
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<b>Total Liabilities</b>	<u><u>\$ 3,916,942</u></u>
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**Deferred Inflows of Resources**

Net Pension Deferred Inflows	<u>15,369</u>
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<b>Total Deferred Inflows of Resources</b>	<u><u>\$ 15,369</u></u>
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**Net Position**

Investment in Capital Assets	1,092,312
Unrestricted	<u>(1,877,390)</u>

<b>Total Net Position</b>	<u><u>\$ (785,078)</u></u>
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*The notes to the basic financial statements are an integral part of this statement.*

**LANCASTER COUNTY SCHOOL DISTRICT  
PROPRIETARY FUND - FOOD SERVICE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities Enterprise Fund - Food Service</b>
<b>Operating Revenues</b>	
Proceeds from Sales of Meals	\$ 1,599,461
<b>Total Operating Revenues</b>	<u>1,599,461</u>
<b>Operating Expenses</b>	
Food Costs	2,714,046
Salaries & Employee Benefits	3,264,029
Supplies & Materials	273,664
Depreciation	131,297
Other Operating Costs	66,546
<b>Total Operating Expenses</b>	<u>6,449,582</u>
<b>Operating Income (Loss)</b>	<u>(4,850,121)</u>
<b>Non-Operating Revenues (Expenses)</b>	
USDA Reimbursements	3,827,714
Commodities Received from USDA	410,547
Other Federal & State Aid	435
<b>Total Non-Operating Revenues</b>	<u>4,238,696</u>
<b>Net Income Before Transfers</b>	(611,425)
Capital Contributions	113,677
Transfers In (Out)	<u>(320,010)</u>
<b>Change in Net Position</b>	(817,758)
<b>Net Position, Beginning of Year</b>	<u>32,680</u>
<b>Net Position, End of Year</b>	<u><u>\$ (785,078)</u></u>

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

**LANCASTER COUNTY SCHOOL DISTRICT  
PROPRIETARY FUND - FOOD SERVICE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Enterprise Fund - Food Service</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Patrons	\$ 1,626,527
Cash Payments to Suppliers for Goods and Services	(3,045,856)
Cash Payments to Employees for Services	(2,319,780)
	<hr/>
<b>Net Cash Used in Operating Activities</b>	<b>(3,739,109)</b>
	<hr/>
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating Grants Received	4,209,860
Transfers From (To) Other Funds	(186,634)
	<hr/>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>4,023,226</b>
	<hr/>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>284,117</b>
	<hr/>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>1,371,940</b>
	<hr/>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,656,057</b>
	<hr/> <hr/>
<b>Operating Income (Loss)</b>	<b>(4,850,121)</b>
Adjustments to Reconcile Operating Income (Loss) To	
Net Cash (Used) by Operating Activities:	
Depreciation	131,297
Change in Assets and Liabilities:	
Decrease in Accounts Receivable	27,066
Decrease in Inventory	8,400
Increase in Net Pension Liability	944,249
	<hr/>
<b>Net Cash Used in Operating Activities</b>	<b>\$ (3,739,109)</b>
	<hr/> <hr/>
<b>Supplemental Information:</b>	
Capital Assets Contributed to Food Service from Other Funds	\$ 113,677
Non-Cash Commodities Received	410,547

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

**LANCASTER COUNTY SCHOOL DISTRICT  
FIDUCIARY FUND - PUPIL ACTIVITY FUND  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2016**

	<b>Agency Fund Pupil Activity</b>
<b>Assets</b>	
Cash & Cash Equivalents	\$ 891,522
Investments	1,014,094
Other Receivables	<u>3,957</u>
<b>Total Assets</b>	<u><u>\$ 1,909,573</u></u>
<b>Liabilities</b>	
Due To School District	487,395
Due to Pupil Activities	<u>1,422,178</u>
<b>Total Liabilities</b>	<u><u>\$ 1,909,573</u></u>

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

**LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS**

**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 12,000 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"). A charter school is considered a public school and is part of Lancaster County School District for the purposes of state law and state constitution. Because the charter school is fiscally dependent on the District and exclusion of the charter school would cause the District's financial statements to be incomplete, the financial statements of the charter school are included in those of the District. The charter school is presented as a governmental fund type. It is administered and governed by its governing body as agreed to by the charter applicant and the District. 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. 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.

In accordance with GASB 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, 2016.

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

### *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 is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Investment earnings and intergovernmental revenues received from Lancaster County are accrued because they are measurable at year-end and are collected within 60 days after year-end. Most other intergovernmental revenues are not susceptible to accrual because they generally are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets plus deferred outflows less total liabilities and deferred inflows) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

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

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

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

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

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*

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.

*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*

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.



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

### *Fiduciary Fund Types*

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.

General Fund expenditures may not legally exceed budgeted appropriations at the major component level unless in a supplementary action, the Board then can approve an increase or decrease to the major component within the legal level of control. 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 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.

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

### *Cash Equivalents and Investments*

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

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

### *Accounts Receivable*

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

### *Allowance for Doubtful Accounts*

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

### *Inventories*

Under the system of accounting for inventories, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting and are subsequently charged to expense when consumed. Inventories include food, supplies and commodities. An amount for commodities received from the USDA, but not consumed as of June 30, 2016, has been recorded at fair market value as provided by the United States Department of Agriculture.

### *Capital Assets*

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

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

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

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

### *Capital Assets (Continued)*

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

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

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

### *Unearned Revenue*

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

### *Compensated Absences*

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.

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.

### *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.

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

### *Pensions*

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 entitled *Accounting and Financial Reporting for Pension Plans* in June 2012. The disclosure requirements applicable to employers participating in the South Carolina Retirement System or the Police Officers Retirement System are prescribed in paragraphs 48 through 82 of GASB 68. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System and additions to/deductions from the South Carolina Retirement System's fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Net Position (Deficit)*

The District's net position (deficit) 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 (Deficit):* Unrestricted net position (deficit) represents resources derived from ad valorem taxes, earnings on investments, various local and state unrestricted grants, contracts and revenues net of the District's proportionate share of the outstanding net pension obligation from its retirement systems.

### *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;

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.

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

At June 30, 2016, the District's assigned fund balance in the General Fund consists of subsequent year expenditures and encumbered operating school expenditures in the amounts of \$3,686,139 and \$26,567, 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.

## **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, 2016, the District had no excess of expenditures over appropriations at this level.

## **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.

### 3. DEPOSITS AND INVESTMENTS

#### *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, 2016, the District had the following investments, which meet the above requirements:

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Fair Market Value</b>	<b>Weighted Average Maturity (Years)</b>
SC Treasurer's Investment Pool	Unrated	\$ 25,380,197	Less than 1 year

The total above includes investments in the General Fund and Pupil Activity Fund in the amounts of \$24,366,103 and \$1,014,094, 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, 2016, 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.

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, 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	1,994,186	3,025,140	(1,994,186)	3,025,140
Total Capital Assets Not Being Depreciated	6,613,215	3,025,140	(1,994,186)	7,644,169
Capital Assets Being Depreciated:				
Buildings and Improvements	174,788,893	4,359,224	-	179,148,117
Furniture and Equipment	8,591,356	1,871,970	(360,042)	10,103,284
Total Capital Assets Being Depreciated	183,380,249	6,231,194	(360,042)	189,251,401
Less: Accumulated Depreciation For:				
Buildings and Improvements	(59,583,283)	(4,514,137)	-	(64,097,420)
Furniture and Equipment	(4,926,131)	(819,647)	247,473	(5,498,305)
Total Accumulated Depreciation	(64,509,414)	(5,333,784)	247,473	(69,595,725)
Total Capital Assets Being Depreciated, Net	118,870,835	897,410	(112,569)	119,655,676
Governmental Activities Capital Assets, Net	<u>\$ 125,484,050</u>	<u>\$ 3,922,550</u>	<u>\$ (2,106,755)</u>	<u>\$ 127,299,845</u>
Business-Type Activities:				
Capital Assets Being Depreciated				
Property and Equipment	\$ 2,612,151	\$ 113,677	\$ -	\$ 2,725,828
Total Capital Assets Being Depreciated	2,612,151	113,677	-	2,725,828
Less: Accumulated Depreciation For:				
Property and Equipment	(1,502,219)	(131,297)	-	(1,633,516)
Total Accumulated Depreciation	(1,502,219)	(131,297)	-	(1,633,516)
Business-Type Activities Capital Assets, Net	<u>\$ 1,109,932</u>	<u>\$ (17,620)</u>	<u>\$ -</u>	<u>\$ 1,092,312</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 2,982,096
Support Services	2,295,357
Community Services	<u>56,331</u>
Total Depreciation - Governmental Activities	<u>\$ 5,333,784</u>
Business-Type Activities:	
Food Service	<u>\$ 131,297</u>
Total Depreciation - Business-Type Activities	<u>\$ 131,297</u>

#### **4. CAPITAL ASSETS**

##### *Construction Commitments*

The District has several ongoing construction projects as of June 30, 2016, consisting primarily of capital projects. The projects include renovations at existing schools. Total outstanding construction commitments at June 30, 2016, are approximately \$3,677,655.

#### **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 15 - 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 2016 fiscal year was based, was \$311,114,997. The millage rate charged for the District was 149.5 mills for current operations and 53.0 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.

#### **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 has items that qualify for reporting in this category. One 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. For the other items in relation to the District's proportionate share of the SCRS net pension liability, see Note 9 for Pension Plans.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. For the items in relation to the District's proportionate share of the SCRS net pension liability, see Note 9 for Pension Plans.



## 7. SHORT-TERM OBLIGATIONS

Short-Term Obligations	June 30, 2015	Additions	Reductions	June 30, 2016
Governmental Activities:				
Bond Anticipation Note	<u>\$ 1,075,000</u>	<u>\$ 1,062,000</u>	<u>\$ 1,075,000</u>	<u>\$ 1,062,000</u>
Total Governmental Activities	<u>\$ 1,075,000</u>	<u>\$ 1,062,000</u>	<u>\$ 1,075,000</u>	<u>\$ 1,062,000</u>

The District issued a Bond Anticipation Note on May 12, 2016 of \$1,062,000. The note is due and payable on October 12, 2016 at an interest rate of 0.79%.

## 8. LONG-TERM OBLIGATIONS

On October 8, 2015, the District issued \$15,545,000 in General Obligation Bonds with an interest rate of 5.00% payable on March 1, 2018. The debt was to be used to make payments on installment-purchase revenue bonds under an agreement with the Lancaster Educational Assistance Program, Inc.

Bonds payable consisted of the following at June 30, 2016:

	Interest Rates	Maturity	Original Issue	Outstanding June 30, 2016
District:				
General Obligation Bonds				
September 27, 2012	2.00% - 5.00%	2021	\$ 21,720,000	\$ 7,150,000
October 8, 2015	5.00%	2018	15,545,000	3,890,000
Advance Refunding				
April 1, 2009	3.00% - 4.00%	2019	<u>18,255,000</u>	<u>8,045,000</u>
Total District			<u>55,520,000</u>	<u>19,085,000</u>
LEAP				
Installment Purchase Revenue Bonds				
May 17, 2013	0.60% - 2.46%	2021	23,810,000	18,025,000
May 17, 2013	3.00% - 5.00%	2029	<u>36,545,000</u>	<u>36,545,000</u>
Total LEAP			<u>60,355,000</u>	<u>54,570,000</u>
Total Governmental Activities			<u>\$ 115,875,000</u>	<u>\$ 73,655,000</u>

The District has continuous authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed valuation of property subject to levy by the District, applicable to debt issued subsequent to November 30, 1982. At June 30, 2016, 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, 2016.

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.

## 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, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
District:					
General Obligation Bonds:					
September 27, 2012 - Series 2012	\$ 8,560,000	\$ -	\$ 1,410,000	\$ 7,150,000	\$ 1,595,000
October 8, 2015 - Series 2015	-	15,545,000	11,655,000	3,890,000	2,440,000
Advance Refunding:					
April 1, 2009 - Series 2009A	10,515,000	-	2,470,000	8,045,000	2,570,000
Total Bonds Payable	19,075,000	15,545,000	15,535,000	19,085,000	6,605,000
Plus Deferred Amounts:					
For Premiums	966,278	516,176	313,114	1,169,340	366,511
Total District Bond Related Payable	20,041,278	16,061,176	15,848,114	20,254,340	6,971,511
LEAP:					
Installment Purchase Revenue Bonds:					
May 17, 2013 - Series 2013A (Taxable)	20,240,000	-	2,215,000	18,025,000	2,220,000
May 17, 2013 - Series 2013B	36,545,000	-	-	36,545,000	-
Total Bonds Payable	56,785,000	-	2,215,000	54,570,000	2,220,000
Plus Deferred Amounts:					
For Premiums	5,564,052	-	432,010	5,132,042	432,010
Total LEAP Bond Related Payable	62,349,052	-	2,647,010	59,702,042	2,652,010
Total Bond Related Payable - Governmental Activities	\$ 82,390,330	\$ 16,061,176	\$ 18,495,124	\$ 79,956,382	\$ 9,623,521
Compensated Absences	1,212,834	626,959	601,244	1,238,549	613,992
Total Long-Term Liabilities - Governmental Activities	\$ 83,603,164	\$ 16,688,135	\$ 19,096,368	\$ 81,194,931	\$ 10,237,513

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, 2016.

The annual requirements for debt service on bonds outstanding at June 30, 2016, are summarized as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 8,825,000	\$ 2,805,632	\$ 11,630,632
2018	7,950,000	2,484,919	10,434,919
2019	6,700,000	2,201,346	8,901,346
2020	6,755,000	1,975,702	8,730,702
2021	6,880,000	1,811,019	8,691,019
2022-2026	30,825,000	4,897,845	35,722,845
2027-2029	5,720,000	276,703	5,996,703
	<u>\$ 73,655,000</u>	<u>\$ 16,453,166</u>	<u>\$ 90,108,166</u>

## 9. RETIREMENT PLAN

### *Description of the Entity*

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

### *Plan Descriptions*

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

### *Membership*

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

#### *SCRS*

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

#### *State ORP*

As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

## 9. RETIREMENT PLAN (CONTINUED)

### *Membership* *PORS*

To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

### *Benefits*

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

### *SCRS*

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

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

### *PORS*

A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

## 9. RETIREMENT PLAN (CONTINUED)

### *Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

Required employee contribution rates for fiscal year 2015-2016 are as follows

SCRS	
Employee Class Two	8.16% of earnable compensation
Employee Class Three	8.16% of earnable compensation
State ORP Employee	8.16% of earnable compensation
PORS	
Employee Class Two	8.74% of earnable compensation
Employee Class Three	8.74% of earnable compensation

Required employer contribution rates for fiscal year 2015-2016 are as follows

SCRS	
Employer Class Two	10.91% of earnable compensation
Employer Class Three	10.91% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation
State ORP	
Employer Contribution	10.91% of earnable compensation**
Employer Incidental Death Benefit	0.15% of earnable compensation
PORS	
Employer Class Two	13.34% of earnable compensation
Employer Class Three	13.34% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

\*\* Of this employer contribution of 10.91% of earnable compensation, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS

## 9. RETIREMENT PLAN (CONTINUED)

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

	2016	2015	2014
SCRS			
Employee Contributions	\$ 4,854,179	\$ 4,588,880	\$ 4,197,093
Employer Contributions	6,855,789	6,505,882	6,146,108
Employer Group Life Contributions	<u>98,413</u>	<u>94,586</u>	<u>91,806</u>
Total	<u>\$ 11,808,381</u>	<u>\$ 11,189,348</u>	<u>\$ 10,435,007</u>
PORS			
Employee Contributions	\$ 6,130	\$ 6,277	\$ 2,660
Employer Contributions	9,356	9,710	4,221
Employer Group Life Contributions	<u>281</u>	<u>299</u>	<u>136</u>
Total	<u>\$ 15,767</u>	<u>\$ 16,286</u>	<u>\$ 7,017</u>

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

### *Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of June 30, 2015. The net pension liability of each defined benefit pension plan was therefore determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS), based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Projected Salary Increases	3.5% - 12.5%	4.0% - 10.0%
Includes Inflation at	2.75%	2.75%
Benefits Adjustments	lesser of 1% or \$500	lesser of 1% or \$500

## 9. RETIREMENT PLAN (CONTINUED)

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuation for SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

### *Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2015, NPL amounts for SCRS and PORS are presented below (amounts expressed in thousands).

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	\$ 25,131,828,101	\$ 18,965,482,129	57.0%
PORS	6,151,321,222	3,971,824,838	2,179,496,384	64.6%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information.

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## 9. RETIREMENT PLAN (CONTINUED)

### *Net Pension Liability (Continued)* *Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission in collaboration with its investment consultant, Aon Hewitt. The long-term expected rates of return represent assumptions developed using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation as adopted by the Investment Commission for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	<u>100.0%</u>		<u>6.00%</u>
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u>8.75%</u>



## 9. RETIREMENT PLAN (CONTINUED)

### *Net Pension Liability (Continued)* *Sensitivity Analysis*

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 154,398,932	\$ 122,469,411	\$ 95,708,413
PORS	178,822	131,271	88,763

### *Payables to the Pension Plan*

As of June 30, 2016, the District had \$1,301,038 in payables outstanding to the pension plans for its legally required contributions.

### *Pension Liabilities*

At June 30, 2016, the District reported a liability of \$122,469,411 for its proportionate share of the net pension liability for the SCRS and a liability of \$131,271 for its proportionate share of the net pension liability for PORS. The net pension liability of each defined benefit plan was determined based on the most recent actuarial valuation as of July 1, 2014, using membership as of that date projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015. The districts proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2016, the District's proportions were 0.64574899% and 0.006022997% for SCRS and PORs, respectively.

For the year ended June 30, 2016, the District recognized pension expense of \$6,963,839, including \$6,954,203 for SCRS and \$9,636 for PORS.

## 9. RETIREMENT PLAN (CONTINUED)

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

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Difference Between Expected and Actual Experience	\$ 2,175,864	\$ 219,014
Net Difference Between Projected and Actual Investment Earnings	819,748	-
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Employer Contributions	-	343,941
Direct Contributions Subsequent to the Measurement Date	<u>6,954,203</u>	<u>-</u>
Total	<u>\$ 9,949,815</u>	<u>\$ 562,955</u>
PORS		
Difference Between Expected and Actual Experience	\$ 2,602	\$ -
Net Difference Between Projected and Actual Investment Earnings	1,437	-
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Employer Contributions	52,823	-
Direct Contributions Subsequent to the Measurement Date	<u>9,636</u>	<u>-</u>
Total	<u>\$ 66,498</u>	<u>\$ -</u>

The amounts of \$6,954,203 for SCRS and \$9,636 for PORS reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2015. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2015 was 4.164 years for SCRS and 4.796 years for PORS.

Measurement Period Ending June 30,	SCRS	PORS
2016	\$ 551,296	\$ 11,844
2017	551,296	11,844
2018	551,296	11,844
2019	551,296	11,844
2020	<u>227,474</u>	<u>9,486</u>
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ 2,432,657</u>	<u>\$ 56,862</u>

## 9. RETIREMENT PLAN (CONTINUED)

### *Additional Financial and Actuarial Information*

Information contained in these Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (Schedules) was extracted from the audited financial statements of the South Carolina Retirement Systems for the fiscal year ended June 30, 2015. Additional financial information supporting the preparation of the Schedules (including the unqualified audit opinion on the financial statements and required supplementary information) is located in the Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

## 10. INTERFUND TRANSFERS, RECEIVABLES, AND PAYABLES

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, 2016, consisted of the following individual fund amounts:

Transfer From	Transfer To					Total
	General	Special Projects	Debt Service LEAP	Capital Projects	Pupil Activity	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 247,537	\$ 247,537
Special Projects	250,302	792,392	-	-	-	1,042,694
Special Revenue - EIA	2,137,183	-	-	-	-	2,137,183
Capital Projects			4,321,231	1,077,464		5,398,695
Food Service	320,010					320,010
Pupil Activity		-	-		730,848	730,848
<b>Totals</b>	<b>\$ 2,707,495</b>	<b>\$ 792,392</b>	<b>\$ 4,321,231</b>	<b>\$ 1,077,464</b>	<b>\$ 978,385</b>	<b>\$ 9,876,967</b>

As of June 30, 2016, amounts due from (to) other funds related to the District's pooled cash are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 521,994	\$ -
Special Revenue Fund - Special Projects	-	1,937,775
EIA Fund	531,784	-
Capital Projects Fund	1,892,001	-
Food Service Fund	-	520,609
Pupil Activity Fund	-	487,395
<b>Total for Primary Government</b>	<b>\$ 948,558</b>	<b>\$ 948,558</b>

## 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:

Delinquent Taxes Receivable	\$ 4,522,970
Less: Allowance for Uncollectible	<u>(1,583,040)</u>
Taxes Receivable	<u><u>\$ 2,939,930</u></u>

## 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, 2016.

## 13. CONCENTRATIONS OF CREDIT RISK AND OTHER CONCENTRATIONS

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

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

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

## 14. LEGAL COMPLIANCE

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

## 15. FUNDING FLEXIBILITY

The State of South Carolina passed a Joint Resolution to provide funding flexibility for the fiscal year ended June 30, 2016. 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 did not utilize this flexibility for the current fiscal year as allowed under the Joint Resolution. As a result, there was no impact of applying funding flexibility to the District's General Fund.

## **16. SUBSEQUENT EVENTS**

The District issued a Bond Anticipation Note on July 14, 2016 in the amount of \$25,000,000. The note is due and payable on March 15, 2017 at an interest rate of 1.50%.

On September 21, 2016, the District issued \$13,925,000 in General Obligation Bonds with an interest rate ranging of 0.83% payable on March 1, 2017.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LANCASTER COUNTY SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Local	\$ 27,054,658	\$ 27,808,838	\$ 28,935,685	\$ 1,126,847
State	56,755,060	58,094,831	58,732,571	637,740
<b>Total Revenues</b>	<u>\$ 83,809,718</u>	<u>\$ 85,903,669</u>	<u>\$ 87,668,256</u>	<u>\$ 1,764,587</u>
<b>Expenditures</b>				
Current:				
Instruction	52,525,070	53,586,215	52,811,785	774,430
Support Services	35,797,776	35,834,266	34,775,442	1,058,824
Intergovernmental	847,859	839,040	904,003	(64,963)
<b>Total Expenditures</b>	<u>\$ 89,170,705</u>	<u>\$ 90,259,521</u>	<u>\$ 88,491,230</u>	<u>\$ 1,768,291</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(5,360,987)</u>	<u>(4,355,852)</u>	<u>(822,974)</u>	<u>3,532,878</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	2,299,907	2,359,447	2,459,958	100,511
<b>Total Other Financing Sources (Uses)</b>	<u>2,299,907</u>	<u>2,359,447</u>	<u>2,459,958</u>	<u>100,511</u>
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ (3,061,080)</u>	<u>\$ (1,996,405)</u>	<u>\$ 1,636,984</u>	<u>\$ 3,633,389</u>
<b>Fund Balance, Beginning of Year</b>			<u>20,762,415</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 22,399,399</u>	

**LANCASTER COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SCRS AND PORS**  
**LAST TEN FISCAL YEARS**

	2007*	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015	2016
<b>SCRS</b>										
District's Proportion of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 111,602,338	\$ 122,469,411
District's Proportionate Share of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.64822200%	0.64574900%
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63,057,436	65,608,945
District's Proportionate Share of Net Pension Liability as a Percentage of Its' Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	176.99%	186.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	59.90%	57.00%
<b>PORS</b>										
District's Proportion of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 54,006	\$ 131,271
District's Proportionate Share of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0028200%	0.0060230%
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	74,638	70,132
District's Proportionate Share of Net Pension Liability as a Percentage of Its' Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	72.36%	187.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	67.50%	64.60%

**\* Note:**

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

**Source:**

Audit report of employer allocations of the South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS), as administered by the SC Public Employee Benefit Authority for the year ended June 30, 2015.



**LANCASTER COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - SCRS AND PORS**  
**LAST TEN FISCAL YEARS**

	2007*	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015	2016
<b>SCRS</b>										
Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 6,600,468	\$ 6,954,203
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(6,600,468)	(6,954,203)
District's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63,057,436	65,608,945
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.47%	10.60%
<b>PORS</b>										
Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 10,009	\$ 9,636
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(10,009)	(9,636)
District's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	74,638	70,132
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13.41%	13.74%

**\* Note:**

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

**Source:**

District Quarterly Retirement Contribution Reports

**COMBINING AND INDIVIDUAL  
FUND SCHEDULES**

## **GENERAL FUND**

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

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

**LANCASTER COUNTY SCHOOL DISTRICT  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2016**

**Assets**

Cash & Cash Equivalents	\$ 6,166,009
Investments	24,366,103
Property Tax Receivable, Net	41,402
Due From Other Funds	521,994
Due From County Government	389,622
Due From State Government	174,726
Due From Other Governmental Units	885,403
Other Receivables	<u>21,086</u>

<b>Total Assets</b>	<b><u>\$ 32,566,345</u></b>
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**Liabilities & Fund Balances**

**Liabilities**

Accounts Payable	2,547,069
Accrued Salaries	4,574,615
Accrued Payroll Related Liabilities	<u>3,045,262</u>

<b>Total Liabilities</b>	<b><u>10,166,946</u></b>
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**Fund Balances**

Assigned	3,712,706
Unassigned	<u>18,686,693</u>

<b>Total Fund Balances</b>	<b><u>22,399,399</u></b>
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<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 32,566,345</u></b>
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**LANCASTER COUNTY SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
<b>1000 Revenue from Local Sources</b>			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 24,674,548	\$ 25,021,785	\$ 347,237
1140 Penalties & Interest on Taxes (Independent)	206,000	212,542	6,542
1200 Revenue From Local Governmental Units Other Than LEAs			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	2,331,876	2,982,504	650,628
1300 Tuition			
1310 From Patrons for Regular Day School	7,500	11,805	4,305
1320 From Other LEAs for Regular Day School	-	16,451	16,451
1500 Earnings on Investments:			
1510 Interest on Investments	50,000	112,769	62,769
1900 Other Revenue from Local Sources:			
1910 Rentals	15,000	15,484	484
1930 Medicaid	500,000	533,825	33,825
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	23,914	28,520	4,606
<b>Total Local Sources</b>	<b>27,808,838</b>	<b>28,935,685</b>	<b>1,126,847</b>
<b>3000 Revenue from State Sources</b>			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	14,561	14,561
3160 School Bus Driver Salary (Includes Hazardous Condition Transportation)	464,955	573,153	108,198
3161 EAA Bus Driver Salary and Fringe	-	2,585	2,585
3162 Transportation Workers' Compensation	43,067	43,068	1
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	12,445,130	12,705,745	260,615
3181 Retiree Insurance (No Carryover Provision)	2,069,913	2,237,039	167,126
3199 Other Restricted State Grants	-	20,865	20,865
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	1,590,621	1,602,337	11,716
3312 Primary	4,710,208	4,774,941	64,733
3313 Elementary	6,782,981	6,865,764	82,783
3314 High School	2,044,125	2,035,554	(8,571)
3315 Trainable Mentally Handicapped	124,992	125,384	392
3316 Speech Handicapped (Part-Time Program)	989,833	948,388	(41,445)
3317 Homebound	11,691	19,453	7,762
3320 Part-Time Programs:			
3321 Emotionally Handicapped	142,780	145,821	3,041
3322 Educable Mentally Handicapped	146,860	160,286	13,426
3323 Learning Disabilities	3,243,195	3,345,283	102,088
3324 Hearing Handicapped	100,120	105,982	5,862
3325 Visually Handicapped	91,346	94,400	3,054
3326 Orthopedically Handicapped	64,698	65,488	790
3327 Vocational	4,156,653	4,171,790	15,137
3330 Miscellaneous EFA Programs:			
3331 Autism	364,922	384,471	19,549
3332 High Achieving Students	373,850	386,560	12,710
3334 Limited English Proficiency	243,771	253,391	9,620
3351 Academic Assistance	867,538	426,950	(440,588)
3352 Pupils in Poverty	2,852,871	2,883,620	30,749
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)	8,719,477	8,732,932	13,455
3830 Merchant's Inventory Tax	185,886	185,886	-
3840 Manufacturers Depreciation Reimbursement	100,000	207,509	107,509
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	233,640	258,174	24,534

**LANCASTER COUNTY SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
3900 Other State Revenue:			
3999 Revenue From Other State Sources	15,000	40,483	25,483
<b>Total State Sources</b>	<b>58,094,831</b>	<b>58,732,571</b>	<b>637,740</b>
<b>Total Revenues All Sources</b>	<b>\$ 85,903,669</b>	<b>\$ 87,668,256</b>	<b>\$ 1,764,587</b>
<b>Expenditures</b>			
<b>100 Instruction</b>			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	2,541,967	2,513,615	28,352
200 Employee Benefits	1,060,044	1,015,212	44,832
400 Supplies and Materials	36,339	29,032	7,307
112 Primary Programs:			
100 Salaries	6,513,775	6,486,465	27,310
200 Employee Benefits	2,311,458	2,330,983	(19,525)
300 Purchased Services	6,065	6,065	-
400 Supplies and Materials	89,111	86,858	2,253
113 Elementary Programs:			
100 Salaries	11,701,342	11,585,891	115,451
200 Employee Benefits	4,719,479	4,227,254	492,225
300 Purchased Services	177,112	152,064	25,048
400 Supplies and Materials	251,448	245,781	5,667
600 Other Objects	125	125	-
114 High School Programs:			
100 Salaries	8,793,750	8,765,795	27,955
200 Employee Benefits	3,244,326	3,240,722	3,604
300 Purchased Services	77,524	57,921	19,603
400 Supplies and Materials	139,817	124,369	15,448
500 Capital Outlay	2,126	1,274	852
115 Career and Technology Education Programs:			
100 Salaries	1,940,701	1,916,495	24,206
200 Employee Benefits	686,968	684,939	2,029
300 Purchased Services - Other Than Tuition	6,395	5,307	1,088
400 Supplies and Materials	106,744	101,618	5,126
500 Capital Outlay	991	-	991
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	679,311	683,075	(3,764)
200 Employee Benefits	259,375	253,666	5,709
300 Purchased Services	-	3,312	(3,312)
400 Supplies and Materials	1,884	1,762	122
122 Trainable Mentally Handicapped:			
100 Salaries	676,528	668,316	8,212
200 Employee Benefits	255,567	243,246	12,321
300 Purchased Services	-	300	(300)
400 Supplies and Materials	47	-	47
123 Orthopedically Handicapped:			
100 Salaries	107,041	108,049	(1,008)
200 Employee Benefits	32,155	31,141	1,014
124 Visually Handicapped:			
100 Salaries	33,471	31,526	1,945
200 Employee Benefits	4,718	4,718	-
300 Purchased Services	84,608	76,052	8,556
125 Hearing Handicapped:			
100 Salaries	121,319	142,403	(21,084)
200 Employee Benefits	51,256	51,256	-
300 Purchased Services	-	204	(204)
126 Speech Handicapped:			
100 Salaries	632,326	648,839	(16,513)
200 Employee Benefits	219,311	218,342	969
300 Purchased Services	20,196	35,034	(14,838)

**LANCASTER COUNTY SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
400 Supplies and Materials	1,005	960	45
127 Learning Disabilities:			
100 Salaries	2,766,118	2,766,632	(514)
200 Employee Benefits	940,125	925,488	14,637
400 Supplies and Materials	3,055	2,779	276
128 Emotionally Handicapped:			
100 Salaries	292,590	309,272	(16,682)
200 Employee Benefits	121,150	120,695	455
400 Supplies and Materials	450	425	25
130 Pre-School Programs			
133 Pre-School Handicapped-Self-Contained (5 year olds):			
100 Salaries	-	14,694	(14,694)
200 Employee Benefits	-	2,909	(2,909)
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
100 Salaries	156,376	160,738	(4,362)
200 Employee Benefits	42,794	42,758	36
139 Early Childhood Programs:			
100 Salaries	33,650	32,381	1,269
200 Employee Benefits	15,226	13,890	1,336
300 Purchased Services	-	101	(101)
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	253,865	254,798	(933)
200 Employee Benefits	82,528	82,301	227
400 Supplies and Materials	10,843	8,220	2,623
600 Other Objects	1,169	1,100	69
143 Advanced Placement:			
400 Supplies and Materials	2,586	1,923	663
145 Homebound:			
100 Salaries	85,000	92,489	(7,489)
200 Employee Benefits	20,506	20,505	1
300 Purchased Services	16,300	15,076	1,224
147 CDEP:			
100 Salaries	279,150	235,219	43,931
200 Employee Benefits	74,358	74,202	156
148 Gifted and Talented - Artistic:			
100 Salaries	225	225	-
200 Employee Benefits	53	48	5
300 Purchased Services	40,170	39,294	876
400 Supplies and Materials	675	293	382
160 Other Exceptional Programs			
161 Autism:			
100 Salaries	196,555	258,446	(61,891)
200 Employee Benefits	65,105	62,988	2,117
162 Limited English Proficiency:			
100 Salaries	281,300	286,694	(5,394)
200 Employee Benefits	114,801	103,829	10,972
180 Adult/Continuing Educational Programs			
188 Parenting/Family Literacy:			
100 Salaries	67,837	67,799	38
200 Employee Benefits	27,606	27,298	308
190 Instructional Pupil Activity:			
100 Salaries (optional)	5,113	5,083	30
200 Employee Benefits (optional)	1,211	1,207	4
<b>Total Instruction</b>	<b>53,586,215</b>	<b>52,811,785</b>	<b>774,430</b>

**LANCASTER COUNTY SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>200 Support Services</b>			
210 Pupil Services			
211 Attendance and Social Work Services:			
100 Salaries	72,808	72,858	(50)
200 Employee Benefits	25,272	23,974	1,298
300 Purchased Services	6,199	6,179	20
400 Supplies and Materials	1,350	1,854	(504)
212 Guidance Services:			
100 Salaries	1,978,212	1,943,350	34,862
200 Employee Benefits	700,357	668,589	31,768
300 Purchased Services	6,387	4,415	1,972
400 Supplies and Materials	14,552	12,186	2,366
500 Capital Outlay	500	-	500
600 Other Objects	1,562	1,437	125
213 Health Services:			
100 Salaries	468,346	528,357	(60,011)
200 Employee Benefits	232,919	225,620	7,299
300 Purchased Services	331,352	279,857	51,495
400 Supplies and Materials	18,369	12,387	5,982
214 Psychological Services:			
100 Salaries	202,664	189,962	12,702
200 Employee Benefits	63,397	59,583	3,814
300 Purchased Services	312	359	(47)
217 Career Specialist Services:			
100 Salaries	14,313	24,483	(10,170)
200 Employee Benefits	11,066	10,990	76
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development:			
100 Salaries	363,122	363,119	3
200 Employee Benefits	116,363	107,180	9,183
300 Purchased Services	21,830	14,096	7,734
400 Supplies and Materials	177,306	171,975	5,331
500 Capital Outlay	2,028	2,027	1
600 Other Objects	1,515	967	548
222 Library and Media Services:			
100 Salaries	1,620,458	1,619,917	541
200 Employee Benefits	629,477	611,259	18,218
300 Purchased Services	1,133	303	830
400 Supplies and Materials	72,968	69,590	3,378
500 Capital Outlay	200	162	38
223 Supervision of Special Programs:			
100 Salaries	499,431	610,199	(110,768)
200 Employee Benefits	231,807	233,254	(1,447)
300 Purchased Services	26,706	22,497	4,209
600 Other Objects	40	40	-
224 Improvement of Instruction Inservice and Staff Training:			
100 Salaries	241,783	222,081	19,702
200 Employee Benefits	90,221	80,938	9,283
300 Purchased Services	26,695	15,096	11,599
400 Supplies and Materials	500	330	170
230 General Administration Services			
231 Board of Education:			
100 Salaries	35,000	30,330	4,670
140 Terminal Leave	5,000	-	5,000
200 Employee Benefits	581,576	428,359	153,217
300 Purchased Services	126,144	121,552	4,592
318 Audit Services	40,260	40,250	10
400 Supplies and Materials	6,721	7,198	(477)
600 Other Objects	31,450	31,193	257



**LANCASTER COUNTY SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
232 Office of the Superintendent:			
100 Salaries	342,518	346,023	(3,505)
140 Terminal Leave	-	1,857	(1,857)
200 Employee Benefits	110,175	105,753	4,422
300 Purchased Services	16,375	7,255	9,120
400 Supplies and Materials	41,843	40,563	1,280
500 Capital Outlay	3,095	3,094	1
600 Other Objects	4,300	4,356	(56)
233 School Administration:			
100 Salaries	5,939,413	5,805,894	133,519
200 Employee Benefits	2,068,559	2,047,819	20,740
300 Purchased Services	59,789	51,021	8,768
400 Supplies and Materials	60,254	56,327	3,927
500 Capital Outlay	500	358	142
600 Other Objects	16,642	14,891	1,751
250 Finance and Operations Services			
252 Fiscal Services:			
100 Salaries	650,522	608,434	42,088
200 Employee Benefits	274,622	234,804	39,818
300 Purchased Services	29,495	24,146	5,349
400 Supplies and Materials	12,440	9,491	2,949
500 Capital Outlay	2,340	1,491	849
600 Other Objects	3,905	2,759	1,146
254 Operation and Maintenance of Plant:			
100 Salaries	1,245,105	1,195,590	49,515
200 Employee Benefits	510,475	472,018	38,457
300 Purchased Services	4,360,573	4,059,091	301,482
321 Public Utilities (Excludes gas, oil, elec. & other heating fuels)	451,345	443,795	7,550
400 Supplies and Materials	572,714	686,737	(114,023)
470 Energy (Include gas, oil, elec. & other heating fuels)	2,738,625	2,691,382	47,243
500 Capital Outlay	21,694	28,960	(7,266)
255 Student Transportation (State Mandated):			
100 Salaries	1,572,981	1,616,137	(43,156)
200 Employee Benefits	651,359	571,087	80,272
300 Purchased Services	54,029	48,910	5,119
400 Supplies and Materials	17,304	12,280	5,024
500 Capital Outlay	2,161	1,509	652
600 Other Objects	3,000	1,509	1,491
256 Food Service:			
200 Employee Benefits	350,371	447,067	(96,696)
257 Internal Services:			
100 Salaries	235,882	225,707	10,175
200 Employee Benefits	80,583	79,284	1,299
300 Purchased Services	12,485	11,151	1,334
400 Supplies and Materials	3,150	1,975	1,175
600 Other Objects	700	700	-
258 Security:			
100 Salaries	149,173	140,720	8,453
200 Employee Benefits	42,558	41,403	1,155
300 Purchased Services	408,268	326,547	81,721
400 Supplies and Materials	5,850	3,457	2,393
600 Other Objects	27,250	23,754	3,496
260 Central Support Services			
262 Planning:			
100 Salaries	95,826	97,826	(2,000)
200 Employee Benefits	30,036	29,636	400
300 Purchased Services	60,975	36,281	24,694
400 Supplies and Materials	24,420	28,709	(4,289)
500 Capital Outlay	1,200	-	1,200
600 Other Objects	18,078	16,275	1,803

**LANCASTER COUNTY SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
263 Information Services:			
100 Salaries	96,536	96,536	-
200 Employee Benefits	29,822	29,494	328
300 Purchased Services	35,354	64,512	(29,158)
400 Supplies and Materials	6,065	5,117	948
600 Other Objects	260	535	(275)
264 Staff Services:			
100 Salaries	314,582	318,322	(3,740)
200 Employee Benefits	106,810	105,899	911
300 Purchased Services	40,876	28,677	12,199
400 Supplies and Materials	11,160	10,456	704
600 Other Objects	22,000	13,468	8,532
266 Technology and Data Processing Services:			
100 Salaries	512,804	476,014	36,790
200 Employee Benefits	174,620	172,644	1,976
300 Purchased Services	487,626	477,197	10,429
400 Supplies and Materials	160,609	162,558	(1,949)
500 Capital Outlay	36,600	35,822	778
270 Support Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries (optional)	1,013,452	918,413	95,039
200 Employee Benefits (optional)	208,314	191,445	16,869
300 Purchased Services (optional)	9,148	9,148	-
600 Other Objects (optional)	-	-	-
660 Pupil Activity	83,000	83,000	-
<b>Total Support Services</b>	<b>35,834,266</b>	<b>34,775,442</b>	<b>1,058,824</b>
<b>400 Other Charges:</b>			
<b>410 Intergovernmental Expenditures</b>			
411 Payments to the South Carolina Department of Education			
720 Transits	153,181	219,475	(66,294)
412 Payments to Other Governmental Units			
720 Transits	25,000	23,669	1,331
416 LEA Payments to Public Charter Schools			
720 Transits	660,859	660,859	-
<b>Total Intergovernmental Expenditures</b>	<b>839,040</b>	<b>904,003</b>	<b>(64,963)</b>
<b>Total Expenditures</b>	<b>\$ 90,259,521</b>	<b>\$ 88,491,230</b>	<b>\$ 1,768,291</b>
<b>Other Financing Sources (Uses)</b>			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	2,124,484	2,137,183	12,699
5280 Transfer from Other Funds Indirect Costs	485,000	570,312	85,312
426-710 Transfer to Pupil Activity Fund	(250,037)	(247,537)	2,500
<b>Total Other Financing Sources (Uses)</b>	<b>2,359,447</b>	<b>2,459,958</b>	<b>100,511</b>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<b>\$ (1,996,405)</b>	<b>\$ 1,636,984</b>	<b>\$ 3,633,389</b>
<b>Fund Balance, Beginning of Year</b>		<b>20,762,415</b>	
<b>Fund Balance, End of Year</b>		<b>\$ 22,399,399</b>	

## **SPECIAL REVENUE FUND**

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

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

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

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

**LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE FUND - SPECIAL PROJECTS  
BALANCE SHEET  
JUNE 30, 2016**

**Assets**

Due From Federal Government	\$ 2,280,527
Other Receivables	<u>204,084</u>

<b>Total Assets</b>	<b><u>\$ 2,484,611</u></b>
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**Liabilities & Fund Balances**

**Liabilities**

Due To Other Funds	1,937,775
Due to Federal Government	3,312
Unearned Revenue	<u>543,524</u>

<b>Total Liabilities</b>	<b><u>2,484,611</u></b>
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**Fund Balances**

Restricted	<u>-</u>
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<b>Total Fund Balances</b>	<b><u>-</u></b>
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<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 2,484,611</u></b>
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LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS (INCLUDES PUBLIC CHARTER SCHOOL)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

	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 STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
<b>Revenues</b>								
<b>1000 Revenue from Local Sources</b>								
1300 Tuition								
1330 From Patrons for Adult/Continuing Ed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,159	\$ 18,159
1900 Other Revenue from Local Sources:								
1910 Rentals	-	-	-	-	-	-	10,641	10,641
1920 Contributions & Donations Private Sources	-	-	-	-	-	250	597,390	597,640
1990 Miscellaneous Local Revenue:								
1999 Revenue from Other Local Sources	-	-	-	-	-	-	294,876	294,876
<b>Total Local Sources</b>	-	-	-	-	-	250	921,066	921,316
<b>2000 Intergovernmental Revenue:</b>								
2100 Payments from Other Governmental Units	-	-	-	-	-	-	660,859	660,859
<b>Total Intergovernmental Revenues</b>	-	-	-	-	-	-	660,859	660,859
<b>3000 Revenue from State Sources</b>								
3100 Restricted State Funding:								
3113 12-Month Agriculture Program	-	-	-	-	-	-	26,997	26,997
3118 EEDA Career Specialists	-	-	-	-	-	377,176	-	377,176
3127 Student Health and Fitness - PE Teachers	-	-	-	-	-	93,125	-	93,125
3130 Special Programs:								
3135 Reading Coaches	-	-	-	-	-	690,030	-	690,030
3136 Student Health and Fitness - Nurses	-	-	-	-	-	324,807	-	324,807
3155 DDS SNAP & E&T Program	-	-	-	-	-	19,473	-	19,473
3177 Summer Reading Camp	-	-	-	-	-	87,538	-	87,538
3193 Education License Plates	-	-	-	-	-	2,121	-	2,121
3194 Digital Instruction Materials	-	-	-	-	-	164,495	-	164,495
3198 Technology Professional Development	-	-	-	-	-	36,477	-	36,477
3600 Education Lottery								
3607 6-8 Enhancement	-	-	-	-	-	43,544	-	43,544
3610 K-5 Enhancement	-	-	-	-	-	131,304	-	131,304
3630 K-12 Technology Initiative	-	-	-	-	-	168,115	-	168,115
3900 Other State Revenue:								
3999 Revenue From Other State Sources	-	-	-	-	-	-	214,803	214,803
<b>Total State Sources</b>	-	-	-	-	-	2,138,205	241,800	2,380,005

LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS (INCLUDES PUBLIC CHARTER SCHOOL)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

**4000 Revenue from Federal Sources**

	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
4200 Occupational Education:								
4210 Perkins Aid, Title I	-	-	-	149,771	-	-	-	149,771
4300 Elementary and Secondary Education Act of 1965 (ESEA):								
4310 Title I, Basic State Grant Programs (Carryover Provision)	3,022,947	-	-	-	-	-	84,454	3,107,401
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-	-	-	-	56,713	56,713
4351 Improving Teacher Quality (Carryover Provision)	-	-	-	-	-	-	392,517	392,517
4400 Adult Education:								
4410 Basic, Adult Education	-	-	-	-	104,376	-	-	104,376
4430 State Literacy Resource	-	-	-	-	96	-	-	96
4500 Programs for Children with Disabilities								
4510 Individuals With Disabilities Education Act (IDEA) (Carryover Provision)	-	2,356,561	-	-	-	-	7,678	2,364,239
4520 Preschool Grants (Carryover Provision)	-	-	94,196	-	-	-	-	94,196
4800 USDA Reimbursement:								
4870 School Food Service (Equipment)	-	-	-	-	-	-	20,528	20,528
4900 Other Federal Sources:								
4924 21st Century Community Learning Centers Program, (Title IV, 21st Century Schools)	-	-	-	-	-	-	272,421	272,421
4990 Other Federal Revenue:								
4999 Revenue from Other Federal Sources	-	-	-	-	-	-	3,139,147	3,139,147
<b>Total Federal Sources</b>	<b>3,022,947</b>	<b>2,356,561</b>	<b>94,196</b>	<b>149,771</b>	<b>104,472</b>	<b>-</b>	<b>3,973,458</b>	<b>9,701,405</b>
<b>Total Revenues All Sources</b>	<b>\$ 3,022,947</b>	<b>\$ 2,356,561</b>	<b>\$ 94,196</b>	<b>\$ 149,771</b>	<b>\$ 104,472</b>	<b>\$ 2,138,455</b>	<b>\$ 5,797,183</b>	<b>\$ 13,663,585</b>

**Expenditures**

**100 Instruction**

110 General Instruction								
111 Kindergarten Programs:								
100 Salaries	-	-	-	-	-	-	57,759	57,759
200 Employee Benefits	-	-	-	-	-	-	24,721	24,721
400 Supplies and Materials	-	-	-	-	-	543	-	543
112 Primary Programs:								
100 Salaries	1,316,131	-	-	-	-	26,031	443,400	1,785,562
200 Employee Benefits	519,544	-	-	-	-	9,201	159,021	687,766
300 Purchased Services	15,748	-	-	-	-	28,000	33,856	77,604
400 Supplies and Materials	65,306	-	-	-	-	883	59,713	125,902
500 Capital Outlay	1,662	-	-	-	-	-	-	1,662
113 Elementary Programs:								
100 Salaries	350,764	-	-	-	-	43,228	77,375	471,367
200 Employee Benefits	154,402	-	-	-	-	14,664	30,347	199,413
300 Purchased Services	10,837	-	-	-	-	8,486	54,796	74,119
400 Supplies and Materials	131,702	-	-	-	-	55,710	39,060	226,472
500 Capital Outlay	-	-	-	-	-	53,585	-	53,585

LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS (INCLUDES PUBLIC CHARTER SCHOOL)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

	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 (209s/800s)	TOTAL
114 High School Programs:								
100 Salaries	-	-	-	-	-	-	286,751	286,751
200 Employee Benefits	-	-	-	-	-	-	1,555	1,555
300 Purchased Services	-	-	-	-	-	-	1,644	1,644
400 Supplies and Materials	-	-	-	-	-	-	10,364	10,364
500 Capital Outlay	-	-	-	-	-	98,580	-	98,580
115 Career and Technology Education Programs:								
100 Salaries	-	-	-	-	-	-	26,997	26,997
300 Purchased Services - Other Than Tuition	-	-	-	21,148	-	-	-	21,148
400 Supplies and Materials	-	-	-	61,435	-	-	-	61,435
500 Capital Outlay	-	-	-	17,519	-	-	-	17,519
120 Exceptional Programs								
121 Educable Mentally Handicapped:								
100 Salaries	-	360,412	-	-	-	-	-	360,412
200 Employee Benefits	-	160,943	-	-	-	-	-	160,943
300 Purchased Services	-	357	-	-	-	-	-	357
400 Supplies and Materials	-	2,348	-	-	-	-	-	2,348
500 Capital Outlay	-	10,265	-	-	-	-	-	10,265
122 Trainable Mentally Handicapped:								
100 Salaries	-	118,052	-	-	-	-	-	118,052
200 Employee Benefits	-	53,441	-	-	-	-	-	53,441
400 Supplies and Materials	-	3,903	-	-	-	-	-	3,903
124 Visually Handicapped:								
300 Purchased Services	-	238	-	-	-	-	3,000	3,238
400 Supplies and Materials	-	279	-	-	-	-	-	279
126 Speech Handicapped:								
100 Salaries	-	123,105	-	-	-	-	324	123,429
200 Employee Benefits	-	51,034	-	-	-	-	79	51,113
300 Purchased Services	-	3,104	-	-	-	-	90	3,194
400 Supplies and Materials	-	14,487	-	-	-	-	-	14,487
600 Other Objects	-	2,500	-	-	-	-	-	2,500
127 Learning Disabilities:								
100 Salaries	-	375,128	-	-	-	-	1,489	376,617
200 Employee Benefits	-	167,149	-	-	-	-	360	167,509
300 Purchased Services	-	-	-	-	-	-	218	218
128 Emotionally Handicapped:								
100 Salaries	-	56,511	-	-	-	-	-	56,511
200 Employee Benefits	-	17,507	-	-	-	-	-	17,507
300 Purchased Services	-	26,261	-	-	-	-	-	26,261
129 Coordinated Early Intervening Services (CEIS)::								
100 Salaries	-	20,930	-	-	-	-	-	20,930
200 Employee Benefits	-	5,041	-	-	-	-	-	5,041
130 Pre-School Programs								
133 Pre-School Handicapped-Self-Contained (5 year olds):								
100 Salaries	-	2,961	16,406	-	-	-	-	19,367
200 Employee Benefits	-	700	8,874	-	-	-	-	9,574

LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS (INCLUDES PUBLIC CHARTER SCHOOL)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

	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
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):								
100 Salaries	-	17,168	46,488	-	-	-	-	63,656
200 Employee Benefits	-	6,719	19,249	-	-	-	-	25,968
139 Early Childhood Programs:								
100 Salaries	-	-	-	-	-	-	492,405	492,405
200 Employee Benefits	-	-	-	-	-	-	195,947	195,947
300 Purchased Services	-	-	-	-	-	-	196,039	196,039
400 Supplies and Materials	-	-	-	-	-	-	86,755	86,755
500 Capital Outlay	-	-	-	-	-	-	111,454	111,454
140 Special Programs								
145 Homebound:								
300 Purchased Services	-	10,673	-	-	-	-	-	10,673
160 Other Exceptional Programs								
161 Autism:								
100 Salaries	-	3,360	-	-	-	-	105	3,465
200 Employee Benefits	-	802	-	-	-	-	26	828
300 Purchased Services	-	-	-	-	-	-	432	432
170 Summer School Program								
171 Primary Summer School:								
100 Salaries	-	-	-	-	-	-	12,728	12,728
200 Employee Benefits	-	-	-	-	-	-	3,123	3,123
172 Elementary Summer School:								
100 Salaries	-	-	-	-	-	53,680	7,328	61,008
200 Employee Benefits	-	-	-	-	-	13,148	1,762	14,910
400 Supplies and Materials	-	-	-	-	-	12,462	13,992	26,454
175 Instructional Programs Beyond Regular School Day:								
100 Salaries	-	-	-	-	-	-	197,284	197,284
200 Employee Benefits	-	-	-	-	-	-	43,692	43,692
300 Purchased Services	-	-	-	-	-	-	1,000	1,000
400 Supplies and Materials	-	-	-	-	-	-	34,113	34,113
180 Adult/Continuing Educational Programs								
181 Adult Basic Education Programs:								
100 Salaries	-	-	-	-	45,635	-	-	45,635
200 Employee Benefits	-	-	-	-	10,969	-	-	10,969
400 Supplies and Materials	-	-	-	-	-	-	407	407
182 Adult Secondary Education Programs:								
100 Salaries	-	-	-	-	22,119	9,974	27,655	59,748
200 Employee Benefits	-	-	-	-	5,174	2,994	7,200	15,368
300 Purchased Services	-	-	-	-	-	-	3,493	3,493
400 Supplies and Materials	-	-	-	-	-	-	16,867	16,867
500 Capital Outlay	-	-	-	-	-	-	12,938	12,938



LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS (INCLUDES PUBLIC CHARTER SCHOOL)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

	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 STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
183 Adult English Literacy (ESL):								
100 Salaries	-	-	-	-	9,969	1,881	-	11,850
200 Employee Benefits	-	-	-	-	2,693	-	-	2,693
400 Supplies and Materials	-	-	-	-	-	-	1,725	1,725
188 Parenting/Family Literacy:								
100 Salaries	122,175	-	-	-	-	-	83,412	205,587
200 Employee Benefits	56,024	-	-	-	-	-	27,702	83,726
300 Purchased Services	-	-	-	-	-	-	114	114
400 Supplies and Materials	-	-	-	-	-	-	3,613	3,613
<b>Total Instruction</b>	<b>2,744,295</b>	<b>1,615,378</b>	<b>91,017</b>	<b>100,102</b>	<b>96,559</b>	<b>433,050</b>	<b>2,896,230</b>	<b>7,976,631</b>
<b>200 Support Services</b>								
210 Pupil Services								
213 Health Services:								
100 Salaries	-	-	-	-	-	233,444	-	233,444
200 Employee Benefits	-	-	-	-	-	94,481	-	94,481
300 Purchased Services	-	22,770	-	-	-	-	1,556	24,326
400 Supplies and Materials	-	4,741	-	-	-	-	-	4,741
214 Psychological Services:								
100 Salaries	-	401,867	-	-	-	-	-	401,867
200 Employee Benefits	-	138,945	-	-	-	-	-	138,945
300 Purchased Services	-	5,705	-	-	-	-	-	5,705
400 Supplies and Materials	-	12,571	-	-	-	-	-	12,571
600 Other Objects	-	751	-	-	-	-	-	751
217 Career Specialist Services:								
100 Salaries	-	-	-	-	-	278,377	-	278,377
200 Employee Benefits	-	-	-	-	-	98,799	-	98,799
220 Instructional Staff Services								
221 Improvement of Instruction Curriculum Development:								
100 Salaries	-	-	-	-	-	4,800	-	4,800
200 Employee Benefits	-	-	-	-	-	1,178	-	1,178
300 Purchased Services	-	-	-	-	-	-	14,466	14,466
400 Supplies and Materials	197	-	-	-	-	-	-	197
500 Capital Outlay	-	-	-	-	-	-	3,014	3,014
222 Library and Media Services:								
400 Supplies and Materials	-	-	-	-	-	-	724	724
223 Supervision of Special Programs:								
100 Salaries	92,653	-	-	7,243	3,533	-	464,714	568,143
200 Employee Benefits	31,507	-	-	1,741	867	4,624	172,502	211,241
300 Purchased Services	3,510	3,934	-	23,869	-	-	366,328	397,641
400 Supplies and Materials	-	22,691	-	2,896	-	-	37,084	62,671
600 Other Objects	-	659	-	-	-	-	176	835

LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS (INCLUDES PUBLIC CHARTER SCHOOL)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

	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 STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (209s/800s)	TOTAL
224 Improvement of Instruction Inservice and Staff Training:								
100 Salaries	28,461	-	-	-	-	513,040	50,417	591,918
200 Employee Benefits	12,016	-	-	-	-	179,979	21,255	213,250
300 Purchased Services	3,250	-	-	12,753	-	113,307	46,834	176,144
400 Supplies and Materials	9,891	-	-	-	-	1,306	17,980	29,177
230 General Administration Services								
233 School Administration:								
100 Salaries	-	-	-	-	-	-	78,475	78,475
200 Employee Benefits	-	-	-	-	-	-	28,807	28,807
300 Purchased Services	-	-	-	-	-	-	6,000	6,000
400 Supplies and Materials	-	-	-	-	-	-	8,266	8,266
250 Finance and Operations Services								
251 Student Transportation (Federal/District Mandated):								
100 Salaries	-	34,897	-	983	-	-	30,695	66,575
200 Employee Benefits	-	14,950	-	184	-	-	4,518	19,652
300 Purchased Services	-	496	-	-	-	-	40,793	41,289
253 Facilities Acquisition and Construction:								
530 Improvements Other Than Buildings	-	-	-	-	-	-	891	891
254 Operation and Maintenance of Plant:								
100 Salaries	-	-	-	-	-	-	743	743
200 Employee Benefits	-	-	-	-	-	-	178	178
300 Purchased Services	-	-	-	-	-	-	14,189	14,189
400 Supplies and Materials	-	-	-	-	-	-	17,924	17,924
470 Energy (Include gas, oil, elec. & other heating fuels)	-	-	-	-	-	-	9,073	9,073
500 Capital Outlay	-	-	-	-	-	-	6,038	6,038
255 Student Transportation (State Mandated):								
100 Salaries	-	-	-	-	-	12,099	119,191	131,290
200 Employee Benefits	-	-	-	-	-	1,661	11,188	12,849
300 Purchased Services	-	37	-	-	-	196	17,532	17,765
256 Food Service:								
100 Salaries	-	-	-	-	-	-	1,077	1,077
200 Employee Benefits	-	-	-	-	-	-	152	152
500 Capital Outlay	-	-	-	-	-	-	20,528	20,528
260 Central Support Services								
266 Technology and Data Processing Services:								
300 Purchased Services	-	-	-	-	-	32,731	10,953	43,684
400 Supplies and Materials	-	-	-	-	-	83,453	-	83,453
500 Capital Outlay	-	-	-	-	-	51,930	-	51,930
<b>Total Support Services</b>	<b>181,485</b>	<b>665,014</b>	<b>-</b>	<b>49,669</b>	<b>4,400</b>	<b>1,705,405</b>	<b>1,624,261</b>	<b>4,230,234</b>

LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS (INCLUDES PUBLIC CHARTER SCHOOL)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016

	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
<b>300 Community Services</b>								
350 Custody and Care of Children Services:								
100 Salaries	-	-	-	-	-	-	356,915	356,915
200 Employee Benefits	-	-	-	-	-	-	138,730	138,730
300 Purchased Services	-	-	-	-	-	-	91,131	91,131
400 Supplies and Materials	-	-	-	-	-	-	57,399	57,399
500 Capital Outlay	-	-	-	-	-	-	7,137	7,137
390 Other Community Services:								
100 Salaries	-	-	-	-	-	-	413,672	413,672
200 Employee Benefits	-	-	-	-	-	-	141,434	141,434
<b>Total Community Services</b>	-	-	-	-	-	-	1,206,418	1,206,418
<b>Total Expenditures</b>	\$ 2,925,780	\$ 2,280,392	\$ 91,017	\$ 149,771	\$ 100,959	\$ 2,138,455	\$ 5,726,909	\$ 13,413,283
<b>Other Financing Sources (Uses)</b>								
Interfund Transfers, From (To) Other Funds:								
5220 Transfer from Special Revenue Fund (Excludes Indirect Cost)	-	-	-	-	-	-	792,392	792,392
421-710 Transfer to Special Revenue Fund	-	-	-	-	-	-	(792,392)	(792,392)
431-791 Special Revenue Fund Indirect Costs	(97,167)	(76,169)	(3,179)	-	(3,513)	-	(70,274)	(250,302)
<b>Total Other Financing Sources (Uses)</b>	(97,167)	(76,169)	(3,179)	-	(3,513)	-	(70,274)	(250,302)
<b>Excess/Deficiency of Revenues over Expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance, Beginning of Year</b>	-	-	-	-	-	-	-	-
<b>Fund Balance, End of Year</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS  
SUMMARY SCHEDULE OF DESIGNATED STATE RESTRICTED GRANTS  
FOR THE YEAR ENDED JUNE 30, 2016

District Subfund Code	District Revenue Code	Program	Revenues	Expenditures	Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	Unearned Revenue
928	3118	EEDA Career Specialists	\$ 377,176	\$ 377,176	\$ -	\$ -	\$ -
937	3127	Student Health and Fitness - PE Teachers	93,125	93,125	-	-	1,704
935	3135	Reading Coaches	690,030	690,030	-	-	-
936	3136	Student Health and Fitness - Nurses	324,807	324,807	-	-	-
955	3155	DSS SNAP & E&T Program	19,473	19,473	-	-	6,672
926	3177	Summer Reading Camp	87,538	87,538	-	-	56,747
919	3193	Education License Plates	2,121	2,121	-	-	1,667
914	3194	Digital Instruction Materials	164,495	164,495	-	-	-
918	3198	Technology Professional Development	36,477	36,477	-	-	-
967	3607	Education Lottery - 6-8 Enhancement	43,544	43,544	-	-	-
960	3610	Education Lottery - K-5 Enhancement	131,304	131,304	-	-	-
963	3630	K-12 Technology Initiative	168,115	168,115	-	-	305,698
			<u>\$ 2,138,205</u>	<u>\$ 2,138,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,488</u>

**LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
BALANCE SHEET  
JUNE 30, 2016**

**Assets**

Due From Other Funds	\$ 531,784
Due From State Government	68,666
Other Receivables	<u>402</u>
<b>Total Assets</b>	<u><u>\$ 600,852</u></u>

**Liabilities & Fund Balances**

**Liabilities**

Due To State Government	25,859
Unearned Revenue	<u>574,993</u>
<b>Total Liabilities</b>	<u>600,852</u>

**Fund Balances**

Restricted	<u>-</u>
<b>Total Fund Balances</b>	<u>-</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u><u>\$ 600,852</u></u>

**LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

**Revenues**

**1000 Revenue from Local Sources**

1300 Tuition	
1330 From Patrons for Adult/Continuing Ed	\$ 40

<b>Total Local Sources</b>	<b>40</b>
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**3000 Revenue from State Sources**

3500 Education Improvement Act:	
3502 ADEPT	\$ 9,609
3505 Technology Support	10,000
3509 Arts in Education	60,690
3511 Professional Development	72,442
3512 Technology Professional Development	1,800
3525 Career and Technology Education Equipment	158,217
3526 Refurbishment of K-8 Science Kits	39,519
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	894,882
3533 Teacher of the Year Awards	1,077
3538 Students At Risk of School Failure	1,321,328
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	397,861
3550 Teacher Salary Increase (No Carryover Provision)	1,858,455
3555 School Employer Contributions (No Carryover Provision)	278,728
3556 Adult Education	257,138
3558 Reading	42,973
3571 Technical Assistance - State Priority Schools	314,639
3577 Teacher Supplies (No Carryover Provision)	210,000
3578 High Schools That Work/Making Middle Grades Work	40,532
3592 Work-Based Learning	35,065
3594 EEDA Supplemental Programs	75,677
3595 EEDA - Supplies and Materials - Career Awareness	19,060
3597 Aid to Districts	170,209

<b>Total State Sources</b>	<b>6,269,901</b>
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<b>Total Revenues All Sources</b>	<b>\$ 6,269,941</b>
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**Expenditures**

**100 Instruction**

110 General Instruction

111 Kindergarten Programs:	
100 Salaries	15,000
200 Employee Benefits	3,557

**LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

112 Primary Programs:	
100 Salaries	315,418
200 Employee Benefits	85,867
300 Purchased Services	34,476
400 Supplies and Materials	32,555
500 Capital Outlay	4,535
113 Elementary Programs:	
100 Salaries	304,193
200 Employee Benefits	112,049
300 Purchased Services	8,403
400 Supplies and Materials	300,487
500 Capital Outlay	6,474
600 Other Objects	1,000
114 High School Programs:	
100 Salaries	381,307
200 Employee Benefits	136,757
300 Purchased Services	54,659
400 Supplies and Materials	2,069
500 Capital Outlay	11,000
600 Other objects	800
115 Career and Technology Education Programs:	
100 Salaries	20,132
200 Employee Benefits	4,812
400 Supplies and Materials	29,721
500 Capital Outlay	130,215
120 Exceptional Programs	
121 Educable Mentally Handicapped:	
100 Salaries	18,750
200 Employee Benefits	4,472
122 Trainable Mentally Handicapped:	
100 Salaries	7,500
200 Employee Benefits	1,790
127 Learning Disabilities:	
100 Salaries	30,000
200 Employee Benefits	7,137
130 Pre-School Prgrams	
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):	
100 Salaries	11,250
200 Employee Benefits	2,691
139 Early Childhood Programs:	
100 Salaries	264,170
200 Employee Benefits	121,514
300 Purchased Services	490
400 Supplies and Materials	6,011
140 Special Programs	
147 CDEP:	
200 Employee Benefits	5,675

**LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

160 Other Exceptional Programs	
162 Limited English Proficiency:	
100 Salaries	305,201
200 Employee Benefits	106,212
170 Summer School Program	
172 Elementary Summer School:	
100 Salaries	45,629
200 Employee Benefits	11,150
400 Supplies and Materials	15,132
173 High School Summer School:	
100 Salaries	162
200 Employee Benefits	39
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	2,336
200 Employee Benefits	4,237
180 Adult/Continuing Educational Programs	
181 Adult Basic Education Programs:	
100 Salaries	27,628
200 Employee Benefits	5,650
182 Adult Secondary Education Programs:	
100 Salaries	46,266
200 Employee Benefits	15,142
300 Purchased Services	1,136
400 Supplies and Materials	1,134
188 Parenting/Family Literacy:	
100 Salaries	26,873
200 Employee Benefits	6,505
<b>Total Instruction</b>	<b>3,097,368</b>
<b>200 Support Services</b>	
210 Pupil Services	
211 Attendance and Social Work Services:	
100 Salaries	28,989
200 Employee Benefits	10,092
212 Guidance Services:	
100 Salaries	26,458
200 Employee Benefits	6,237
300 Purchased Services	15,000
400 Supplies and Materials	19,060
213 Health Services:	
100 Salaries	1,069
200 Employee Benefits	261
300 Purchased Services	86,250



**LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

217 Career Specialist Services:	
100 Salaries	11,042
200 Employee Benefits	296
220 Instructional Staff Services	
221 Improvement of Instruction Curriculum Development:	
100 Salaries	152,567
200 Employee Benefits	43,460
300 Purchased Services	7,872
400 Supplies and Materials	1,117
222 Library and Media Services:	
100 Salaries	45,990
200 Employee Benefits	10,775
223 Supervision of Special Programs:	
100 Salaries	170,633
200 Employee Benefits	60,453
300 Purchased Services	21,084
400 Supplies and Materials	7,508
224 Improvement of Instruction Inservice and Staff Training:	
100 Salaries	83,328
200 Employee Benefits	23,821
300 Purchased Services	102,082
400 Supplies and Materials	23,032
600 Other Objects	44,187
230 General Administration Services	
233 School Administration:	
100 Salaries	5,000
200 Employee Benefits	1,181
250 Finance and Operations Services	
251 Student Transportation (Federal/District Mandated)::	
100 Salaries	164
200 Employee Benefits	32
300 Purchased Services	292
255 Student Transportation (State Mandated):	
100 Salaries	12,387
200 Employee Benefits	1,715
300 Purchased Services	1,956
260 Central Support Services	
266 Technology and Data Processing Services:	
400 Supplies and Materials	10,000
<b>Total Support Services</b>	<b>1,035,390</b>
<b>Total Expenditures</b>	<b>\$ 4,132,758</b>

**LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

420-710 Transfer to General Fund (Exclude Indirect Costs)	(2,137,183)
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<b>Total Other Financing Sources (Uses)</b>	(2,137,183)
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<b>Excess/Deficiency of Revenues over Expenditures</b>	\$ -
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<b>Fund Balance, Beginning of Year</b>	-
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<b>Fund Balance, End of Year</b>	\$ -
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LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
SUMMARY SCHEDULE BY PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2016

Program	Revenues	Expenditures	Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 9,609	\$ 9,609	\$ -	\$ -	\$ 6,214
3505 Technology Support	10,000	10,000	-	-	-
3509 Arts in Education	60,690	60,690	-	-	4,116
3511 Professional Development	72,442	72,442	-	-	57,060
3512 Technology Professional Development	1,800	1,800	-	-	64,426
3518 Formative Assessment	-	-	-	-	37,038
3525 Career and Technology Education Equipment	158,217	158,217	-	-	8,494
3526 Refurbishment of K-8 Science Kits	39,519	39,519	-	-	45,857
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	894,882	894,882	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3535 Reading Coaches	-	-	-	-	8,000
3538 Students At Risk of School Failure	1,321,328	1,321,328	-	-	110,931
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	397,861	397,861	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	1,858,455	-	-	(1,858,455)	-
3555 School Employer Contributions (No Carryover Provision)	278,728	-	-	(278,728)	-
3556 Adult Education	257,138	257,138	-	-	9,727
3558 Reading	42,973	42,973	-	-	29,064
3571 Technical Assistance - State Priority Schools	314,639	314,639	-	-	51,223
3577 Teacher Supplies (No Carryover Provision)	210,000	210,000	-	-	-
3578 High Schools That Work/Making Middle Grades Work	40,532	40,532	-	-	35,238
3592 Work-Based Learning	35,065	35,065	-	-	40,572
3594 EEDA Supplemental Programs	75,677	75,677	-	-	-
3595 EEDA - Supplies and Material - Career Awareness	19,060	19,060	-	-	4,133
3597 Aid to Districts	170,209	170,209	-	-	62,900
<b>Total</b>	<b>\$ 6,269,901</b>	<b>\$ 4,132,718</b>	<b>\$ -</b>	<b>\$ (2,137,183)</b>	<b>\$ 574,993</b>

## **DEBT SERVICE FUND**

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

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

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

**LANCASTER COUNTY SCHOOL DISTRICT  
DEBT SERVICE FUND - DISTRICT  
BALANCE SHEET  
JUNE 30, 2016**

**Assets**

Property Tax Receivable, Net	\$ 46,688
Due From County Government	<u>4,136,733</u>

<b>Total Assets</b>	<b><u>\$ 4,183,421</u></b>
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**Liabilities & Fund Balances**

**Fund Balances**

Restricted For Debt Service	<u>4,183,421</u>
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<b>Total Fund Balances</b>	<b><u>4,183,421</u></b>
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<b>Total Liabilities &amp; Fund Balances</b>	<b><u>\$ 4,183,421</u></b>
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**LANCASTER COUNTY SCHOOL DISTRICT  
DEBT SERVICE FUND - DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

**Revenues**

**1000 Revenue from Local Sources**

1100 Taxes Levied/Assessed by the LEA:

1110 Ad Valorem Taxes-Including Delinquent (Independent) \$ 16,122,181

1140 Penalties & Interest on Taxes (Independent) 118,531

1200 Revenue From Local Governmental Units Other Than LEAs

1280 Revenue in Lieu of Taxes (Independent and Dependent) 1,040,205

1500 Earnings on Investments:

1510 Interest on Investments 4,988

**Total Local Sources**

17,285,905

**3000 Revenue from State Sources**

3800 State Revenue in Lieu of Taxes:

3820 Homestead Exemption (Tier 2) 889,447

3830 Merchant's Inventory Tax 12,497

3840 Manufacturers Depreciation Reimbursement 73,565

3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax) 21,371

**Total State Sources**

996,880

**Total Revenues All Sources**

\$ 18,282,785

**Expenditures**

**500 Debt Service**

610 Redemption of Principal 15,535,000

620 Interest 993,990

**Total Debt Service**

16,528,990

**Total Expenditures**

\$ 16,528,990

**Excess/Deficiency of Revenues over Expenditures**

\$ 1,753,795

**Fund Balance, Beginning of Year**

2,429,626

**Fund Balance, End of Year**

\$ 4,183,421

**LANCASTER COUNTY SCHOOL DISTRICT  
DEBT SERVICE FUND - LEAP  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

**Expenditures**

**500 Debt Service**

610 Redemption of Principal	\$ 2,215,000
620 Interest	<u>2,106,231</u>

<b>Total Debt Service</b>	<u>4,321,231</u>
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<b>Total Expenditures</b>	<u><u>\$ 4,321,231</u></u>
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**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

5250 Transfer from School Building Fund Capital Projects Fund	<u>4,321,231</u>
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<b>Total Other Financing Sources (Uses)</b>	<u>4,321,231</u>
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<b>Excess/Deficiency of Revenues over Expenditures</b>	<u><u>\$ -</u></u>
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<b>Fund Balance, Beginning of Year</b>	<u>-</u>
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<b>Fund Balance, End of Year</b>	<u><u>\$ -</u></u>
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## **CAPITAL PROJECTS FUND - SCHOOL BUILDING**

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

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

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



**LANCASTER COUNTY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
BALANCE SHEET  
JUNE 30, 2016**

<b>Assets</b>	
Due From Other Funds	\$ 1,892,001
Due From County Government	8,264,608
Other Receivables	<u>20,000</u>
<b>Total Assets</b>	<u><u>\$ 10,176,609</u></u>
<b>Liabilities &amp; Fund Balances</b>	
<b>Liabilities</b>	
Bonds Payable	1,062,000
Retainage Payable	<u>79,491</u>
<b>Total Liabilities</b>	<u>1,141,491</u>
<b>Fund Balances</b>	
Restricted For Capital Projects	<u>9,035,118</u>
<b>Total Fund Balances</b>	<u>9,035,118</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u><u>\$ 10,176,609</u></u>

**LANCASTER COUNTY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

**Revenues**

**1000 Revenue from Local Sources**

1500 Earnings on Investments:	
1510 Interest on Investments	\$ 48,648
1900 Other Revenue from Local Sources:	
1920 Contributions & Donations Private Sources	671,000
1990 Miscellaneous Local Revenue:	
1993 Receipt of Insurance Proceeds	48,920
1999 Revenue from Other Local Sources	32,628

<b>Total Local Sources</b>	<b>801,196</b>
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<b>Total Revenues All Sources</b>	<b>\$ 801,196</b>
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**Expenditures**

**200 Support Services**

250 Finance and Operations Services	
253 Facilities Acquisition and Construction:	
300 Purchased Services	1,141,909
400 Supplies and Materials	1,066,974
500 Capital Outlay	
520 Construction Services	4,593,714
530 Improvements Other Than Buildings	146,419
540 Equipment	128,826
545 Technology Equipment and Software	1,764,991
550 Vehicles	248,286
580 Mobile Classrooms	6,000

<b>Total Support Services</b>	<b>9,097,119</b>
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**500 Debt Service**

319 Legal Services	55,657
620 Interest	2,464

<b>Total Debt Service</b>	<b>58,121</b>
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<b>Total Expenditures</b>	<b>\$ 9,155,240</b>
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**Other Financing Sources (Uses)**

5110 Premium on Bonds Sold	516,176
5120 Proceeds of General Obligation Bonds	15,545,000

**LANCASTER COUNTY SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2016**

Interfund Transfers, From (To) Other Funds:

5250 Transfer from School Building Fund Capital Projects Fund	1,077,464
423-710 Transfer to Debt Service Fund	(4,321,231)
424-710 Transfer to School Building Fund Capital Projects Fund	<u>(1,077,464)</u>

<b>Total Other Financing Sources (Uses)</b>	<u>11,739,945</u>
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<b>Excess/Deficiency of Revenues over Expenditures</b>	<u><u>\$ 3,385,901</u></u>
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<b>Fund Balance, Beginning of Year</b>	<u>5,649,217</u>
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<b>Fund Balance, End of Year</b>	<u><u>\$ 9,035,118</u></u>
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## **PROPRIETARY FUND - FOOD SERVICE FUND**

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

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

**LANCASTER COUNTY SCHOOL DISTRICT  
PROPRIETARY FUND - FOOD SERVICE  
BALANCE SHEET  
JUNE 30, 2016**

**Assets**

Cash & Cash Equivalents	\$ 1,656,057
Due From Federal Government	31,258
Inventories - Supplies & Materials	94,103
Other Receivables	58
Property, Plant and Equipment, Net	<u>1,092,312</u>

<b>Total Assets</b>	<b><u>\$ 2,873,788</u></b>
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**Deferred Outflows of Resources**

Net Pension Deferred Outflows	83,332
Employer Contributions Subsequent to Measurement Date	<u>190,113</u>

<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 273,445</u></b>
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**Liabilities**

Due To Other Funds	520,609
Unearned Revenue	49,334
Net Pension Liability	<u>3,346,999</u>

<b>Total Liabilities</b>	<b><u>\$ 3,916,942</u></b>
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**Deferred Inflows of Resources**

Net Pension Deferred Inflows	<u>15,369</u>
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<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 15,369</u></b>
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**Fund Balances**

Net Investment in Capital Assets	1,092,312
Unrestricted	<u>(1,877,390)</u>

<b>Total Fund Balances</b>	<b><u>\$ (785,078)</u></b>
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**LANCASTER COUNTY SCHOOL DISTRICT  
 PROPRIETARY FUND - FOOD SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Revenues**

**1000 Revenue from Local Sources**

1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 893,134
1620 Breakfast Sales to Pupils	144,622
1630 Special Sales to Pupils	337,897
1640 Lunch Sales to Adults	88,727
1650 Breakfast Sales to Adults	17,137
1660 Special Sales to Adults	70,555
1900 Other Revenue from Local Sources:	
1990 Miscellaneous Local Revenue:	
1994 Receipt of Legal Settlements	33,100
1999 Revenue from Other Local Sources	14,289

<b>Total Local Sources</b>	<u>1,599,461</u>
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**3000 Revenue from State Sources**

3100 Restricted State Funding:	
3130 Special Programs:	
3140 School Lunch	
3142 Program Aid	435

<b>Total State Sources</b>	<u>435</u>
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**4000 Revenue from Federal Sources**

4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	3,010,633
4830 School Breakfast Program	817,082
4900 Other Federal Sources:	
4990 Other Federal Revenue:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	410,547

<b>Total Federal Sources</b>	<u>4,238,262</u>
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<b>Total Revenues All Sources</b>	<u><u>\$ 5,838,158</u></u>
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**LANCASTER COUNTY SCHOOL DISTRICT  
 PROPRIETARY FUND - FOOD SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Expenditures**

**200 Support Services**

250 Finance and Operations Services

256 Food Service:

100 Salaries	1,861,263
200 Employee Benefits	1,402,766
300 Purchased Services (Excludes gas, oil, electricity, and other heating fuels.)	41,211
400 Supplies and Materials (Includes gas, oil, electricity, and other heating fuels.)	2,987,710
500 Capital Outlay	140,193
600 Other Objects	16,440
	<u>6,449,583</u>

**Total Support Services**

6,449,583

**Total Expenditures**

\$ 6,449,583

**Other Financing Sources (Uses)**

5900 Miscellaneous Sources:

5999 Other Financing Sources	113,677
------------------------------	---------

Interfund Transfers, From (To) Other Funds:

432-791 Food Service Fund Indirect Costs	<u>(320,010)</u>
--	------------------

**Total Other Financing Sources (Uses)**

(206,333)

**Excess/Deficiency of Revenues over Expenditures**

\$ (817,758)

**Fund Balance, Beginning of Year**

32,680

**Fund Balance, End of Year**

\$ (785,078)

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

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

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



**LANCASTER COUNTY SCHOOL DISTRICT  
FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND  
SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2016**

**PUPIL  
ACTIVITY**

**Assets**

Cash & Cash Equivalents	\$ 891,522
Investments	1,014,094
Other Receivables	<u>3,957</u>

<b>Total Assets</b>	<b><u><u>\$ 1,909,573</u></u></b>
---------------------	-----------------------------------

**Liabilities**

Due To School District	487,395
Due to Pupil Activities	<u>1,422,178</u>

<b>Total Liabilities</b>	<b><u><u>\$ 1,909,573</u></u></b>
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**LANCASTER COUNTY SCHOOL DISTRICT  
FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS DUE TO PUPIL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

**Receipts**

**1000 Receipts from Local Sources**

1300 Tuition	
1350 From Patrons for Summer School	\$ 17,605
1500 Earnings on Investments:	
1510 Interest on Investments	5,625
1700 Pupil Activities:	
1710 Admissions	349,771
1720 Bookstore Sales	1,696,085
1730 Pupil Organization Membership Dues and Fees	1,349,246
1740 Student Fees	26,619
1900 Other Receipts from Local Sources:	
1910 Rentals	2,240
1920 Contributions & Donations Private Sources	609,844
1990 Miscellaneous Local Receipts:	
1993 Receipt of Insurance Proceeds	40,976
<b>Total Local Sources</b>	<u>4,098,011</u>

**3000 Receipts from State Sources**

3900 Other State Receipts:	
3999 Receipts From Other State Sources	315
<b>Total State Sources</b>	<u>315</u>

<b>Total Receipts All Sources</b>	<u><u>\$ 4,098,326</u></u>
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**Disbursements**

**100 Instruction**

190 Instructional Pupil Activity:	
100 Salaries (optional)	123,506
200 Employee Benefits (optional)	28,886
400 Supplies and Materials (optional)	1,373
500 Capital Outlay (optional)	28,246
600 Other Objects	
660 Instructional Pupil Activity	1,623,305
<b>Total Instruction</b>	<u>1,805,316</u>

**LANCASTER COUNTY SCHOOL DISTRICT  
FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS DUE TO PUPIL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

**200 Support Services**

270 Support Services Pupil Activity

271 Pupil Services Activities:

100 Salaries (optional)	340,328
200 Employee Benefits (optional)	64,516
300 Purchased Services (optional)	10,360
500 Capital Outlay (optional)	71,952
600 Other Objects (optional)	
660 Pupil Activity	1,866,875

272 Enterprise Activities

600 Other Objects (optional)	
660 Pupil Activity	151,113

273 Trust and Agency Activities

600 Other Objects (optional)	
660 Pupil Activity	523

**Total Support Services**

2,505,667

**300 Community Services**

350 Custody and Care of Children Services:

100 Salaries	22,101
200 Employee Benefits	4,719

**Total Community Services**

26,820

**Total Disbursements**

\$ 4,337,803

**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)	247,537
5270 Transfer from Pupil Activity Fund	730,848
426-710 Transfer to Pupil Activity Fund	(730,848)

**Total Other Financing Sources (Uses)**

247,537

**Excess/Deficiency of Receipts over Disbursements**

\$ 8,060

**Fund Balance, Beginning of Year**

1,414,118

**Fund Balance, End of Year**

\$ 1,422,178

**LANCASTER COUNTY SCHOOL DISTRICT  
FIDUCIARY FUND - PUPIL ACTIVITY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
JUNE 30, 2016**

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
<b>Assets</b>				
Cash & Cash Equivalents	\$ 848,566	\$ 4,348,339	\$ 4,305,384	\$ 891,522
Investments	1,008,470	5,624	-	1,014,094
Other Receivables	12,058	3,957	12,058	3,957
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<u><u>\$ 1,869,094</u></u>	<u><u>\$ 4,357,920</u></u>	<u><u>\$ 4,317,442</u></u>	<u><u>\$ 1,909,573</u></u>
<b>Liabilities</b>				
Due To School District	454,976	4,825,198	4,792,779	487,395
Due to Pupil Activities	1,414,118	4,345,863	4,337,803	1,422,178
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<u><u>\$ 1,869,094</u></u>	<u><u>\$ 9,171,061</u></u>	<u><u>\$ 9,130,582</u></u>	<u><u>\$ 1,909,573</u></u>

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

**LANCASTER COUNTY SCHOOL DISTRICT**  
**DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/ FEDERAL GOVERNMENT**  
**JUNE 30, 2016**

<b>Program</b>	<b>Project/Grant Number</b>	<b>Revenue &amp; Subfund Code</b>	<b>Description</b>	<b>Amount Due to SDE or Federal Government</b>	<b>Status of Amounts Due To Grantors</b>
EEDA Supplemental Programs	FY16	3594 / 394	Unexpended Funds	\$ 25,132.59	Unpaid
Refurbishment of K-8 Science Kits	FY16	3526 / 326	Unexpended Funds	<u>726.00</u>	Unpaid
				<u><u>\$ 25,858.59</u></u>	

**LANCASTER COUNTY SCHOOL DISTRICT  
LOCATION RECONCILIATION SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Location ID</b>	<b>Location Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
10	Brooklyn Springs Elementary	Elementary Schools	School	\$ 3,824,297
12	Discovery School	Other Schools	School	1,565,505
13	Clinton Elementary	Elementary Schools	School	4,243,027
15	Erwin Elementary	Elementary Schools	School	3,594,287
16	Lancaster High School	High Schools	School	14,019,015
19	McDonald Green Elementary	Elementary Schools	School	3,617,960
20	North Elementary	Elementary Schools	School	4,940,433
22	South Middle	Middle Schools	School	4,495,581
23	Southside Early Childhood Center	Other Schools	School	2,575,660
24	Barr Street Learning Center	Other Schools	School	278,573
25	A.R. Rucker	Middle Schools	School	4,398,443
30	Andrew Jackson High	High Schools	School	5,528,745
33	Heath Springs Elementary	Elementary Schools	School	3,285,203
34	Kershaw Elementary	Elementary Schools	School	3,567,364
37	Andrew Jackson Middle	Middle Schools	School	3,483,523
40	Buford Middle	Middle Schools	School	3,890,409
41	Buford Elementary	Elementary Schools	School	4,717,795
43	Buford High	High Schools	School	5,662,153
50	Indian Land High	High Schools	School	6,967,468
51	Indian Land Elementary	Elementary Schools	School	5,315,493
52	Indian Land Middle	Middle Schools	School	7,777,567
53	Harrisburg Elementary School	Elementary Schools	School	5,341,569
OTHER	District Wide	Non-School	Central	43,740,048

**Total Expenditures/Disbursements for All Funds**

**\$ 146,830,118**

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

General Fund (Subfund 100s)	88,491,230
Special Revenue Fund - Special Projects (Subfund 200s, 800s, 900s)	13,413,283
Special Revenue Fund - EIA Fund (Subfund 300s)	4,132,758
Debt Service Fund (Subfund 400s)	20,850,221
Capital Projects Fund (Subfund 500s)	9,155,240
Enterprise Fund - Food Service (Subfund 600s)	6,449,583
Agency Fund - Pupil Activity (Subfund 700s)	4,337,803

**Total Expenditures/Disbursements for All Funds**

**\$ 146,830,118**

**LANCASTER COUNTY SCHOOL DISTRICT  
SPECIAL REVENUE - SPECIAL PROJECTS  
SUBFUND CODE LIST  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>District Subfund Code</b>	<b>Other Special Revenue Programs Program Name</b>	<b>District Subfund Code</b>	<b>Other Special Revenue Programs Program Name</b>
224	21st Century Community Learning Centers Title IV	840	SC Arts Commission - AJ Middle
237	Title I - Focus Schools	841	SC Arts Commission - McDonald Green Elementary
264	Language Instruction for Limited English Proficient and Immigrant Students Title III	842	SC Arts Commission - AJ Middle
267	Title II Improving Teacher Quality	843	SC Arts Commission - McDonald Green Elementary
270	JROTC	844	SC Arts Commission - Heath Springs Elementary
275	Adult Education Local Contributions	845	SC Arts Commission - Heath Springs Elementary
296	Facility Rental Fund	851	Jobs for South Carolina's Graduates
299	12-Month Ag.	859	SIMS: Reading for Workplace Success
801	Discovery School		
802	SIMS: Swimming and Water Safety		
803	Communities in Schools		
804	First Steps		
806	Now is the Time		
807	First Steps - Early Head Start Partnership Grant	243	Adult Education
808	Lancaster Christian Services, Inc. - Adult Education		
809	Partners for Youth-Clinton Community Grant		
810	Adult Ed - Computer Based Testing		
811	Learn TV Advertising		
812	Good Behavior Game Replication Project	914	Digital Instructional Materials
813	Head Start	918	Technology Professional Development
814	Literacy Network - Adult Ed	919	Education License Plates
819	SIMS - Lancaster Area Literacy Cooperative	926	Summer Reading Camp
820	Lancaster County Project Prevent	928	EEDA Career Specialist
821	John T Stevens Foundation - Summer Reading Camp	935	Reading Coaches
822	Workers Compensation Risk Control Grant	936	Student Health and Fitness - Nurses
823	National School Lunch Equipment Assistance	937	Student Health and Fitness - PE Teachers
824	Duke Power Grant - Adult Ed	955	DSS SNAP and E&T Program
825	Early Head Start	960	K-5 Enhancement
827	Early Head Start	963	K-12 Technology Initiative
829	SIMS: Swimming and Water Safety, Jan - Dec 2014	967	6-8 Enhancement
839	EXT School Year		
			<b>Adult Education</b>
			<b>Other Restricted State Grants</b>



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	97-101
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	102-105
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	106-109
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other Districts.	110-112
<b>Operating Information</b>	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	113-118

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Primary Government										
Governmental Activities										
Net Investment in Capital Assets	\$ 14,705,878	\$ 16,441,251	\$ 20,582,731	\$ 23,920,052	\$ 25,498,685	\$ 27,972,214	\$ 22,739,357	\$ 38,615,430	\$ 47,270,919	\$ 51,196,331
Restricted	23,505,283	14,748,100	13,201,942	11,267,256	15,952,388	16,610,712	23,821,437	13,619,093	8,706,914	13,218,539
Unrestricted**	8,048,729	12,276,843	10,404,535	11,193,834	12,679,479	15,305,628	18,968,579	(89,625,785)	(88,073,156)	(86,453,482)
Total Governmental Activities -										
Net Position (Deficit)	46,259,890	43,466,194	44,189,208	46,381,142	54,130,552	59,888,554	65,529,373	(37,391,262)	(32,095,323)	(22,038,612)
Business-Type Activities										
Investment in Capital Assets	611,098	798,128	764,181	679,606	570,429	470,369	455,985	531,604	1,109,933	1,092,312
Unrestricted	773,065	364,200	57,091	283,218	564,534	1,022,090	1,085,707	(910,488)	(1,077,253)	(1,877,390)
Total Business-Type Activities -										
Net Position	1,384,163	1,162,328	821,272	962,824	1,134,963	1,492,459	1,541,692	(378,884)	32,680	(785,078)
Total Primary Government										
Net Investment in Capital Assets	15,316,976	17,239,379	21,346,912	24,599,658	26,069,114	28,442,583	23,195,342	39,147,034	48,380,852	52,288,643
Restricted	23,505,283	14,748,100	13,201,942	11,267,256	15,952,388	16,610,712	23,821,437	13,619,093	8,706,914	13,218,539
Unrestricted**	8,821,794	12,641,043	10,461,626	11,477,052	13,244,013	16,327,718	20,054,286	(90,536,273)	(89,150,409)	(88,330,872)
Total Primary Government -										
Net Position (Deficit)	\$ 47,644,053	\$ 44,628,522	\$ 45,010,480	\$ 47,343,966	\$ 55,285,515	\$ 61,381,013	\$ 67,071,065	\$ (37,770,146)	\$ (32,062,643)	\$ (22,823,690)

**Note:** Accrual basis of accounting.

\*\* During fiscal year 2014-15, the District adopted GASBS 68, resulting in the reporting of its proportionate share of the net pension liability in the amount of \$110,080,922 from its cost-sharing retirement systems. The District's unrestricted net position (deficit) was restated by the amount noted above for the adjustment of the net pension liability, effective July 1, 2014.

**Source:** Comprehensive Annual Financial Report

Unaudited

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 56,144,595	\$ 59,757,292	\$ 61,108,147	\$ 61,056,481	\$ 54,761,743	\$ 55,826,663	\$ 58,954,051	\$ 60,978,687	\$ 64,637,304	\$ 67,435,882
Support Services	37,021,890	42,464,142	38,652,844	38,763,214	36,224,608	36,413,973	39,781,575	39,484,162	42,449,478	45,338,801
Community Services	989,101	1,147,460	1,094,083	1,093,580	1,139,831	1,176,010	1,305,910	1,147,511	987,968	1,274,727
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Interest and Other Charges	6,689,424	5,211,168	4,592,977	3,912,591	4,270,217	4,255,936	3,908,150	3,804,650	2,694,139	2,740,524
Pupil Activities	222,336	136,570	313,165	133,669	119,900	344,787	168,300	195,706	226,209	247,537
Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	112,569
Total Governmental Activities Expenses	101,067,346	108,716,622	105,761,216	104,959,535	96,516,299	98,017,369	104,117,986	105,610,716	110,995,098	117,150,040
Business-Type Activities:										
Food Service	3,991,577	4,612,946	4,816,495	4,660,324	4,808,028	4,919,588	5,152,584	4,913,072	5,457,733	6,449,582
Total Business-Type Activities Expenses	3,991,577	4,612,946	4,816,495	4,660,324	4,808,028	4,919,588	5,152,584	4,913,072	5,457,733	6,449,582
Total Primary Government Expenses	\$ 105,058,923	\$ 113,329,568	\$ 110,577,711	\$ 109,619,859	\$ 101,324,327	\$ 102,936,957	\$ 109,270,570	\$ 110,523,788	\$ 116,452,831	\$ 123,599,622
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction	90,966	103,082	85,244	58,021	61,994	86,903	30,054	16,572	21,617	-
Support Services	-	-	-	-	-	-	19,822	10,494	13,812	46,455
Community Services	-	-	-	-	-	-	696	327	351	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	58,159,659	62,216,670	60,819,394	61,170,815	54,411,245	54,664,412	58,591,726	59,014,988	62,730,886	65,247,998
Capital Grants and Contributions	55,924	156,414	478,096	6,982	4,034	3,119	-	-	-	-
Total Governmental Activities Program Revenues	58,306,549	62,476,166	61,382,734	61,235,818	54,477,273	54,754,434	58,642,298	59,042,381	62,766,666	65,294,453
Business-Type Activities:										
Charges for Services	1,421,104	1,447,390	1,397,902	1,469,114	1,572,107	1,611,509	1,550,131	1,453,478	1,429,613	1,599,461
Operating Grants and Contributions	2,792,462	3,140,152	3,279,631	3,554,868	3,625,926	3,899,979	3,939,279	3,919,468	4,105,555	4,238,696
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	4,213,566	4,587,542	4,677,533	5,023,982	5,198,033	5,511,488	5,489,410	5,372,946	5,535,168	5,951,834
Total Primary Government Program Revenues	62,520,115	67,063,708	66,060,267	66,259,800	59,675,306	60,265,922	64,131,708	64,415,327	68,301,834	71,246,287
<b>Net (Expense) Revenue</b>										
Governmental Activities	(42,760,797)	(46,240,456)	(44,378,482)	(43,723,717)	(42,039,026)	(43,262,935)	(45,475,688)	(46,568,335)	(48,228,432)	(51,855,587)
Business-Type Activities	221,989	(25,404)	(138,962)	363,658	390,005	591,900	336,826	459,874	77,435	(497,748)
Total Primary Governmental Net (Expense) Revenue	\$ (42,538,808)	\$ (46,265,860)	\$ (44,517,444)	\$ (43,360,059)	\$ (41,649,021)	\$ (42,671,035)	\$ (45,138,862)	\$ (46,108,461)	\$ (48,150,997)	\$ (52,353,335)

**Note:** Accrual basis of accounting.

**Source:** Comprehensive Annual Financial Report

Unaudited

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 21,987,046	\$ 19,614,988	\$ 21,718,638	\$ 22,820,813	\$ 21,797,653	\$ 23,793,704	\$ 24,169,532	\$ 25,105,438	\$ 26,823,264	\$ 28,417,807
Property Taxes, Levied for Debt Service	8,480,905	10,013,927	10,880,468	10,303,300	10,077,072	12,013,049	13,292,168	12,592,622	13,178,410	17,280,918
Unrestricted Grants, Aids and Contributions	6,333,232	12,266,528	11,983,804	12,435,746	12,656,324	12,894,313	13,229,236	13,564,970	13,779,684	15,296,090
Unrestricted Investment Earnings	2,627,828	1,286,634	283,331	103,229	115,775	57,831	73,410	57,831	54,965	166,405
Gain on Sale of Capital Assets	4,739,640	-	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	-	4,894,906	-	-	-	-	-
Miscellaneous	54,340	61,269	29,782	29,187	26,771	26,871	64,569	27,311	22,177	431,068
Transfers	199,519	203,414	205,473	223,376	219,935	235,169	287,592	259,326	(334,129)	320,010
Total Governmental Activities	44,422,510	43,446,760	45,101,496	45,915,651	49,788,436	49,020,937	51,116,507	51,607,498	53,524,371	61,912,298
Business-Type Activities:										
Unrestricted Investment Earnings	14,935	6,983	3,379	1,270	2,069	765	-	-	-	-
Miscellaneous	(199,519)	(203,414)	(205,473)	(223,376)	(219,935)	(235,169)	(287,592)	(259,326)	334,129	(320,010)
Transfers	(184,584)	(196,431)	(202,094)	(222,106)	(217,866)	(234,404)	(287,592)	(259,326)	334,129	(320,010)
Total Business-Type Activities	44,237,926	43,250,329	44,899,402	45,693,545	49,570,570	48,786,533	50,828,915	51,348,172	53,858,500	61,592,288
Total Primary Government										
Change in Net Position										
Governmental Activities	1,661,713	(2,793,696)	723,014	2,191,934	7,749,410	5,758,002	5,640,819	5,039,163	5,295,939	10,056,711
Business-Type Activities	37,405	(221,835)	(341,056)	141,552	172,139	357,496	49,234	200,548	411,564	(817,758)
Total Change in Net Position-Primary Government	\$ 1,699,118	\$ (3,015,531)	\$ 381,958	\$ 2,333,486	\$ 7,921,549	\$ 6,115,498	\$ 5,690,053	\$ 5,239,711	\$ 5,707,503	\$ 9,238,953

**Note:** Accrual basis of accounting.

**Source:** Comprehensive Annual Financial Report

Unaudited

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved*	\$ 89,715	\$ 106,575	\$ 35,064	\$ 6,811	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved										
Designated for Subsequent Years	3,456,085	2,651,809	1,520,434							
Undesignated	11,735,638	11,753,390	10,259,136	11,284,835	N/A	N/A	N/A	N/A	N/A	N/A
Total General Fund	<u>\$ 15,281,438</u>	<u>\$ 14,511,774</u>	<u>\$ 11,814,634</u>	<u>\$ 11,291,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund**										
Nonspendable:										
Prepaid Expenditures	N/A	N/A	N/A	N/A	\$ 69,943	-	-	-	-	-
Assigned:										
Subsequent Year Expenditures	N/A	N/A	N/A	N/A	831,936	\$ 954,973	\$ 2,423,778	\$ 2,772,134	\$ 3,058,770	\$ 3,686,139
Encumbered Operating Expenditures	N/A	N/A	N/A	N/A	71,971	36,355	53,515	32,952	39,411	26,567
Unassigned	N/A	N/A	N/A	N/A	11,425,838	14,567,464	15,269,599	15,848,013	17,864,234	18,686,693
Total General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,399,688</u>	<u>\$ 15,558,792</u>	<u>\$ 17,746,892</u>	<u>\$ 18,653,099</u>	<u>\$ 20,762,415</u>	<u>\$ 22,399,399</u>
All Other Governmental Funds										
Reserved for:										
Debt Service	2,146,610	1,668,140	1,883,466	2,077,477	N/A	N/A	N/A	N/A	N/A	N/A
Debt Service LEAP	6,885,680	6,821,837	6,612,593	6,585,984	N/A	N/A	N/A	N/A	N/A	N/A
Capital Projects	7,343,335	4,176,572	2,775,727	1,533,182	N/A	N/A	N/A	N/A	N/A	N/A
Capital Projects LEAP	6,892,499	1,831,137	1,500,556	534,546	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved, Reported in:										
Special Revenue Funds	267,742	976	976	-	N/A	N/A	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	<u>\$ 23,535,866</u>	<u>\$ 14,498,662</u>	<u>\$ 12,773,318</u>	<u>\$ 10,731,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds**										
Restricted:										
Debt Service	N/A	N/A	N/A	N/A	1,502,646	3,406,898	4,985,399	3,876,497	2,429,626	4,183,421
Debt Service LEAP	N/A	N/A	N/A	N/A	6,585,886	6,586,124	-	-	-	-
Capital Projects	N/A	N/A	N/A	N/A	7,116,888	6,143,482	18,836,038	9,164,307	5,649,217	9,035,118
Capital Projects LEAP	N/A	N/A	N/A	N/A	123,888	4	-	-	-	-
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,329,308</u>	<u>\$ 16,136,508</u>	<u>\$ 23,821,437</u>	<u>\$ 13,040,804</u>	<u>\$ 8,078,843</u>	<u>\$ 13,218,539</u>

Notes: Modified accrual basis of accounting.

\*Includes encumbrances, inventory and prepaid items

\*\* The 2011-2015 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 2006-2010 are not reported under GASBS 54.

Source: Comprehensive Annual Financial Report

Unaudited

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Local Sources:	\$ 34,354,429	\$ 32,676,653	\$ 34,459,057	\$ 35,010,912	\$ 38,681,391	\$ 38,108,648	\$ 38,658,902	\$ 38,707,044	\$ 41,077,473	\$ 47,944,141
Intergovernmental										660,859
State Sources	52,430,635	61,757,264	59,570,816	52,914,562	51,274,749	56,666,075	60,801,115	61,014,242	64,873,342	68,379,359
Federal Sources	10,097,836	11,269,677	11,507,063	18,494,227	13,646,168	9,457,423	9,759,753	10,453,133	10,354,226	9,701,406
Total Revenues	96,882,900	105,703,594	105,536,936	106,419,701	103,602,308	104,232,146	109,219,770	110,174,419	116,305,041	126,685,765
<b>Expenditures</b>										
Instruction	52,508,322	58,671,380	59,082,085	58,952,570	52,547,193	53,634,111	56,699,790	58,591,844	61,275,287	63,426,278
Support Services	32,567,251	38,944,640	40,637,731	37,655,391	34,217,717	35,330,570	37,395,242	37,146,008	39,150,676	42,094,131
Community Services	968,072	1,147,450	1,094,083	1,093,580	1,139,831	1,176,010	1,305,910	1,147,511	987,968	1,199,282
Pupil Activities		-	-	-	119,900	344,787	168,300	195,706	226,209	
Intergovernmental	737,522	749,709	806,061	789,155	778,140	792,327	809,899	830,697	925,366	904,002
Debt Service:										
Legal Services										55,657
Principal	7,475,000	2,140,000	2,205,000	2,690,000	2,890,000	3,100,000	12,490,000	5,310,000	7,200,000	17,750,000
Interest and Fiscal Charges	5,042,843	4,860,950	3,564,259	5,357,507	4,358,333	4,240,673	5,001,203	3,300,470	3,039,166	3,102,686
Other Objects								1,290		
Capital Outlay	17,850,200	8,998,177	3,128,620	2,561,322	2,064,968	1,882,533	2,806,411	13,786,645	6,686,801	7,510,699
Total Expenditures	117,149,210	115,512,306	110,517,839	109,099,525	98,116,082	100,501,011	116,676,755	120,310,171	119,491,473	136,042,735
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(20,266,310)</u>	<u>(9,808,712)</u>	<u>(4,980,903)</u>	<u>(2,679,824)</u>	<u>5,486,226</u>	<u>3,731,135</u>	<u>(7,456,985)</u>	<u>(10,135,752)</u>	<u>(3,186,432)</u>	<u>(9,356,970)</u>
<b>Other Financing Sources (Uses)</b>										
Sale of Capital Assets	4,757,000			25,000				2,000		516,176
Premium on Bonds Sold										15,545,000
Proceeds of General Obligation Bonds										
Proceeds of Refund Debt	5,500,000	9,375,000	18,255,000							
Payment to Refunded Debt Escrow Agent		(9,440,000)	(17,725,000)							
Medicaid Reimbursements										
Operating Transfers In	3,776,442	3,063,214	3,604,237	10,020,591	11,594,034	11,277,483	7,121,305	11,914,802	12,189,683	8,898,582
Operating Transfers (Out)	(3,806,259)	(2,996,370)	(3,575,818)	(9,930,884)	(11,374,099)	(11,042,314)	(6,833,713)	(11,655,476)	(11,855,896)	(8,826,108)
Total Other Financing Sources (Uses)	10,227,183	1,844	558,419	114,707	219,935	235,169	17,330,015	261,326	333,787	16,133,650
<b>Net Change in Fund Balances</b>	<u>\$ (10,039,127)</u>	<u>\$ (9,806,868)</u>	<u>\$ (4,422,484)</u>	<u>\$ (2,565,117)</u>	<u>\$ 5,706,161</u>	<u>\$ 3,966,304</u>	<u>\$ 9,873,030</u>	<u>\$ (9,874,426)</u>	<u>\$ (2,852,645)</u>	<u>\$ 6,776,680</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	12.61%	6.57%	5.37%	7.55%	7.55%	7.44%	15.36%	8.08%	9.08%	16.27%

**Note:** Modified accrual basis of accounting.  
**Source:** Comprehensive Annual Financial Report

Unaudited

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

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Fiscal Year	Real Property		Personal Property		Total		Total Direct Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2007	162,587,950	3,332,779,960	71,203,051	737,248,972	233,791,001	4,070,028,932	157.5	5.74%
2008	177,479,354	3,661,535,838	73,291,963	772,983,709	250,771,317	4,434,519,547	167.0	5.65%
2009	201,753,816	4,223,965,667	75,404,200	821,602,457	277,158,016	5,045,568,124	172.0	5.49%
2010	211,761,152	4,483,636,367	74,113,190	784,691,724	285,874,342	5,268,328,091	172.0	5.43%
2011	215,604,040	4,591,062,583	59,733,425	739,712,513	275,337,465	5,330,775,096	175.3	5.17%
2012	221,005,620	4,742,031,500	60,511,398	765,238,561	281,517,018	5,507,270,061	183.5	5.11%
2013	223,980,320	4,831,654,250	63,738,973	814,133,088	287,719,293	5,645,787,338	187.0	5.10%
2014	231,213,120	4,997,842,833	67,047,533	886,988,462	298,260,653	5,884,831,295	188.0	5.07%
2015	241,517,630	5,255,368,533	70,595,396	929,769,467	312,113,026	6,185,138,000	192.5	5.05%
2016	255,663,400	5,590,108,917	76,422,037	1,003,959,601	332,085,437	6,594,068,518	202.5	5.04%

**Source:** Lancaster County Auditor

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN TAX YEARS  
(rate per \$1 of assessed value)**

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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	
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
2015	149.50	43.00	192.50	92.80	4.10	156.90	75.00	521.30
2016	149.50	53.00	202.50	94.30	4.30	164.40	75.00	540.50

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

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

Source: Lancaster County Auditor

Unaudited



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

<b>Taxpayer</b>	<b>December 31, 2016</b>		<b>December 31, 2007</b>	
	<b>Taxable Assessed Value</b>	<b>Percent of District's Total Taxable Value</b>	<b>Taxable Assessed Value</b>	<b>Percent of District's Total Taxable Value</b>
Duke Energy Corporation	9,028,960	2.72%	\$ 6,356,660	2.72%
The Gillette Company	4,927,435	1.48%	5,206,105	2.23%
Lancaster Hospital Group	4,376,510	1.32%	3,969,300	1.70%
Red Ventures, LLC	2,500,739	0.75%		
Pulte Home Corporation	1,835,240	0.55%	4,027,410	1.72%
Hailes Gold Mine	1,738,518	0.52%		
HSBC WAP, LP	1,376,742	0.41%		
Springland Associates, LLC	1,322,190	0.40%	2,512,460	1.07%
Lynches River Electric	1,293,940	0.39%		
Lancaster Telephone Co.	1,245,800	0.38%	1,399,590	0.60%
Springs Global (A)			9,014,750	3.86%
Belden CDT Networking, Inc.			1,104,901	0.47%
Lawsons Bend LLC			1,094,070	0.47%
Cardinal Health 200, Inc.			998,832	0.43%
	<u>\$ 29,646,074</u>	<u>8.92%</u>	<u>\$ 35,684,078</u>	<u>15.27%</u>

Note:

\* Taxpayers are assessed on January 1, 2015 for the 2016 fiscal year.

\*\* Taxpayers are assessed on January 1, 2006 for the 2007 fiscal year.

Source: Lancaster County Treasurer

Unaudited

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

Fiscal Year Ended June 30,	Tax Year	Total Tax Levy for the Fiscal Year	Net Tax Collections		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2006	29,100,428	28,968,373	99.55%	57,830	29,026,203	99.74%
2008	2007	29,223,472	29,046,049	99.39%	83,184	29,129,233	99.68%
2009	2008	33,096,441	30,869,911	93.27%	1,958,147	32,828,058	99.19%
2010	2009	33,513,231	31,342,185	93.52%	1,659,750	33,001,935	98.47%
2011	2010	32,778,823	30,239,000	92.25%	1,954,720	32,193,720	98.21%
2012	2011	35,337,343	33,436,170	94.62%	1,478,246	34,914,416	98.80%
2013	2012	36,375,440	34,630,857	95.20%	1,281,839	35,912,696	98.73%
2014	2013	37,371,998	35,548,973	95.12%	1,486,366	37,035,339	99.10%
2015	2014	39,621,616	37,589,271	94.87%	1,164,868	38,754,139	97.81%
2016	2015	44,283,583	42,101,938	95.07%	-	42,101,938	95.07%

Source: Lancaster County Finance Department

Unaudited

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

<b>Fiscal Year Ended June 30,</b>	<b>General Obligation Bonds</b>	<b>LEAP Bonds</b>	<b>Note Payable</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
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
2015	20,041,278	62,349,052		82,390,330	Not Available	991
2016	20,254,340	59,702,042		79,956,382	Not Available	931

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

Unaudited

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

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<b>Fiscal Year Ended June 30,</b>	<b>General Obligation Bonds</b>	<b>LEAP Bonds</b>	<b>Total</b>	<b>Less Debt Service</b>	<b>Net General Bonded Debt</b>	<b>Percentage of Estimated Actual Taxable Value of Property (A)</b>	<b>Per Capita (B)</b>
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
2015	20,041,278	62,349,052	82,390,330	2,429,626	79,960,704	1.29%	962
2016	20,254,340	59,702,042	79,956,382	4,183,421	75,772,961	1.15%	883

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

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

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

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30,2016**

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	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable</u></b>	<b><u>Estimated Share of Direct and Overlapping Debt</u></b>
Lancaster County	\$ 50,319,677	100.0%	\$ 50,319,677
City of Lancaster	800,923	100.0%	<u>\$ 800,923</u>
Subtotal, Overlapping Debt			51,120,600
District Direct Debt			<u>79,956,382</u>
Total Direct and Overlapping Debt			<u><u>\$ 131,076,982</u></u>

Source:

Debt outstanding data provided by each governmental unit

Unaudited

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

Total Assessed Value at June 30, 2016	<u>\$ 332,085,437</u>
Debt limit - 8% of assessed value	26,566,835
Total amount of debt applicable to debt limit	<u>11,040,000</u>
Legal debt margin	<u>\$ 15,526,835</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 18,703,280	\$ 20,061,705	\$ 22,172,641	\$ 22,869,947	\$ 22,026,997	\$ 22,521,361	\$ 23,017,543	\$ 23,860,852	\$ 24,969,042	\$ 26,566,835
Total net debt applicable to limit	-	-	-	-	-	-	12,660,000	11,105,000	8,560,000	11,040,000
Legal debt margin	<u>\$ 18,703,280</u>	<u>\$ 20,061,705</u>	<u>\$ 22,172,641</u>	<u>\$ 22,869,947</u>	<u>\$ 22,026,997</u>	<u>\$ 22,521,361</u>	<u>\$ 10,357,543</u>	<u>\$ 12,755,852</u>	<u>\$ 16,409,042</u>	<u>\$ 15,526,835</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%	55.00%	46.54%	34.28%	41.56%

Notes:

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

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

Source: Finance Department of Lancaster County School District

Unaudited

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

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<b>Year Ended June 30,</b>	<b>Tax Year Dec. 31,</b>	<b>Lancaster County Estimated Population (1)</b>	<b>Lancaster County Total Personal Income (1)</b>	<b>Lancaster County Per Capita Income (1)</b>	<b>Lancaster County Unemployment Rate (1)</b>	<b>School Enrollment (2)</b>
2007	2006	63,628	1,542,045	21,500	9.8%	11,171
2008	2007	73,393	1,623,406	22,076	10.9%	11,274
2009	2008	75,913	1,752,832	23,102	11.8%	11,508
2010	2009	77,767	1,780,653	22,897	18.5%	11,401
2011	2010	78,582	1,926,356	25,030	15.8%	11,378
2012	2011	77,908	2,049,128	26,302	12.7%	11,554
2013	2012	79,089	2,316,469	29,289	11.6%	11,581
2014	2013	80,458	Not Available	30,834	7.7%	11,760
2015	2014	83,160	Not Available	Not Available	6.5%	12,094
2016	2015	85,842	Not Available	Not Available	5.6%	12,420

**Sources:**

(1) 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.

(2) Based on Lancaster County School District 135-day report.

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

<b>Employer</b>	<b>JUNE 30, 2016</b>		<b>JUNE 30, 2007</b>	
	<b>Approximate Numbers of Employees</b>	<b>Percent of District's Total Estimated Employment</b>	<b>Approximate Numbers of Employees</b>	<b>Percent of District's Total Estimated Employment</b>
Red Ventures	2,200	5.98%		
Lancaster County School District	1,550	4.22%	1,524	4.92%
Lancaster County	830	2.26%	467	1.51%
Cardinal Health	800	2.18%	562	1.82%
Springs Memorial Hospital	700	1.90%	792	2.56%
Movement Mortgage	615	1.67%		
Continental Tire	430	1.17%		
Duracell, U.S.A.	405	1.10%	601	1.94%
AECOM	400	1.09%		
Inspiration Ministries	310	0.84%		
HSBS			550	1.78%
Walmart			450	1.45%
KMG America			400	1.29%
Sharonview Federal Credit Union			280	0.90%
US Textiles Corp			274	0.89%
Totals	<u>8,240</u>	<u>22.41%</u>	<u>5,900</u>	<u>19.06%</u>

Source: Lancaster County Economic Development Corporation.

Unaudited



**LANCASTER COUNTY SCHOOL DISTRICT  
FULL-TIME EQUIVALENTS (FTE) EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

Function/Program	Full-Time-Equivalent District Employees as of June 30										Percentage Change 2007 - 2016
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
<b>Instruction</b>											
Teachers	791	819	833	817	739	729	761	763	777	806	1.90%
Aides	167	178	181	178	164	160	163	165	175	180	7.78%
<b>Total Instruction</b>	<u>958</u>	<u>997</u>	<u>1,014</u>	<u>995</u>	<u>903</u>	<u>889</u>	<u>924</u>	<u>928</u>	<u>952</u>	<u>986</u>	<u>2.92%</u>
<b>Support Services</b>											
Guidance Counselors	32	39	42	35	33	33	33	33	35	36	12.50%
Psychologist and Social Workers	9	10	12	12	11	11	11	11	12	12	33.33%
Media Specialists	19	20	20	20	20	20	20	20	21	22	15.79%
Nurses	20	23	23	23	23	23	23	24	25	25	25.00%
Instructional Staff Services	63	65	67	64	60	62	59	58	61	63	0.00%
Principals	17	17	18	18	18	18	18	18	19	19	11.76%
Assistant Principals	26	31	31	30	30	28	32	32	35	36	38.46%
Instructional Specialists	8	7	6	3	3	3	3	3	3	4	-50.00%
Noninstructional Administrators	26	27	27	27	27	26	25	26	27	28	7.69%
General and Finance Administrative Assistants	77	82	89	89	87	87	88	88	94	96	24.68%
Bus Drivers, Bus Aids and Maintenance	87	89	92	94	97	98	101	102	108	116	33.33%
<b>Total Support Services</b>	<u>384</u>	<u>410</u>	<u>427</u>	<u>415</u>	<u>409</u>	<u>409</u>	<u>413</u>	<u>415</u>	<u>440</u>	<u>457</u>	<u>19.01%</u>
<b>Community Services</b>	34	37	36	37	38	38	42	20	19	22	-35.29%
<b>Pupil Activity</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Food Service</b>											
Managers and Clerical	22	23	22	23	23	23	23	23	23	24	9.09%
Cafeteria Staff	107	108	105	102	100	100	103	102	101	104	-2.80%
<b>Total Food Service</b>	<u>129</u>	<u>131</u>	<u>127</u>	<u>125</u>	<u>123</u>	<u>123</u>	<u>126</u>	<u>125</u>	<u>124</u>	<u>128</u>	<u>-0.78%</u>
<b>Total</b>	<u>1,505</u>	<u>1,575</u>	<u>1,604</u>	<u>1,572</u>	<u>1,473</u>	<u>1,459</u>	<u>1,505</u>	<u>1,488</u>	<u>1,535</u>	<u>1,593</u>	<u>5.85%</u>

Source: Lancaster County School District Accounting Department

Unaudited

LANCASTER COUNTY SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	School Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2007	11,171	84,296,825	7,546	4.60%	105,058,923	9,405	7.50%	791	14.12	50%
2008	11,274	94,691,165	8,399	11.30%	113,329,568	10,052	6.89%	819	13.77	49%
2009	11,508	96,098,397	8,351	-0.58%	110,577,711	9,609	-4.41%	833	13.82	52%
2010	11,401	95,401,264	8,368	0.21%	109,574,383	9,611	0.02%	817	13.95	54%
2011	11,378	86,687,084	7,619	-8.95%	101,324,327	8,905	-7.34%	739	15.40	55%
2012	11,554	88,182,407	7,632	0.18%	102,936,957	8,909	0.04%	729	15.85	57%
2013	11,581	92,786,835	8,012	4.98%	109,270,570	9,435	5.91%	761	15.22	56%
2014	11,760	95,870,618	8,152	1.75%	110,523,788	9,398	-0.39%	763	15.41	56%
2015	12,094	99,477,073	8,225	0.90%	116,452,831	9,329	2.45%	777	15.56	56%
2016	12,420	105,414,809	8,488	3.19%	123,599,622	9,952	6.67%	806	15.41	55%

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

Source: Nonfinancial information from district records.

**LANCASTER COUNTY SCHOOL DISTRICT  
TEACHERS BASE SALARIES  
LAST TEN FISCAL YEARS**

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<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>County Average Salary (A)</b>	<b>Statewide Average Salary (B)</b>
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
2015	33,361	71,002	49,451	48,930
2016	33,361	71,002	48,763	Not Available

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

Unaudited

**LANCASTER COUNTY SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION - DETAIL  
LAST TEN FISCAL YEARS**

<u>School</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<b>Elementary School</b>										
<b>Brooklyn Springs(1962)</b>										
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	575	564	505	440	419	425	446	470	486	496
<b>Buford(2002)</b>										
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	883	878	865	816	800	771	745	764	741	719
<b>Central(1957)</b>										
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	107	107	108	108	108	107	106	107	107
<b>Clinton(1948)</b>										
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	386	390	398	372	372	380	324	347	375	397
<b>Erwin(1975)</b>										
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	426	423	408	408	451	463	458	446	465	472
<b>Harrisburg (2014)</b>										
Square feet	-	-	-	-	-	-	-	-	92,995	92,995
Capacity	-	-	-	-	-	-	-	-	980	980
Enrollment	-	-	-	-	-	-	-	-	863	1,010
<b>Heath Springs(1954)</b>										
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	357	373	388	396	391	411	404	401	388	375

**LANCASTER COUNTY SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION - DETAIL  
LAST TEN FISCAL YEARS**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Indian Land Elem/Mid(1998)</b>										
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	1,247	1,451	1,090	1,169	1,200	1,309	1,383	1,521	856	906
<b>Kershaw(1952)</b>										
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	479	462	501	486	466	432	450	450	438	420
<b>McDonald Green(1949)</b>										
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	502	479	487	469	490	481	471	480	513	519
<b>North(1966)</b>										
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	618	636	644	668	689	698	706	696	666	698
<b>Southside(1954)</b>										
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	3	2	-	1	-	-	3	-	-	-
<b>Middle School</b>										
<b>A.R. Rucker(2002)</b>										
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	528	509	511	519	528	543	523	553	538	532
<b>Andrew Jackson(1984)</b>										
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	484	487	474	482	495	526	513	466	476	461
<b>Buford(1956)</b>										
Square feet	72,041	72,041	72,041	72,041	72,041	72,041	72,041	72,041	72,041	72,041
Capacity	859	859	859	859	859	859	859	859	859	859
Enrollment	465	439	449	443	488	494	478	455	431	417

**LANCASTER COUNTY SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION - DETAIL  
LAST TEN FISCAL YEARS**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Indian Land(1981)										
Square feet	-	100,948	100,948	100,948	100,948	100,948	100,948	100,948	100,948	100,948
Capacity	-	750	750	750	750	750	750	750	750	750
Enrollment	-	N/A	507	521	535	573	608	662	726	844
South(1962)										
Square feet	108,509	108,509	108,509	108,509	108,509	108,509	108,509	108,509	108,509	108,509
Capacity	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Enrollment	733	691	639	626	598	591	605	576	529	491
<b>High School</b>										
Andrew Jackson(1969)										
Square feet	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515
Capacity	788	788	788	788	788	788	788	788	788	788
Enrollment	577	582	621	610	615	593	597	605	654	654
Burford(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	555	582	602	588	567	600	609	617	643	636
Indian Land(1981)										
Square feet	88,498	-	-	-	-	-	-	-	-	-
Capacity	624	-	-	-	-	-	-	-	-	-
Enrollment	525	-	-	-	-	-	-	-	-	-
Indian Land(2008)										
Square feet	-	142,657	142,657	142,657	142,657	142,657	142,657	142,657	142,657	142,657
Capacity	-	800	800	800	800	800	800	800	800	800
Enrollment	-	557	597	639	655	708	759	789	843	881
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	1,718	1,662	1,715	1,640	1,511	1,448	1,392	1,356	1,356	1,385

LANCASTER COUNTY SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION - DETAIL  
LAST TEN FISCAL YEARS

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
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	40,949	40,949

Notes:

New Indian Land High School constructed in 2008. Old Indian Land High became new middle school and elementary/middle became Indian Land Elementary. Springdale Road Maintenance buildings purchased in 2012.

Source: District records.

## **SINGLE AUDIT SECTION**



	PARTNERS			ASSOCIATES		
C.C. McGregor, CPA 1906–1968	W.C. Stevenson, CPA	D.L. Richardson, CPA	D.K. Strickland, CPA	V.K. Laroche, CPA	G.P. Davis, CPA	B.A.G. Felch, CPA
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA	H.S. Mims, CPA
	G.D. Skipper, CPA	S.S. Luoma, CPA	L.H. Kelly, CPA	M.L. Layman, CPA	D.M. Herpel, CPA	T. Solorzano, CPA
	L.R. Leaphart, Jr, CPA	T.M. McCall, CPA	J.R. Matthews II, CPA	P.A. Betette, Jr, CPA	H.O. Crider, Jr, CPA	
	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	F.C. Gillam, CPA	
	W.W. Francis, CPA	L.B. Salley, CPA		C.D. Hinchee, CPA	M.L. Goode, 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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lancaster County School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lancaster County School District's basic financial statements, and have issued our report thereon dated September 30, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 Lancaster County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lancaster County School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

#### COLUMBIA

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

#### BARNWELL

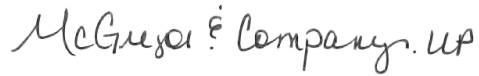
340 FULDNER ROAD | PO BOX 1305  
BARNWELL, SC 29812  
(803) 259-1163 | FAX (803) 259-5469

#### GREENVILLE

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**Purpose of this Report**

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

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

Columbia, South Carolina  
September 30, 2016

	PARTNERS				ASSOCIATES			
C.C. McGregor, CPA 1906–1968	W.C. Stevenson, CPA	D.L. Richardson, CPA	D.K. Strickland, CPA	V.K. Laroche, CPA	G.P. Davis, CPA	B.A.G. Felch, CPA		
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA	H.S. Mims, CPA		
	G.D. Skipper, CPA	S.S. Luoma, CPA	L.H. Kelly, CPA	M.L. Layman, CPA	D.M. Herpel, CPA	T. Solorzano, CPA		
	L.R. Leaphart, Jr, CPA	T.M. McCall, CPA	J.R. Matthews II, CPA	P.A. Betette, Jr, CPA	H.O. Crider, Jr, CPA			
	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	F.C. Gillam, CPA			
	W.W. Francis, CPA	L.B. Salley, CPA		C.D. Hinchee, CPA	M.L. Goode, CPA			

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

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

### Report on Compliance for Each Major Federal Program

We have audited Lancaster County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lancaster County School District's major federal programs for the year ended June 30, 2016. Lancaster County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

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## Report on Internal Control over Compliance

Management of Lancaster County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lancaster County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McGuire & Company, LLP*

Columbia, South Carolina  
September 30, 2016

**LANCASTER COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>LEA Subfund Code</b>	<b>Federal Grantor Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass- Through Grantor's Number</b>	<b>Total Expenditures</b>
<b>U.S. Department of Education</b>				
	Pass-Through S.C. Department of Education			
201	* Title I Grants to Local Educational Agencies	84.010	FY16	\$ 2,928,935
202	* Title I Grants to Local Educational Agencies	84.010	FY15	94,012
203	Special Education - Grants to States	84.027	FY16	2,239,049
203	Special Education - Grants to States	84.027	FY15	117,512
205	Special Education - Preschool Grants	84.173	FY16	94,196
207	Career and Technical Education -- Basic Grants to States	84.048	FY16	149,771
224	Twenty-First Century Community Learning Centers	84.287C	FY16	272,421
237	* Title I Grants to Local Educational Agencies	84.010	FY13	84,454
243	Adult Education - Basic Grants to States	84.002	FY16	104,472
264	English Language Acquisition State Grants	84.365	FY16	24,648
264	English Language Acquisition State Grants	84.365	FY15	32,065
267	Improving Teacher Quality State Grants	84.367A	FY16	360,424
267	Improving Teacher Quality State Grants	84.367A	FY15	32,093
809	Fund for the Improvement of Education	84.215J	U215J140022	261,162
820	Safe and Drug-Free Schools and Communities - National Programs	84.184M	S184M140019	558,978
839	Extended School Year	84.027	FY16	7,678
	Total Pass-Through S.C. Department of Education			<u>7,361,870</u>
	<b>Total U.S. Department of Education</b>			<u>7,361,870</u>
<b>U.S. Department of Agriculture - Food and Nutrition Services</b>				
	Pass-Through S.C. Department of Education			
	Child Nutrition Cluster:			
	Non-Cash Assistance (Commodities):			
600	Commodity Supplemental Food Program	10.555	N/A	410,547
	Cash Assistance:			
600	School Breakfast Program	10.553	N/A	817,082
600	National School Lunch Program	10.555	N/A	<u>3,010,633</u>
	Total Child Nutrition Cluster			<u>4,238,262</u>
823	Child Nutrition Discretionary Grants	10.579	N/A	<u>20,528</u>
	<b>Total U.S. Department of Agriculture - Food and Nutrition Services</b>			<u>4,258,790</u>
<b>U.S. Department of Labor</b>				
	Passed Through SCDEW			
851	WIA/WIOA Youth Activities	17.259	14JAG107	<u>51,383</u>
	<b>Total U.S. Department of Labor</b>			<u>51,383</u>
<b>U.S. Department of Health and Human Services</b>				
	Direct			
812	Substance Abuse and Mental Health Services			
	- Projects of Regional and National Significance	93.243	10SM601292A	9,180
806	Substance Abuse and Mental Health Services			
	- Projects of Regional and National Significance	9.243	1H79SM062022	25,420
	Passed Through South Carolina Developmental Disabilities Council			
813/827	Head Start	93.600	04CH4740 / 04CH4578	<u>1,966,604</u>
	<b>Total U.S. Department of Health and Human Services</b>			<u>2,001,204</u>
<b>U.S. Department of Defense</b>				
	Direct Program			
270	JROTC	12.000	N/A	<u>266,421</u>
	<b>Total U.S. Department of Defense</b>			<u>266,421</u>
	<b>Total Federal Awards Expended</b>			<u>\$ 13,939,668</u>

\*Denotes Major Program

**LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirement, Cost Principles, and audit requirements for Federal Awards (uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**LANCASTER COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**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

Programs Tested as Major Programs:

Program:

CFDA #:

Title I Grants to Local Educational Agencies

84.01

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs:

\$750,000

Auditee Qualify as Low-Risk Auditee?

☒ Yes ☐ No

Any Audit Findings Disclosed That are Required To Be  
Reported in Accordance With Government Auditing Standards  
2 CFR 200.516(a)

☐ Yes ☒ No

**LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**Part II Findings Related to Financial Statements**

*Internal Control*

None Reported

*Compliance and Other Matters*

None Reported

**Part III Findings Related to Federal Awards**

None Reported



**LANCASTER COUNTY SCHOOL DISTRICT  
LANCASTER, SOUTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR FISCAL YEAR ENDED JUNE 30, 2016**

**Summary of Prior Year Findings**

**Finding 2015-001 – Significant Deficiency**

*Condition:* The District's failure to record several significant capital assets resulted in a misstatement that is not material to the government-wide financial statements. Therefore, no audit adjustment was made at June 30, 2015.

*Current Year Status:* Not Repeated in Current Year