

LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2017

**ISSUED BY
LANCASTER COUNTY SCHOOL DISTRICT**

**JONATHAN PHIPPS, ED.D.
SUPERINTENDENT**

**PREPARED BY
FINANCE DEPARTMENT**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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INTRODUCTORY SECTION

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November 3, 2017

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, 2017. We believe the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the school district. In addition, we believe we have included all disclosures necessary for the reader to understand the school district's financial activity.

The Report

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

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

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, an overview, and analysis of the basic financial statements. MD&A complements 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 2016-2017 year totaled 12,758 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. The county's tax base is considered stable and is currently experiencing rapid growth of both residential and commercial property 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 1,900 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. Lancaster County has a diverse tax base with the top ten taxpayer's only accounting for 8.50% of the county's assessed value. The county's assessed value has grown by 20% over the last three years and its growth is expected to continue. Lancaster County is home to Sun City Carolina Lakes Retirement Community which is located on 1800 acres with 3,400 homes, approximately 25 miles south of Charlotte. Other residential developments include Carolina Reserve, a 400-home community and Tree Tops, a planned gated community.

Lancaster County's manufacturing and retail tax base continues to expand and diversify. The County is home to a variety of industries such as Founders Federal Credit Union, Red Ventures, Accutrex Products, Thomas & Betts, Bowers Fibers, Cardinal Health, Nutramax Labs, Kennametal, AECOM(nuclear engineering), TriNet(HR Consulting), and Verian Technologies. International companies in Lancaster County include Gerdau Ameristeel of Brazil and Nibrol of Sweden. Recent additions to the County include Movement Mortgage and CompuCom Systems headquarters.

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, operates a 230,000 square foot facility in Lancaster County. Total investment is approximately \$218 million. OceanaGold/Haile Gold Mine owns a gold mine in the County where it has invested \$353 million with an estimated \$2 billion in gold to be mined.

Lancaster County's unemployment rate for August 2017 was 4.90%, down from 5.40% one year ago. The state average for August 2017 was 4.00%

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 increased over the past two years to fund a \$199 million general obligation bond. 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 two 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. During the last year, construction began on three multipurpose buildings and a new elementary school, land was purchased for a new high school, and technology upgrades and equipment was purchased for our one-to-one technology program. Construction on a new high school will begin in the near future along with other projects to upgrade schools and cafeterias as outlined in our bond referendum.

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:

- Over the past 10 years the District's Office of Research and Development has generated over \$92 million in Federal, State, and Local Grant funding for the District.
- 86 National Board certified teachers
- 2016 & 2017 Science P.L.U.S. Institute at Roper Mountain Science Center Participants
 - o LaToya Benjamin, A.R. Rucker Middle
 - o Shree Crawley, A.R. Rucker Middle
 - o Donna Graves, South Middle
 - o Sandra Macy, Buford Middle
 - o Melanie Santizo, Indian Land Middle
- 2016 S.C. Governor's School for Science and Mathematics
 - o Grayson Bockman, Indian Land High
 - o Revery Johnson, Indian Land High
 - o Finnegan Mulvaney, Indian Land High
 - o Alex Schaffer, Indian Land High
- 2017 S.C. Governor's School for Science and Mathematics
 - o JuHwan Cho, Indian Land High
 - o Mackenzie Meadows, Indian Land High
 - o John Patrick Shaheen, Indian Land High
 - o Caroline Sizemore, Lancaster High
 - o Dejanay Williams, Andrew Jackson High
- 2016 National Junior Beta Club-Math Division Competition - First Place
 - o Jacob Letterman, Harrisburg Elementary
- 2016 North-South All-Star Golf Tournament
 - o Logan Sowell, Andrew Jackson High
- 2016-17 Class AAA Golf State Champion
 - o Emily Cox, Andrew Jackson High
- 2015-16 S.C. Class AA All-State Girls Track Team
 - o Niyana Jones, Andrew Jackson High
- 2015-16 S.C. Class AA All-State Girls Basketball Team
 - o Elizabeth Scott, Andrew Jackson High
- 2015-16 S.C. Class AA All-State Boys Basketball Team
 - o Dontarius James, Andrew Jackson High
- 2016 S.C. Class AA All-State Baseball Team
 - o Druw Rollings, Buford High
- 2016 S.C. Class AA All-State Baseball Team
 - o Eric Miles, Buford High
- 2016 North-South All-Star Baseball Game
 - o Eric Miles, Buford High
- 2015-16 S.C. Class AA All-State Girls Basketball Team
 - o Gabrielle Davis, Buford High

- 2016 S.C. Class AA All-State Golf Team
 - o "T" Sutton, Buford High
- 2016 S.C. Class AA 100-meter Wheelchair State Champion
 - o John Elliott, Buford High
- 2015-16 S.C. Class AA All-State Wrestling Team
 - o Dakota Barton, Buford High
 - o Nick Jones, Buford High
 - o Scotti Moser, Buford High
- 2016 S.C. Class AAA All-State Golf Team
 - o Brady Hinkle, Lancaster High
- 2015-16 NSCAA High School Team Academic Award
 - o Indian Land High Boys Varsity Soccer Team
- 2016 NSCAA Small High School Coach of the Year
 - o Adam Cole, Indian Land High
- 2016 S.C. Junior Civinette Club President of the Year
 - o Hayley Parman, Lancaster High
- 2017 S.C. Junior Civinette Advisor of the Year
 - o Ali Young, Lancaster High
- 2017 S.C. Junior Civinette Area 2 Lieutenant Governor
 - o Naiya Patel, Lancaster High
- 2017 CIRC Award (for highest club donation to Civitan International Research Center)
 - o Lancaster High Junior Civinettes
- 2017 International Junior Civinette Honor Club of Distinction
 - o Lancaster High Civinettes
- 2015-16 NSCAA High School Team Academic Award
 - o Indian Land High Boys Varsity Soccer Team
- 2016 NSCAA Small High School Coach of the Year
 - o Adam Cole, Indian Land High
- 2017 S.C. Association of Conservation Districts Poster Contest State Winner
 - o Savannah Robinson, A.R. Rucker Middle
- 2017 Schools to Watch Re-Designation
 - o South Middle
- 2017 S.C. Junior Scholars
 - o A.R. Rucker Middle:
 - Emily Geraghty
 - Louis Prete
 - Elizabeth Rousseau
 - Taylor Teague
 - Reco Truesdale
 - Virginia Walker
 - o Andrew Jackson Middle:
 - Amanda Mae Ardrey
 - Earl Jasper Gerona
 - Georgia Ann Moore
 - Luke Sherwood Phillips
 - Leah Carol Roberts
 - Valerie Nichole Sims
 - o Buford Middle:
 - Chandler Bowers
 - Sierrah Catoe
 - Victoria Fay
 - Mallorie Gleaton
 - Marisa King
 - Thomas Tillman
 - Grayson Vick

- 2017 S.C. Junior Scholars (Continued)
 - o Indian Land Middle:
 - Alec Andrejko
 - Sarah Angott
 - James Bender
 - Christopher Berry
 - Zachary Blackwelder
 - Madison Bosch
 - Conor Burns
 - Ana Chavez
 - Shannon Devlin
 - Noelle Edmonds
 - Adam Forbis
 - Nolan Hook
 - Alexis Huggins
 - Sarah Kelly
 - o South Middle:
 - Hunter Koenig
 - Jordan Maple
 - Laural Mason
 - Michael May
 - Della Neese
 - Mya Petty
 - Matthew Shaheen
 - Lauren Sizemore
 - Hope Voshell
 - Audrey Williams
 - Adora Ly
 - Sa’Karia Mobley
 - Stephany M. Perez-Sanchez
 - Mason Tucker
 - Hope Wood
- 2017 National Beta Club State Convention Digital Art Division 1 Champion
 - o Andrew Day, Harrisburg Elementary
- 2017 National Beta Club State Convention Pastels Division 1 Champion
 - o Robin Hetterly, Harrisburg Elementary
- 2017 National Beta Club State Convention Painting Division 1 Champion
 - o Lucy Holben, Harrisburg Elementary
- 2017 National Beta Club State Convention Social Studies Division 1 Champion
 - o Samuel Bowers, Harrisburg Elementary
- 2017 National Beta Club State Convention Spotlight Your Club Division 1 Champions
 - o Ariana Bachini, Samuel Bowers, Anika Morse – Harrisburg Elementary
- 2017 National Beta School of Merit
 - o Buford High
- 2016 National Beta School of Distinction
 - o Buford Middle
 - o Harrisburg Elementary
 - o North Elementary
- 2017 S.C. Junior Beta Club Convention B&W Photography Competition Winner
 - o Brady Williams, Kershaw Elementary
- 2017 School of Character
 - o Harrisburg Elementary
- S.C. Counseling Association’s 2017 Outstanding Administrator of the Year
 - o Andrea Ribelin, Buford Elementary
- 2017 Olde English Consortium’s Division II State Champions
 - o A.R. Rucker Middle’s Academic Challenge Team
- 2017 Tulsa Welding School’s National Welding Champion
 - o Matt Mungo, Andrew Jackson High
- 2017 S.C. Solo & Ensemble Festival Superior Solos
 - o Semaj Digby (Adv. Div.), Andrew Jackson High
 - o Trevor Hinson, Andrew Jackson High
 - o Mykela Lesso, Andrew Jackson High
 - o Taylor Wade, Andrew Jackson High

- 2017 S.C. Solo & Ensemble Festival Superior Small Ensemble
 - o Lauren Gesek, Andrew Jackson High
 - o Livi Pittman, Andrew Jackson High
 - o Julia Sowell, Andrew Jackson High
 - o Madison Starnes, Andrew Jackson High

- 2017 S.C. Solo & Ensemble Festival Superior Duo
 - o Semaj Digby, Andrew Jackson High
 - o Dylan Hinson, Andrew Jackson High

- 2017 S.C. Band Directors Assoc.'s Concert Performance Assessment - Superior with Distinction
 - o Andrew Jackson High Band

- 2017 Palmetto Dramatic Association's Trophy of Excellence
 - o Mary McInvaile Adamson, Andrew Jackson High
 - o Garren Adamson, Andrew Jackson High
 - o Owen Broadway, Andrew Jackson High
 - o Laurel Gardner, Andrew Jackson High
 - o Mason Gesek, Andrew Jackson High
 - o Chloe Griffin (& Personal Performance), Andrew Jackson High
 - o Chelsea Johnson, Andrew Jackson High
 - o Gamze Kantar, Andrew Jackson High
 - o Madison McCormick, Andrew Jackson High
 - o Zubrette Reeves, Andrew Jackson High

- 2016 Duke University TIP Program State Recognition Qualifiers

<ul style="list-style-type: none"> o A.R. Rucker Middle: <ul style="list-style-type: none"> ▪ Emma Neal o Buford Middle: <ul style="list-style-type: none"> ▪ Nathan Faile ▪ Avery Plyler ▪ Olivia Vincent 	<ul style="list-style-type: none"> o Indian Land Middle: <ul style="list-style-type: none"> ▪ Carson Dodge o Richmond Fang <ul style="list-style-type: none"> ▪ Danyal Khan ▪ Amelia Stater ▪ Garrin Waiksnis
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- 2017 SCHS League's Class A-AA 220-lb. Wrestling State Champion
 - o Dakota Barton, Buford High

- 2017 SCHS League's Division 2A/1A Wrestling State Champions (by weight)
 - o Hunter Haven, Andrew Jackson High
 - o Dalton Haven, Andrew Jackson High
 - o Dalton Mackey, Andrew Jackson High

- 2017 SCWCA Middle School Wrestling State Champions
 - o Indian Land Middle Wrestling Team

- 2017 SCHS League's Middle School Wrestling State Champion (by weight)
 - o Maddox Yegge, Indian Land Middle

- 2017 SCHS League's Class AAA Wrestling State Champions (by weight)
 - o Chad Milasauskas, Indian Land High
 - o Austin Ross, Indian Land High

- 2017 S.C. Class AAA Soccer State Champions
 - o Indian Land High Lady Warriors

- 2017 SCHS Class AAA 1600-Meter Run State Champion
 - o Kaitlyn Rodman, Indian Land High

- Editor's Pick in the May 2017 edition of Food Service Director magazine
 - o Angela McCrorey, Food Services

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 Fiscal Year 2014-2015, and a \$199 million bond referendum was approved by the voters in Fiscal Year 2015-2016 to help fund major capital needs across the school district. The District issued \$125 million of these bonds during Fiscal Year 2016-2017 and plans to issue the remaining \$74 million within one year. The District increased debt service millage by 15 mills in Fiscal Year 2016-2017. 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 \$2,857,337. 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. In the near future a new elementary school will be opening and staffed followed by a new high school within four years. Growth will continue to be a priority over the next few years along with increasing cost for technology.

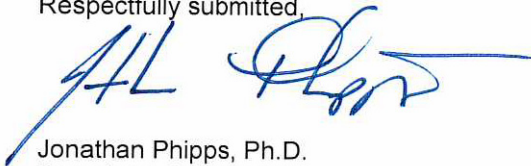
Awards and Acknowledgments

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, 2016. This was the thirteenth 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.

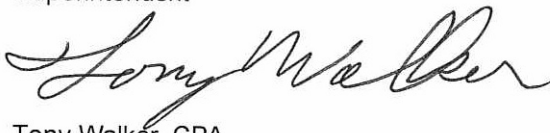
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



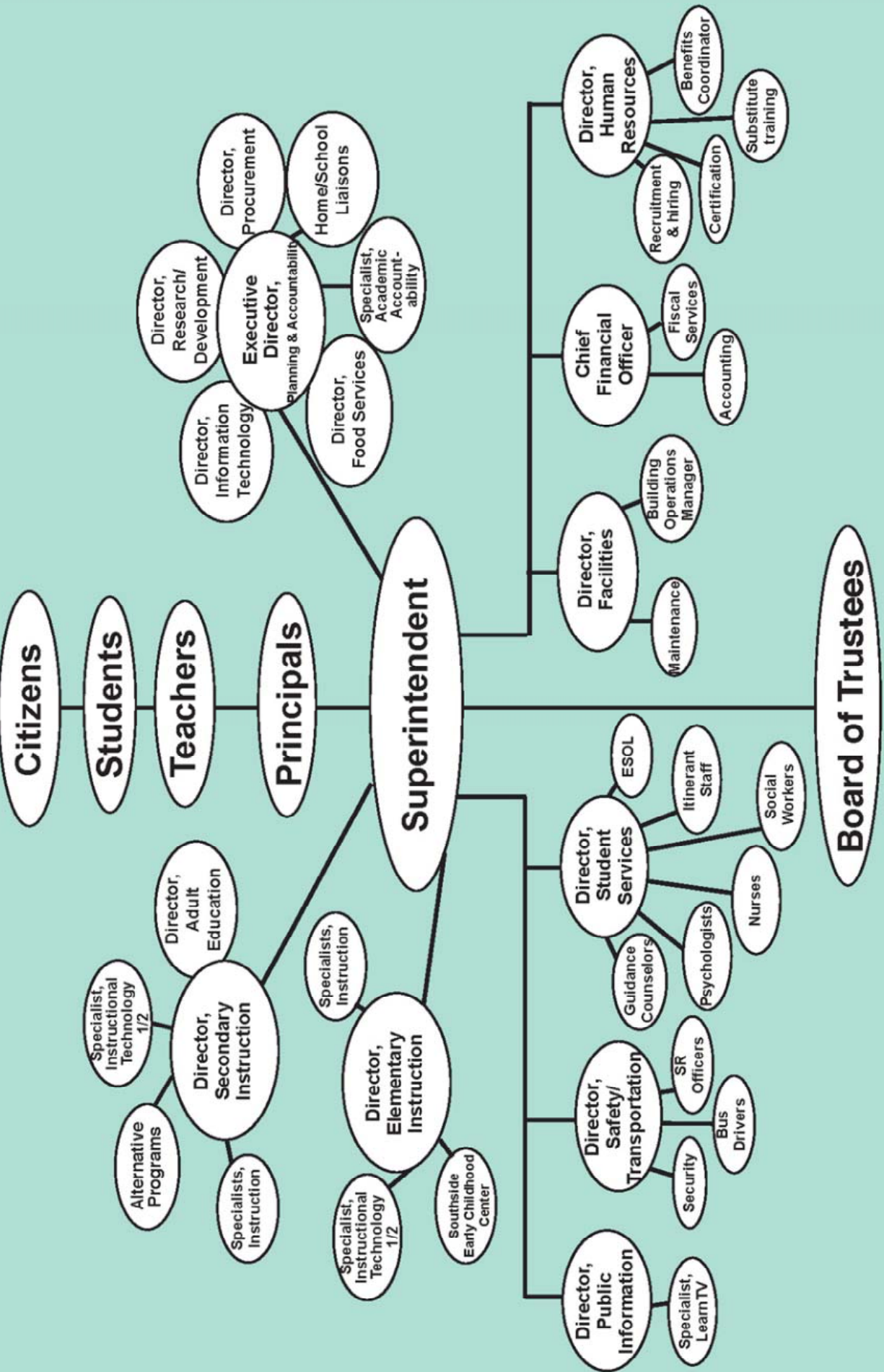
Jonathan Phipps, Ph.D.
Superintendent



Tony Walker, CPA
Chief Financial Officer

Organizational Chart

2016-2017



**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2017**

Board of Trustees

Robert W. "Bobby" Parker, Chairman

Tyrom Faulkner, Vice Chairman

Janice C. Dabney, Secretary

Melvin M. Stroble

Margaret E. Gamble

Don L. McCorkle

William "Bill" Sumner, Jr.

Administrative Staff

Jonathan Phipps, 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, 2016

Executive Director/CEO

FINANCIAL SECTION

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		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	H.S. Mims, CPA	
	B.T. Kight, CPA	E.C. Inabinet, CPA	J.P. McGuire, CPA	G.N. Mundy, CPA	H.J. Darver, CPA	T. Solorzano, CPA	
	G.D. Skipper, CPA	S.S. Luoma, CPA	L.H. Kelly, CPA	M.L. Layman, CPA	D.M. Herpel, CPA	C.W. Bolen, 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	L.T. Hewitt, CPA	
	M.J. Binnicker, CPA	H.D. Brown, Jr, CPA		S. Wo, CPA	F.C. Gillam, Jr, 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

Report on the Financial Statements

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, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2017, 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.

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 13-21 and 57-59 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 the 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* 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 November 3, 2017, on our consideration of the 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 the Lancaster County School District's internal control over financial reporting and compliance.

McGuire & Company, LLP

Columbia, South Carolina
November 3, 2017

Lancaster County School District Management's Discussion and Analysis Year Ended June 30, 2017

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, 2017. 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 2016-2017 are as follows:

- In the Statement of Net Position, 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, 2017 yielding a negative net position of approximately \$(13.50) 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 \$138.83 million. This also resulted in an unrestricted net position (deficit) of \$(218.87) million. The net pension liability was required to be allocated proportionately among the District's governmental and business-type activities in the amounts of \$135.04 million and \$3.79 million, respectively, at June 30, 2017.
- 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, 2017 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.
- The District's total net position increased during the year by approximately \$9.32 million. Changes to total assets included an increase of \$146.78 million. This includes a \$2.46 million increase in cash, cash equivalents and investments due to conservative budgeting; an increase in due from county of \$125.20 million as bond issuance proceeds for construction and capital needs were received during the year; and a related increase in capital assets of \$17.35 million. Other assets increased by \$1.77 million.
- Changes to total liabilities increased by \$148.70 million. This includes a \$4.27 million increase in accounts payable, accrued salaries and payroll related liabilities. Unearned revenue increased by \$0.99 million and accrued interest payable increase by \$1.51 million. The District's noncurrent net pension liability increased by \$16.23 million. Other noncurrent liabilities including debt principal and premiums increased by \$125.61 million.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$159.39 million, an increase of approximately \$123.87 million as capital project funds increased and debt service reserve increased during the year. Approximately 12.96% of this total amount, \$20.67 million is unassigned.
- The unassigned fund balance for the general fund was \$20,673,180 or 81.85%. This represents a \$1,986,487 increase from the prior year.

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 32-33.

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 22-23 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 24 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 32-56 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 57 of this report. In addition, the schedules on pages 58-59 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 (deficit) 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 more on June 30, 2017 than it was the year before, decreasing to \$(13,503,603), (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 \$9,105,922 to \$(12,932,690). The net position of the District's business-type activities decreased \$214,165 to \$(570,913).

	Condensed Statement of Net Position (Deficit)					
	Governmental Activities		Business-Type Activities		Total Activities	
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
Current Assets	\$180,314,091	\$ 50,925,903	\$1,299,678	\$1,260,867	\$181,613,769	\$ 52,186,770
Capital Assets	144,450,339	127,299,845	1,400,893	1,092,312	145,851,232	128,392,157
Total Assets	324,764,430	178,225,748	2,700,571	2,353,179	327,465,001	180,578,927
Deferred Outflows	24,354,180	13,595,736	584,497	273,445	24,938,677	13,869,181
Total Current Liabilities	19,820,550	12,863,896	55,205	49,334	19,875,755	12,913,230
Total Noncurrent Liabilities	341,847,003	200,448,614	3,790,005	3,346,999	345,637,008	203,795,613
Total Liabilities	361,667,553	213,312,510	3,845,210	3,396,333	365,512,763	216,708,843
Deferred Inflows	383,747	547,586	10,771	15,369	394,518	562,955
Net Position (Deficit)						
Net Investment in Capital Assets	69,831,369	51,196,331	1,400,893	1,092,312	71,232,262	52,288,643
Restricted	134,134,045	13,218,539	-	-	134,134,045	13,218,539
Unrestricted	(216,898,104)	(86,453,482)	(1,971,806)	(1,877,390)	(218,869,910)	(88,330,872)
Total Net Position (Deficit)	(12,932,690)	(22,038,612)	(570,913)	(785,078)	(13,503,603)	(22,823,690)

The District's financial position is the product of many factors. Cash/cash equivalents and Investments increased by \$2,463,439 due to conservative budgeting of local tax collections and expenditures. Property taxes receivables increased by \$163,015 over the prior year for a total of \$3,102,945. Due from County Government increased by \$125,202,266 to \$137,993,229 as capital funds increased from bond issuance proceeds. Prepaid expenditures increased by \$1,832,775 for July 2017 and June 2018 prepaid insurance paid in June 2017. Prior year expenditures were paid in July 2016; therefore, there were no prepaid insurance expenditures in the prior year. There was a net increase of \$17,459,075 in capital assets for additions to capital assets of \$23,033,415 which exceeded current year depreciation and disposals of \$5,574,340 for the year. Current liabilities increased by \$7,908,987. Accounts payable increased by \$3,843,978 mainly due to major construction beginning during the year. Unearned revenue increased by \$1,505,210. Noncurrent liabilities increased by \$141,841,395. Net pension liability increased by \$16,227,303. Long-term debt of \$125,000,000 was issued during the year with a deferred premium of \$10,513,549, thus; overall debt increased by \$125,573,440. Compensated absences increased by \$40,652 to \$1,279,201 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, 2017 were \$148,334,344 (see figure A-2). Property taxes accounted for 36.02 percent of the District's revenue. Operating and Capital Grants accounted for 51.43 percent, with the remaining 12.55 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, 2017 was \$139,014,257 (see figure A-2). The District's expenses are predominantly related to instruction (53.19 percent). The District's support services accounted for 38.79 percent and business activities accounted for 4.17 percent of total cost. Community services, pupil activities, intergovernmental and interest on long-term debt made up the remaining 3.85 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.

	Condensed Changes in Net Position from Operating Results					
	Governmental Activities		Business-Type Activities		Total Activities	
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
Program Revenues						
Charges for Services	\$ 33,506	\$ 46,455	\$ 1,512,016	\$ 1,599,461	\$ 1,545,522	\$ 1,645,916
Operating Grants	71,452,498	65,247,998	4,382,605	4,238,696	75,835,103	69,486,694
Capital Grants	-	-	446,524	113,677	446,524	113,677
General Revenues						
Property Taxes	53,428,872	45,698,725	-	-	53,428,872	45,698,725
Unrestricted Grants	15,637,287	15,296,090	-	-	15,637,287	15,296,090
Other	1,441,036	597,474	-	-	1,441,036	597,474
Total Revenues	141,993,199	126,886,742	6,341,145	5,951,834	148,334,344	132,838,576
Program Expenses						
Instructional	73,935,990	67,414,733			73,935,990	67,414,733
Support Services	53,924,679	45,359,951			53,924,679	45,359,951
Food Service	-	-	5,794,527	6,449,582	5,794,527	6,449,582
Other	5,359,061	4,375,357			5,359,061	4,375,357
Total Expenses	133,219,730	117,150,041	5,794,527	6,449,582	139,014,257	123,599,623
Excess (Deficiency)						
Before Transfers	8,773,469	9,736,701	546,618	(497,748)	9,320,087	9,238,953
Transfers In/(Out)	332,453	320,010	(332,453)	(320,010)	-	-
Changes in Net Position	9,105,922	10,056,711	214,165	(817,758)	9,320,087	9,238,953

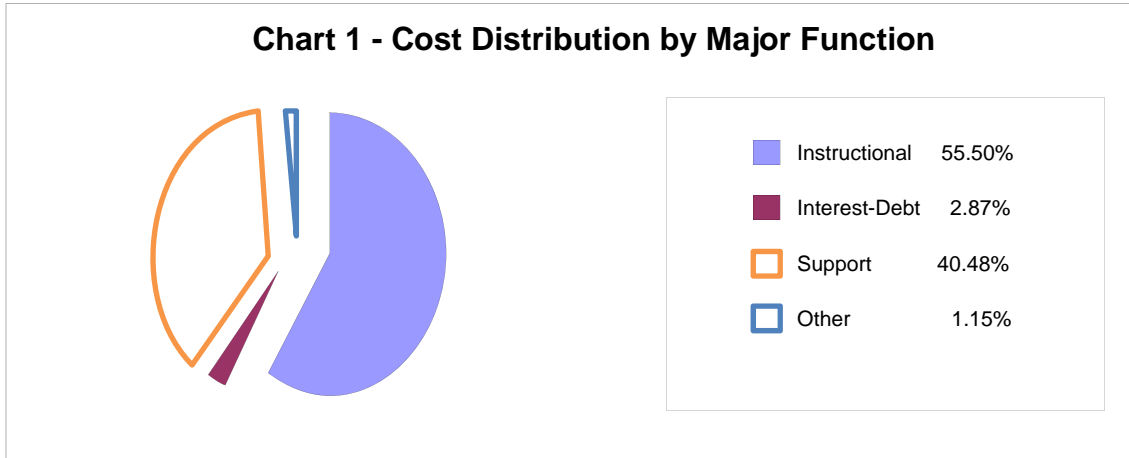
Governmental Activities:

For the District's governmental activities, revenues and transfers-in exceeded expenses by \$9,105,922. Revenues totaled \$141,993,199, transfers-in totaled \$332,453 and expenses totaled \$133,219,730 for the year ended June 30, 2017 (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 \$133,219,730.

	Cost of the Five Major Functional Activities for Governmental Activities			
	Total Expense		Net (Expense) Revenue	
	FY 17	FY 16	FY 17	FY 16
Instruction	\$ 73,935,990	\$ 67,414,733	(\$ 39,067,218)	(\$ 30,934,854)
Support Services	53,924,679	45,359,951	(17,934,742)	(17,234,479)
Community Services	1,346,041	1,274,727	(718,746)	(585,625)
Pupil Activities	194,481	247,537	(194,481)	(247,537)
Interest & Other Charges	3,818,539	2,853,093	(3,818,539)	(2,853,093)
Total	133,219,730	117,150,041	(61,733,726)	(51,855,588)

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



Business-Type Activities:

Revenues of the District's business-type activities exceeded expenses and transfers-out by \$214,165. Revenues totaled \$6,341,145 while expenses and transfers-out totaled \$6,126,980 for the year ended June 30, 2017 (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 \$159,390,781. This was an increase of \$123,772,843 from last year's ending fund balances of \$28,841,258.

Approximately \$20,673,180 or 12.96 percent constitutes the unassigned portion of the District's fund balance. This balance is maintained as an operating balance for the District to meet cash flow obligations throughout the year. The remaining fund balance is classified as assigned or restricted for the following spending constraints:

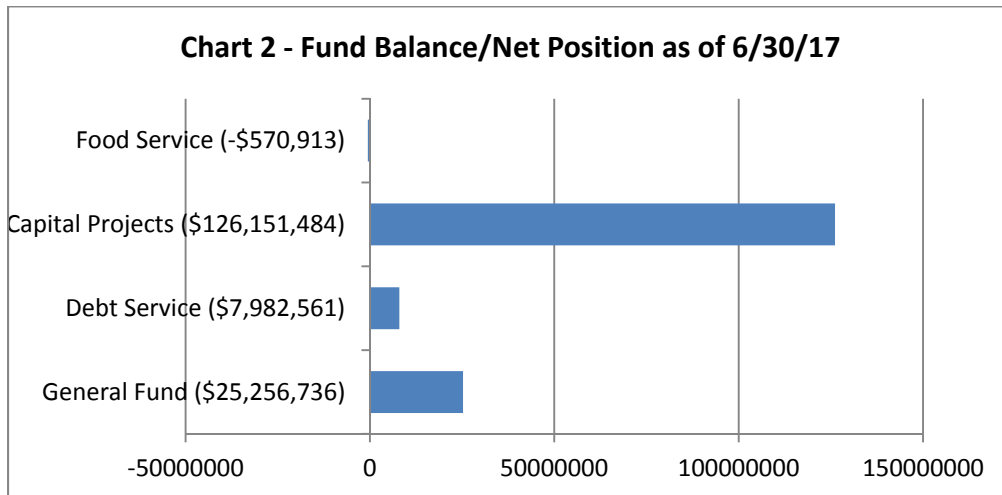
- \$10,042 assigned for encumbrances
- \$2,719,152 assigned for subsequent year's expenses
- \$1,854,362 non-spendable prepaid items
- \$7,982,561 restricted for debt service
- \$126,151,484 restricted for capital projects

The general fund is the principal operating fund of the District. The general fund balance showed an increase of \$2,857,337. The debt service-district fund balance showed an increase of \$3,799,140. The capital projects-district showed an increase of \$117,116,366.

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 \$(570,913). This was an increase of \$214,165 from last year's ending net position of \$(785,078).

Chart 2 below provides a breakdown of total fund balance and net position as of June 30, 2017.



General Fund Budgetary Highlights:

In building the District’s budget for FY 2016-2017, it was the District’s goal to maintain programs and staffing levels while managing student growth in the District’s northern boundaries. Voters had approved a \$199 million referendum bond for capital projects to meet this growth including a new high school and a new elementary school. Faced with a 15 mill increase in Debt Service to repay the referendum bonds, the District did not include a millage increase in the General Fund. With growth in the local economy, the District’s mill value has seen growth as well and the General Fund mill value was estimated to grow by 2.24% for an operating mill value of \$144,111. Budgeted expenses included a step increases in payroll for all employees where eligible. The state mandated a 2% increase in the teacher salary schedule and increased the number of steps in the payroll schedule by 1 step for a total of 23 steps. Hourly, classified and administrative salary schedules included the 2% raise along with an additional 3% increase based on a salary study performed by the District. The state mandated a 3.25% increase to the Bus Driver salary schedule. School budget allocations were fully funded according to the District’s funding formula. The use of \$3.70 million in equity was included in the budget to ensure budgeted expenditures would be met. Local revenues and tax reimbursements were estimated to increase by 2% and state revenues were estimated to increase by 9.23%. The state increase included additional estimated funding based on student growth. Overall budgeted revenues were \$93.60 million and budgeted expenditures were \$97.30 million with \$3.70 available in equity to balance.

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 2017. Revenue projections increased by \$1.94 million mostly in state funding based on recalculations for student growth. Expenditures were reduced by \$.40 million. These revisions allowed for the reduction in the use of equity by \$2.2 million to \$1.51 million to balance the revised budget.

For the year, ad valorem tax collections exceeded the budget of \$25,486,424 by \$655,919 or 2.57%. Revenue in lieu of taxes exceeded the budget of \$2,431,475 by 647,774 or 26.64%. Tax penalties and interest exceeded the budget of \$123,299 by \$124,515 or 100%. All of these are a result of a healthy growing tax base in Lancaster County. Interest earnings also grew during the year to exceed the budget of \$80,000 by \$107,933 or 135% as interest rates rose during the year and as the District’s cash balance grew. Miscellaneous local revenues exceeded the budget of \$28,967 by \$182,571 as the District benefited from energy incentive rewards of \$153,073 offered by Duke Energy. Overall local revenues exceeded the budget of \$28,727,213 by \$1,723,519 or 5.60%. Total state revenues for the year were slightly higher than the budget of \$66,189,631 by \$346,520.

Salaries and fringe benefits were slightly under budget of \$83,197,372 for the year by \$1,403,660 or 1.69%. Most of this savings comes from conservative budgeting on fringe benefits. Purchased services were under the budget of \$7,636,594 by \$457,510 or 5.99%. Most of this savings is in repairs/maintenance, travel, and technology. Supplies and materials were under budget by \$228,850 or 4.83%. Other areas were under budget of \$263,042 by \$89,775. Payments to SDE for bus abuse and Medicaid were under budget by \$58,000.

Capital Assets and Debt Administration

Capital Assets:

By the end of 2017, the District had invested \$222,505,828 in capital assets, including school buildings and facilities, vehicles, furniture, furnishings and equipment. Total depreciation expense for the year was \$5,555,133. The following schedule (figure A-4), presents capital asset balances net of depreciation for the fiscal year ended June 30, 2017.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total Activities	
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
Land	\$ 4,824,419	\$ 4,619,029	\$ -	\$ -	\$ 4,824,419	\$ 4,619,029
Buildings & Improvements	117,106,882	115,050,697	-	-	117,106,882	115,050,697
Furniture & Equipment	6,200,187	4,604,979	1,400,893	1,092,312	7,601,080	5,697,291
Construction in Progress	16,318,851	3,025,140	-	-	16,318,851	3,025,140
Total Cost	144,450,339	127,299,845	1,400,893	1,092,312	145,851,232	128,392,157

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 \$137,480,000 in general obligation bonds debt outstanding (see figure A-5), of which \$8,455,000 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 \$26,454,726 of which \$7,005,000 was outstanding at June 30, 2017 leaving an available balance of \$19,449,726. More detailed information about the District's long-term debt is presented in Note 8 to the financial statements.

	Outstanding Long-Term Debt			
	July 1, 2016 Balance	Additions to (Reductions in) Principal	June 30, 2017 Balance	Amount Due Within One Year
General Obligation Bonds	\$19,085,000	\$118,395,000	\$137,480,000	\$8,455,000
LEAP Installment Bonds	54,570,000	(2,220,000)	52,350,000	2,245,000

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

In the FY 2017-2018 operating budget the District balanced revenues with the use of \$2,719,152 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, 2017 was \$25,256,736 or 24.60% of the \$102,649,796 budgeted expenses for FY 2017-2018. Unassigned general fund equity available after the budget for FY2018 was balanced totaled \$23,392,332 or 22.79% 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 7.29% or \$10,502, gave us increased estimates for local tax revenues by approximately \$985,406. Other local revenues are estimated to increase by \$110,288. State tax reimbursements and state revenues are estimated to increase by approximately \$3,418,106 as well for FY 2017-2018.

The state base student cost used for the FY 2016-2017 budget was \$2,350 and the estimated base student cost for FY 2017-2018 was budgeted at \$2,425. This was an increase of 3.19% or \$75 in base student cost.

Overall general fund budgeted expenses for FY 2017-2018 increased by \$5,728,073. For salaries and fringe benefits, the FY 2017-2018 budget increased by \$5,509,960. Other budgets for operations, school allocations, District office and board of trustees were increased by 1.56% 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. Bonds were issued during FY 16-17 year in the amount of \$125 million. The remaining \$74 million in bonds will be issued during FY 17-18.

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

Contacting the District's Financial Management

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

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BASIC FINANCIAL STATEMENTS

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LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash & Cash Equivalents	\$ 8,126,630	\$ 1,817,539	\$ 9,944,169	\$ -
Investments	24,707,439	-	24,707,439	-
Property Tax Receivable	3,102,945	-	3,102,945	-
Internal Balances	649,875	(649,875)	-	-
Due from Pupil Activities	523,709	-	523,709	-
Due From County Government	137,993,229	-	137,993,229	-
Due From State Government	260,065	-	260,065	-
Due From Federal Government	1,880,256	31,080	1,911,336	-
Due From Other Governmental Units	905,046	-	905,046	40,148
Prepaid Expenditures	1,854,362	-	1,854,362	-
Inventories - Supplies & Materials	-	100,934	100,934	-
Other Receivables	310,535	-	310,535	-
Capital Assets (Net of Accumulated Depreciation)				
Land	4,824,419	-	4,824,419	-
Buildings & Improvements	117,106,882	-	117,106,882	-
Equipment	6,200,187	1,400,893	7,601,080	-
Construction in Progress	16,318,851	-	16,318,851	-
Total Assets	\$ 324,764,430	\$ 2,700,571	\$ 327,465,001	\$ 40,148
Deferred Outflows of Resources				
Net Pension Deferred Outflows	13,279,416	372,703	13,652,119	-
Unamortized Loss on Refunding - Debt Defeasance	3,528,537	-	3,528,537	-
Employer Contributions Subsequent to Measurement Date	7,546,227	211,794	7,758,021	-
Total Deferred Outflows of Resources	\$ 24,354,180	\$ 584,497	\$ 24,938,677	\$ -
Liabilities				
Accounts Payable	\$ 6,391,047	\$ -	\$ 6,391,047	\$ 13,490
Accrued Salaries	4,731,377	-	4,731,377	-
Accrued Payroll Related Liabilities	3,415,646	-	3,415,646	-
Due To State Government	9,738	-	9,738	-
Due to Federal Government	28,200	-	28,200	-
Bonds Payable	1,049,000	-	1,049,000	-
Retainage Payable	181,831	-	181,831	-
Unearned Revenue	2,100,730	55,205	2,155,935	26,658
Accrued Interest Payable	1,912,981	-	1,912,981	-
Noncurrent Liabilities:				
Net Pension Liability	135,037,980	3,790,005	138,827,985	-
Due Within One Year	12,596,180	-	12,596,180	-
Due in More Than One Year	194,212,843	-	194,212,843	-
Total Liabilities	\$ 361,667,553	\$ 3,845,210	\$ 365,512,763	\$ 40,148
Deferred Inflows of Resources				
Net Pension Deferred Inflows	383,747	10,771	394,518	-
Total Deferred Inflows of Resources	\$ 383,747	\$ 10,771	\$ 394,518	\$ -
Net Position				
Net Investment in Capital Assets	69,831,369	1,400,893	71,232,262	-
Restricted For:				
Debt Service Program	7,982,561	-	7,982,561	-
Capital Projects	126,151,484	-	126,151,484	-
Net Position - Unrestricted	(216,898,104)	(1,971,806)	(218,869,910)	-
Total Net Position	\$ (12,932,690)	\$ (570,913)	\$ (13,503,603)	\$ -

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, 2017

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		Business-Type Activities	Total	Component Unit
					Governmental Activities	Activities			
Governmental Activities:									
Instruction	\$ 73,935,990	-	\$ 34,868,772	-	\$ (39,067,218)	-	\$ (39,067,218)		
Support Services	53,924,679	33,506	35,956,431	-	(17,934,742)	-	(17,934,742)		
Community Service	1,346,041	-	627,295	-	(718,746)	-	(718,746)		
Pupil Activity	194,481	-	-	-	(194,481)	-	(194,481)		
Interest & Other Charges	3,818,539	-	-	-	(3,818,539)	-	(3,818,539)		
Total Governmental Activities	133,219,730	33,506	71,452,498	-	(61,733,726)	-	(61,733,726)		
Business-Type Activities:									
Food Service	5,794,527	1,512,016	4,382,605	446,524	-	546,618	546,618		
Total Business-Type Activities	5,794,527	1,512,016	4,382,605	446,524	-	546,618	546,618		
Total Primary Government	\$ 139,014,257	\$ 1,545,522	\$ 75,835,103	\$ 446,524	\$ (61,733,726)	\$ 546,618	\$ (61,187,108)		
Component Units:									
Charter School	1,019,396	-	1,019,396	-	-	-	-		\$ -
General Revenues:									
Property Taxes Levied For:									
General Purposes					29,633,307	-	29,633,307		-
Debt Service					23,795,565	-	23,795,565		-
State Aid Not Restricted For Specific Purpose					15,637,287	-	15,637,287		-
Unrestricted Investment Earnings					617,302	-	617,302		-
Miscellaneous					823,734	-	823,734		-
Transfers					332,453	(332,453)	-		-
Total General Revenues and Transfers					70,839,648	(332,453)	70,507,195		-
Change in Net Position					\$ 9,105,922	\$ 214,165	\$ 9,320,087		\$ -
Net Position, Beginning of Year					(22,038,612)	(785,078)	(22,823,690)		-
Net Position - Ending					\$ (12,932,690)	\$ (570,913)	\$ (13,503,603)		\$ -

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

LANCASTER COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	Special Revenue Funds					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Debt Service	Capital Projects	
Assets						
Cash & Cash Equivalents	\$ 8,126,630	\$ -	\$ -	\$ -	\$ -	\$ 8,126,630
Investments	24,707,439	-	-	-	-	24,707,439
Property Tax Receivable, Net	33,261	-	-	53,943	-	87,204
Due From Other Funds	3,537,817	-	1,009,180	-	-	4,546,997
Due From County Government	605,865	-	-	7,928,618	129,458,746	137,993,229
Due From State Government	15,034	157,389	87,642	-	-	260,065
Due From Federal Government	-	1,880,256	-	-	-	1,880,256
Due From Other Governmental Units	902,775	2,271	-	-	-	905,046
Prepaid Items	1,854,362	-	-	-	-	1,854,362
Other Receivables	11,623	285,912	-	-	13,000	310,535
Total Assets	\$ 39,794,806	\$ 2,325,828	\$ 1,096,822	\$ 7,982,561	\$ 129,471,746	\$ 180,671,763
Liabilities & Fund Balances						
Liabilities						
Accounts Payable	6,391,047	-	-	-	-	6,391,047
Accrued Salaries	4,731,377	-	-	-	-	4,731,377
Accrued Payroll Related Liabilities	3,415,646	-	-	-	-	3,415,646
Due To Other Funds	-	1,283,982	-	-	2,089,431	3,373,413
Due To State Government	-	-	9,738	-	-	9,738
Due to Federal Government	-	28,200	-	-	-	28,200
Bonds Payable	-	-	-	-	1,049,000	1,049,000
Retainage Payable	-	-	-	-	181,831	181,831
Unearned Revenue	-	1,013,646	1,087,084	-	-	2,100,730
Total Liabilities	14,538,070	2,325,828	1,096,822	-	3,320,262	21,280,982
Fund Balances						
Non-Spendable	1,854,362	-	-	-	-	1,854,362
Restricted	-	-	-	7,982,561	126,151,484	134,134,045
Assigned	2,729,194	-	-	-	-	2,729,194
Unassigned	20,673,180	-	-	-	-	20,673,180
Total Fund Balances	25,256,736	-	-	7,982,561	126,151,484	159,390,781
Total Liabilities & Fund Balances	\$ 39,794,806	\$ 2,325,828	\$ 1,096,822	\$ 7,982,561	\$ 129,471,746	\$ 180,671,763

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, 2017**

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

Total Governmental Fund Balances \$ 159,390,781

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.*

<i>Cost of Assets</i>	\$ 219,438,114	
<i>Accumulated Depreciation</i>	<u>(74,987,775)</u>	144,450,339

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.		20,441,896
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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.		3,528,537
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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>		3,015,741
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Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

<i>Long Term Debt</i>	(189,830,000)	
<i>Net Pension Liability</i>	(135,037,980)	
<i>Bond Premiums, Net of Amortization</i>	(15,699,822)	
<i>Compensated Absences</i>	(1,279,201)	
<i>Accrued Interest Payable</i>	<u>(1,912,981)</u>	<u>(343,759,984)</u>

Net Position of Governmental Activities: \$ (12,932,690)

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, 2017

	General	Special Revenue			Debt Service LEAP	Capital Projects	Total Governmental Funds
		Special Projects	Education Improvement Act	Debt Service			
Revenues							
Taxes Levied/Assessed by the LEA	\$ 26,390,157	\$ -	\$ -	\$ 22,407,096	\$ -	\$ -	\$ 48,797,253
Revenue From Local Governmental Units Other Than LEAs	3,079,250	-	-	1,388,469	-	-	4,467,719
Tuition	27,708	5,798	-	-	-	-	33,506
Earnings on Investments	189,291	-	-	7,972	6	420,033	617,302
Other Revenue from Local Sources	764,326	1,313,766	-	-	-	467,496	2,545,588
Total Local	30,450,732	1,319,564	-	23,803,537	6	887,529	56,461,368
State Sources	63,878,125	2,551,995	7,272,779	1,292,387	-	-	74,995,286
Federal Sources	-	10,372,647	-	-	-	-	10,372,647
Total Revenues	\$ 94,328,857	\$ 14,244,206	\$ 7,272,779	\$ 25,095,924	\$ 6	\$ 887,529	\$ 141,829,301
Expenditures							
Current:							
Instruction	57,033,157	8,084,519	3,210,964	-	-	-	68,328,640
Support Services	36,642,183	4,103,286	1,181,259	-	11,959,223	-	53,885,951
Community Services	-	1,243,243	-	-	-	-	1,243,243
Intergovernmental	814,304	-	-	-	-	-	814,304
Debt Service:							
Redemption of Principal	-	-	-	6,605,000	2,220,000	-	8,825,000
Interest	-	-	-	766,784	2,082,786	254,537	3,104,107
Capital Outlay	16,638	574,395	222,529	-	-	16,693,172	17,506,734
Total Expenditures	\$ 94,506,282	\$ 14,005,443	\$ 4,614,752	\$ 7,371,784	\$ 4,302,786	\$ 28,906,932	\$ 153,707,979
Excess of Revenues Over (Under) Expenditures	(177,425)	238,763	2,658,027	17,724,140	(4,302,780)	(28,019,403)	(11,878,678)
Other Financing Sources (Uses)							
Premiums on Bonds Sold	-	-	-	-	-	10,513,549	10,513,549
Issuance of Debt	-	-	-	-	-	125,000,000	125,000,000
Transfers In	3,263,359	685,022	-	-	4,302,780	35,657,002	43,908,163
Transfers Out	(228,597)	(923,785)	(2,658,027)	(13,925,000)	-	(26,034,782)	(43,770,191)
Total Other Financing Sources (Uses)	3,034,762	(238,763)	(2,658,027)	(13,925,000)	4,302,780	145,135,769	135,651,521
Net Change in Fund Balances	\$ 2,857,337	\$ -	\$ -	\$ 3,799,140	\$ -	\$ 117,116,366	\$ 123,772,843
Fund Balance, Beginning of Year	22,399,399	-	-	4,183,421	-	9,035,118	35,617,938
Fund Balance, Ending of Year	\$ 25,256,736	\$ -	\$ -	\$ 7,982,561	\$ -	\$ 126,151,484	\$ 159,390,781

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, 2017**

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

Net Change in Fund Balances - Total Governmental Funds \$ 123,772,843

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.*

<i>Depreciation Expense</i>	\$ (5,417,189)	
<i>Capital Outlay</i>	<u>22,586,890</u>	17,169,701

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.*

<i>Redemption of Principal</i>	8,825,000	
<i>Proceeds from Long-Term Debt</i>	<u>(125,000,000)</u>	(116,175,000)

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.*

<i>Change in Amortization of Bond Premiums</i>	(9,398,440)	
<i>Change in Amortization of Loss on Defeasance of Debt</i>	<u>(324,331)</u>	(9,722,771)

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.

(19,207)

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.

163,900

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.*

<i>Compensated Absences - End of Current Year</i>	(1,279,201)	
<i>Compensated Absences - End of Prior Year</i>	<u>1,238,549</u>	(40,652)

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.*

<i>District's Proportoinate Share of Total Pension Expense</i>	(12,083,909)	
<i>Current Contributions to Retirement System</i>	<u>7,546,227</u>	(4,537,682)

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.*

<i>Accrued Interest - End of Current Year</i>	(1,912,981)	
<i>Accrued Interest - End of Prior Year</i>	<u>407,771</u>	(1,505,210)

Change in Net Position of Governmental Activities \$ 9,105,922

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, 2017**

Assets

Current Assets

Cash & Cash Equivalents	\$ 1,817,539
Due From Federal Government	31,080
Inventories - Supplies & Materials	<u>100,934</u>

Total Current Assets	<u>1,949,553</u>
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Property, Plant and Equipment, Net	<u>1,400,893</u>
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Total Assets	<u><u>\$ 3,350,446</u></u>
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Deferred Outflows of Resources

Net Pension Deferred Outflows	372,703
Employer Contributions Subsequent to Measurement Date	<u>211,794</u>

Total Deferred Outflows of Resources	<u><u>\$ 584,497</u></u>
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Liabilities

Current Liabilities

Due To Other Funds	649,875
Unearned Revenue	<u>55,205</u>

Total Current Liabilities	<u>705,080</u>
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Long Term Liabilities

Net Pension Liability	<u>3,790,005</u>
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Total Long Term Liabilities	<u>3,790,005</u>
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Total Liabilities	<u><u>\$ 4,495,085</u></u>
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Deferred Inflows of Resources

Net Pension Deferred Inflows	<u>10,771</u>
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Total Deferred Inflows of Resources	<u><u>\$ 10,771</u></u>
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Net Position

Investment in Capital Assets	1,400,893
Unrestricted	<u>(1,971,806)</u>

Total Net Position	<u><u>\$ (570,913)</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, 2017**

	Business-Type Activities Enterprise Fund - Food Service
Operating Revenues	
Proceeds from Sales of Meals	\$ 1,512,016
Total Operating Revenues	<u>1,512,016</u>
Operating Expenses	
Food Costs	2,802,861
Salaries & Employee Benefits	2,528,647
Supplies & Materials	241,911
Depreciation	137,944
Other Operating Costs	83,164
Total Operating Expenses	<u>5,794,527</u>
Operating Income (Loss)	<u>(4,282,511)</u>
Non-Operating Revenues (Expenses)	
USDA Reimbursements	3,889,828
Commodities Received from USDA	492,349
Other Federal & State Aid	428
Total Non-Operating Revenues	<u>4,382,605</u>
Net Income Before Transfers	100,094
Capital Contributions	446,524
Transfers In (Out)	<u>(332,453)</u>
Change in Net Position	214,165
Net Position, Beginning of Year	<u>(785,078)</u>
Net Position, End of Year	<u><u>\$ (570,913)</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, 2017**

	Enterprise Fund - Food Service
Cash Flows from Operating Activities	
Cash Received from Patrons	\$ 1,512,073
Cash Payments to Suppliers for Goods and Services	(3,134,767)
Cash Payments to Employees for Services	(2,401,291)
	(4,023,985)
Net Cash Used in Operating Activities	
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	4,388,654
Transfers From (To) Other Funds	(203,187)
	4,185,467
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	161,482
Cash and Cash Equivalents at Beginning of Year	1,656,057
Cash and Cash Equivalents at End of Year	\$ 1,817,539
Operating Income (Loss)	(4,282,511)
Adjustments to Reconcile Operating Income (Loss) To Net Cash (Used) by Operating Activities:	
Depreciation	137,944
Change in Assets and Liabilities:	
Decrease in Accounts Receivable	57
Increase in Inventory	(6,831)
Increase in Net Pension Liability	127,356
	127,356
Net Cash Used in Operating Activities	\$ (4,023,985)
Supplemental Information:	
Capital Assets Contributed to Food Service from Other Funds	\$ 446,524
Non-Cash Commodities Received	492,349

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, 2017**

	Agency Fund Pupil Activity
Assets	
Cash & Cash Equivalents	\$ 931,010
Investments	1,023,536
Other Receivables	<u>716</u>
Total Assets	<u><u>\$ 1,955,262</u></u>
Liabilities	
Due To School District	523,709
Due to Pupil Activities	<u>1,431,553</u>
Total Liabilities	<u><u>\$ 1,955,262</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 GAAP, 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, 2017.

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 Projects 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, 2017, 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 acquisition cost.

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:

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

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

Unearned Revenue

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

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, 2017, the District's assigned fund balance in the General Fund consists of subsequent year expenditures and encumbered operating school expenditures in the amounts of \$2,719,152 and \$10,042, 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.

Tax Abatements

The Governmental Accounting Standards Board (GASB) issued Statement No. 77 entitled *Tax Abatement Disclosures* in 2015 effective for periods beginning after December 15, 2015. This statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and about tax abatement agreements entered into by other governments that reduce the reporting government's tax revenues.

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, 2017, 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, 2017, the District had the following investments, which meet the above requirements:

Investment Type	Credit Rating	Fair Market Value	Weighted Average Maturity (Years)
SC Treasurer's Investment Pool	Unrated	\$ 25,730,975	Less than 1 year

The total above includes investments in the General Fund and Pupil Activity Fund in the amounts of \$24,707,439 and \$1,023,536, 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, 2017, 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, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,619,029	\$ 205,390	\$ -	\$ 4,824,419
Construction in Progress	3,025,140	16,318,851	(3,025,140)	16,318,851
Total Capital Assets Not Being Depreciated	7,644,169	16,524,241	(3,025,140)	21,143,270
Capital Assets Being Depreciated:				
Buildings and Improvements	179,148,117	6,613,746	-	185,761,863
Furniture and Equipment	10,103,284	2,474,043	(44,346)	12,532,981
Total Capital Assets Being Depreciated	189,251,401	9,087,789	(44,346)	198,294,844
Less: Accumulated Depreciation For:				
Buildings and Improvements	(64,097,420)	(4,557,561)	-	(68,654,981)
Furniture and Equipment	(5,498,305)	(859,628)	25,139	(6,332,794)
Total Accumulated Depreciation	(69,595,725)	(5,417,189)	25,139	(74,987,775)
Total Capital Assets Being Depreciated, Net	119,655,676	3,670,600	(19,207)	123,307,069
Governmental Activities Capital Assets, Net	\$ 127,299,845	\$ 20,194,841	\$ (3,044,347)	\$ 144,450,339
Business-Type Activities:				
Capital Assets Being Depreciated				
Property and Equipment	\$ 2,725,829	\$ 446,524	\$ -	\$ 3,172,353
Total Capital Assets Being Depreciated	2,725,829	446,524	-	3,172,353
Less: Accumulated Depreciation For:				
Property and Equipment	(1,633,516)	(137,944)	-	(1,771,460)
Total Accumulated Depreciation	(1,633,516)	(137,944)	-	(1,771,460)
Business-Type Activities Capital Assets, Net	\$ 1,092,313	\$ 308,580	\$ -	\$ 1,400,893

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 2,646,200
Support Services	2,723,383
Community Services	47,606
Total Depreciation - Governmental Activities	\$ 5,417,189
Business-Type Activities:	
Food Service	\$ 137,944
Total Depreciation - Business-Type Activities	\$ 137,944

4. CAPITAL ASSETS

Construction Commitments

The District has several ongoing construction projects as of June 30, 2017, consisting primarily of capital projects. The projects include renovations at existing schools. Total outstanding construction commitments at June 30, 2017, are approximately \$52,959,538.

5. PROPERTY TAXES

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

January 16 through February 16 - 3% of Tax
February 16 through March 15 - 8% of Tax
After March 15 - 13% of Tax plus Collection Cost

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

The revised assessed value of the certified roll, upon which the levy for the 2017 fiscal year was based, was \$352,944,836. The millage rate charged for the District was 149.5 mills for current operations and 68.0 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, 2016	Additions	Reductions	June 30, 2017
Governmental Activities:				
Bond Anticipation Note	<u>\$ 1,062,000</u>	<u>\$ 39,974,000</u>	<u>\$ 39,987,000</u>	<u>\$ 1,049,000</u>
Total Governmental Activities	<u>\$ 1,062,000</u>	<u>\$ 39,974,000</u>	<u>\$ 39,987,000</u>	<u>\$ 1,049,000</u>

The District issued a Bond Anticipation Note on July 14, 2016 of \$25,000,000. The note was due and paid in full on March 15, 2017 at an interest rate of 1.50%. This issuance was to provide initial funding for the projects identified in the \$199M Referendum Bonds approved in March 2016. These projects include a new elementary school, a new high school, three new multi-purpose buildings, various other upgrades to school buildings around the district including technology, construction, cafeteria upgrades, athletic facility upgrades and security upgrades.

The District issued a Bond Anticipation Note on October 11, 2016 of \$13,925,000. The note was due and paid in full on March 1, 2017 at an interest rate of 0.83%. This issuance was to fund the District's annual capital needs and to make the installment loan debt payments due during the year.

The District issued a Bond Anticipation Note on May 16, 2017 of \$1,049,000. The note is due and payable on October 15, 2017 at an interest rate of 1.220%. This issuance is to be used to cover the upcoming installment loan debt payment.

8. LONG-TERM OBLIGATIONS

On March 9, 2017, the District issued \$125,000,000 in General Obligation Referendum Bonds approved by County voters with an interest rate of 4.00%-5.00% payable on March 1, 2036. The debt is to be used for district-wide capital projects including a new elementary school, a new high school, three new multi-purpose buildings, athletic upgrades, security upgrades, cafeteria upgrades, and numerous other school upgrades.

Bonds payable consisted of the following at June 30, 2017:

	Interest Rates	Maturity	Original Issue	Outstanding June 30, 2017
District:				
General Obligation Bonds				
September 27, 2012	2.00% - 5.00%	2021	\$ 21,720,000	\$ 5,555,000
October 8, 2015	5.00%	2018	15,545,000	1,450,000
March 9, 2017	3.25% - 5.00%	2036	125,000,000	125,000,000
Advance Refunding				
April 1, 2009	3.00% - 4.00%	2019	<u>18,255,000</u>	<u>5,475,000</u>
Total District			<u>180,520,000</u>	<u>137,480,000</u>
LEAP				
Installment Purchase Revenue Bonds				
May 17, 2013	0.60% - 2.46%	2021	23,810,000	15,805,000
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>52,350,000</u>
Total Governmental Activities			<u>\$ 240,875,000</u>	<u>\$ 189,830,000</u>

8. LONG-TERM OBLIGATIONS (CONTINUED)

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, 2017, 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, 2017.

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

The following is a summary of changes in the District's long-term obligations for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
District:					
General Obligation Bonds:					
September 27, 2012 - Series 2012	\$ 7,150,000	\$ -	\$ 1,595,000	\$ 5,555,000	\$ 1,580,000
October 8, 2015 - Series 2015	3,890,000	-	2,440,000	1,450,000	1,450,000
March 9, 2017 - Series 2017	-	125,000,000	-	125,000,000	2,750,000
Advance Refunding:					
April 1, 2009 - Series 2009A	8,045,000	-	2,570,000	5,475,000	2,675,000
Total Bonds Payable	19,085,000	125,000,000	6,605,000	137,480,000	8,455,000
Plus Deferred Amounts:					
For Premiums	1,169,340	10,513,549	683,099	10,999,790	841,580
Total District Bond Related Payable	20,254,340	135,513,549	7,288,099	148,479,790	9,296,580
LEAP:					
Installment Purchase Revenue Bonds:					
May 17, 2013 - Series 2013A (Taxable)	18,025,000	-	2,220,000	15,805,000	2,245,000
May 17, 2013 - Series 2013B	36,545,000	-	-	36,545,000	-
Total Bonds Payable	54,570,000	-	2,220,000	52,350,000	2,245,000
Plus Deferred Amounts:					
For Premiums	5,132,042	-	432,010	4,700,032	432,010
Total LEAP Bond Related Payable	59,702,042	-	2,652,010	57,050,032	2,677,010
Total Bond Related Payable - Governmental Activities	\$ 79,956,382	\$ 135,513,549	\$ 9,940,109	\$ 205,529,822	\$ 11,973,590
Compensated Absences	1,238,549	643,457	602,805	1,279,201	622,590
Total Long-Term Liabilities - Governmental Activities	\$ 81,194,931	\$ 136,157,006	\$ 10,542,914	\$ 206,809,023	\$ 12,596,180

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, 2017.

8. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements for debt service on bonds outstanding at June 30, 2017, are summarized as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 10,700,000	\$ 7,567,457	\$ 18,267,457
2019	7,395,000	7,261,896	14,656,896
2020	7,710,000	7,001,502	14,711,502
2021	8,105,000	6,789,069	14,894,069
2022	9,645,000	6,497,444	16,142,444
2023-2027	45,265,000	25,947,845	71,212,845
2028-2032	53,665,000	15,323,609	68,988,609
2033-2037	47,345,000	4,829,200	52,174,200
	<u>\$ 189,830,000</u>	<u>\$ 81,218,022</u>	<u>\$ 271,048,022</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 State Fiscal Accountability Authority (SFAA), 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.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

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 SCRS 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.

9. RETIREMENT PLAN (CONTINUED)

Plan Descriptions (Continued)

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.

In addition to the plans described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

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 part of the retirement systems' trust funds 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 (S 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.

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.

9. RETIREMENT PLAN (CONTINUED)

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..

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total 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.

9. RETIREMENT PLAN (CONTINUED)

Contributions (Continued)

Required employee contribution rates for fiscal year 2016-2017 are as follows

SCRS	
Employee Class Two	8.66% of earnable compensation
Employee Class Three	8.66% of earnable compensation
State ORP Employee	8.66% of earnable compensation
PORS	
Employee Class Two	9.24% of earnable compensation
Employee Class Three	9.24% of earnable compensation

Required employer contribution rates for fiscal year 2016-2017 are as follows

SCRS	
Employer Class Two	11.41% of earnable compensation
Employer Class Three	11.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation
State ORP	
Employer Contribution	11.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation
PORS	
Employer Class Two	13.84% of earnable compensation
Employer Class Three	13.84% 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, 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

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

	2017	2016	2015
SCRS			
Employee Contributions	\$ 5,463,554	\$ 4,854,179	\$ 4,588,880
Employer Contributions	7,644,399	6,855,789	6,505,882
Employer Group Life Contributions	104,917	98,413	94,586
Total	<u>\$ 13,212,870</u>	<u>\$ 11,808,381</u>	<u>\$ 11,189,348</u>
PORS			
Employee Contributions	\$ 5,728	\$ 6,130	\$ 6,277
Employer Contributions	8,581	9,356	9,710
Employer Group Life Contributions	124	281	299
Total	<u>\$ 14,433</u>	<u>\$ 15,767</u>	<u>\$ 16,286</u>

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

9. RETIREMENT PLAN (CONTINUED)

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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016, actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017, measurement date.

The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2015, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2016, using generally accepted actuarial principles. 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, 2015, 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, 2015, valuations 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 GAAP less that System's fiduciary net position. NPL totals, as of June 30, 2016, for SCRS and PORS are presented below.

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	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.9%
PORS	6,412,510,458	3,876,035,732	2,536,474,726	60.4%

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. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

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 the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. 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, as used in the July 1, 2015, actuarial valuations, was based upon the 30 year capital markets outlook at the end of third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 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
Global Equity	43.0%		
Global Public Entity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
Hedge Funds (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.10%</u>
Inflation for Actuarial Purposes			<u>2.75%</u>
Total Expected Nominal Return			<u>7.85%</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	\$ 173,010,049	\$ 138,688,454	\$ 110,117,020
PORS	182,867	139,531	100,585

Payables to the Pension Plan

As of June 30, 2017, the District had \$1,500,537 in payables outstanding to the pension plans for its legally required contributions.

Pension Liabilities

At June 30, 2017, the District reported a liability of \$138,688,454 for its proportionate share of the net pension liability for the SCRS and a liability of \$139,531 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, 2015, 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, 2016. 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, 2017, the District's proportions were 0.649295002% and 0.005500981% for SCRS and PORs, respectively.

For the year ended June 30, 2017, the District recognized pension expense of \$7,758,021, including \$7,749,316 for SCRS and \$8,705 for PORS.

9. RETIREMENT PLAN (CONTINUED)

Deferred Outflows/(Inflows) of Resources

At June 30, 2017, 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	\$ 1,437,669	\$ 150,616
Net Difference Between Projected and Actual Investment Earnings	11,668,155	-
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Employer Contributions	489,497	235,237
Direct Contributions Subsequent to the Measurement Date	<u>7,749,316</u>	<u>-</u>
Total	<u><u>\$ 21,344,637</u></u>	<u><u>\$ 385,853</u></u>
PORS		
Difference Between Expected and Actual Experience	\$ 2,070	\$ -
Net Difference Between Projected and Actual Investment Earnings	15,821	-
Deferred Amounts from Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Employer Contributions	38,907	8,665
Direct Contributions Subsequent to the Measurement Date	<u>8,705</u>	<u>-</u>
Total	<u><u>\$ 65,503</u></u>	<u><u>\$ 8,665</u></u>

The amounts of \$7,749,316 for SCRS and \$8,705 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, 2018.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2016. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2016 was 4.116 years for SCRS and 4.665 years for PORS.

Measurement Period Ending June 30,	SCRS	PORS
2017	\$ 2,708,100	\$ 10,091
2018	2,708,100	10,091
2019	2,708,100	10,091
2020	2,708,100	10,091
2021	<u>2,377,069</u>	<u>7,770</u>
Net Balance of Deferred Outflows/(Inflows) of Resources	<u><u>\$ 13,209,468</u></u>	<u><u>\$ 48,133</u></u>

9. RETIREMENT PLAN (CONTINUED)

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2016, and the accounting and financial reporting actuarial valuation as of June 30, 2016. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

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, 2017, consisted of the following individual fund amounts:

Transfer From	Transfer To					Total
	General	Special Projects	Debt Service LEAP	Capital Projects	Pupil Activity	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 228,597	\$ 228,597
Special Projects	238,763	685,022	-	-	-	923,785
Special Revenue - EIA	2,658,027	-	-	-	-	2,658,027
Debt Service	-	-	3,267,998	10,657,002	-	13,925,000
Capital Projects	-	-	1,034,782	25,000,000	-	26,034,782
Food Service	332,453	-	-	-	-	332,453
Pupil Activity	34,116	-	-	-	902,811	936,927
Totals	\$ 3,263,359	\$ 685,022	\$ 4,302,780	\$ 35,657,002	\$ 1,131,408	\$ 45,039,571

As of June 30, 2017, amounts due from (to) other funds related to the District's pooled cash are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 3,537,817	\$ -
Special Revenue Fund - Special Projects	-	1,283,982
EIA Fund	1,009,180	-
Capital Projects Fund	-	2,089,431
Food Service Fund	-	649,875
Pupil Activity Fund	-	523,709
Total for Primary Government	\$ 4,546,997	\$ 4,546,997

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 Rreceivable	\$ 4,773,762
Less: Allowance for Uncollectible	<u>(1,670,817)</u>
Taxes Receivable	<u><u>\$ 3,102,945</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, 2017.

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, 2017. 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. TAX ABATEMENTS

The District's property tax revenues were reduced by \$5,420,596 for the fiscal year ended June 30, 2017 under agreements entered into by Lancaster County. These agreements are considered fee-in-lieu of tax and special source revenue credit programs related to economic development programs.

17. SUBSEQUENT EVENTS

On August 7, 2017 the District awarded a bid contract to Randolph & Son Builders, Inc. of Pineville, NC in the amount of \$17,911,964 for the construction of the Andrew Jackson Multi-Purpose Building. This award is considered to be a part of the Referendum Bond Project approved during FY 2017. In addition, on August 3, 2017 the District awarded a bid contract to Hinson Electric in the amount of \$1,318,000 for this same project.

On October 6, 2017 the District issued a Bond Anticipation Note in the amount of \$10,300,000. The note is due to be paid in full on March 1, 2018 at an interest rate of 1.26%. This issuance is to fund the District's annual capital needs and to make installment loan debt payments due during the year.

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.

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REQUIRED SUPPLEMENTARY INFORMATION

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**LANCASTER COUNTY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local	\$ 28,362,779	\$ 28,727,213	\$ 30,450,732	\$ 1,723,519
State	62,251,329	63,829,366	63,878,126	48,760
Total Revenues	<u>\$ 90,614,108</u>	<u>\$ 92,556,579</u>	<u>\$ 94,328,858</u>	<u>\$ 1,772,279</u>
Expenditures				
Current:				
Instruction	55,335,390	57,477,384	57,043,045	434,339
Support Services	40,889,736	38,353,665	36,648,934	1,704,731
Intergovernmental	857,859	871,933	814,304	57,629
Total Expenditures	<u>\$ 97,082,985</u>	<u>\$ 96,702,982</u>	<u>\$ 94,506,283</u>	<u>\$ 2,196,699</u>
Excess Revenues Over (Under) Expenditures	<u>(6,468,877)</u>	<u>(4,146,403)</u>	<u>(177,425)</u>	<u>3,968,978</u>
Other Financing Sources (Uses)				
Transfers from Other Funds	2,782,738	2,641,521	3,034,762	393,241
Total Other Financing Sources (Uses)	<u>2,782,738</u>	<u>2,641,521</u>	<u>3,034,762</u>	<u>393,241</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (3,686,139)</u>	<u>\$ (1,504,882)</u>	<u>\$ 2,857,337</u>	<u>\$ 4,362,219</u>
Fund Balance, Beginning of Year			<u>22,399,399</u>	
Fund Balance, End of Year			<u>\$ 25,256,736</u>	

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

	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015	2016	2017
SCRS										
District's Proportion of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 111,602,338	\$ 122,469,411	\$ 138,688,454
District's Proportionate Share of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.64822200%	0.64574900%	0.64929500%
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63,057,436	65,608,945	69,862,303
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	176.99%	186.67%	198.52%
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	59.90%	57.00%	52.90%
PORS										
District's Proportion of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 54,006	\$ 131,271	\$ 139,531
District's Proportionate Share of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0028200%	0.0060230%	0.0055004%
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	74,638	70,132	62,000
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	72.36%	187.18%	225.05%
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	67.50%	64.60%	60.40%

*** 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, 2016.

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

	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015	2016	2017
SCRS										
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	\$ 6,600,468	\$ 6,954,203	\$ 7,749,316
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -
District's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63,057,436	65,608,945	69,862,303
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10.47%	10.60%	11.09%
PORS										
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	\$ 10,009	\$ 9,636	\$ 8,705
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(10,009)	(9,636)	(8,705)
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	74,638	70,132	62,000
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13.41%	13.74%	14.04%

*** 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

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**COMBINING AND INDIVIDUAL
FUND SCHEDULES**

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GENERAL FUND

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

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

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**LANCASTER COUNTY SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
JUNE 30, 2017**

Assets

Cash & Cash Equivalents	\$ 8,126,630
Investments	24,707,439
Property Tax Receivable, Net	33,261
Due From Other Funds	3,537,817
Due From County Government	605,865
Due From State Government	15,034
Due From Other Governmental Units	902,775
Prepaid Items	1,854,362
Other Receivables	<u>11,623</u>
Total Assets	<u><u>\$ 39,794,806</u></u>

Liabilities & Fund Balances

Liabilities

Accounts Payable	6,391,047
Accrued Salaries	4,731,377
Accrued Payroll Related Liabilities	<u>3,415,646</u>
Total Liabilities	<u>14,538,070</u>

Fund Balances

Non-Spendable	1,854,362
Assigned	2,729,194
Unassigned	<u>20,673,180</u>
Total Fund Balances	<u>25,256,736</u>

Total Liabilities & Fund Balances	<u><u>\$ 39,794,806</u></u>
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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, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 25,486,424	\$ 26,142,344	\$ 655,920
1140 Penalties & Interest on Taxes (Independent)	123,299	247,814	124,515
1200 Revenue From Local Governmental Units Other Than LEAs			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	2,431,475	3,079,250	647,775
1300 Tuition			
1310 From Patrons for Regular Day School	7,500	10,943	3,443
1320 From Other LEAs for Regular Day School	-	16,765	16,765
1500 Earnings on Investments:			
1510 Interest on Investments	80,000	189,291	109,291
1900 Other Revenue from Local Sources:			
1910 Rentals	15,000	15,850	850
1930 Special Needs Transportation - Medicaid	545,000	520,710	(24,290)
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	9,548	16,227	6,679
1999 Revenue from Other Local Sources	28,967	211,538	182,571
Total Local Sources	28,727,213	30,450,732	1,723,519
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	7,157	7,157
3160 School Bus Driver Salary (Includes Hazardous Condition Transportation)	894,363	926,475	32,112
3161 EAA Bus Driver Salary and Fringe	-	2,503	2,503
3162 Transportation Workers' Compensation	42,708	42,708	-
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	13,777,280	13,777,280	-
3181 Retiree Insurance (No Carryover Provision)	2,436,454	2,436,454	-
3199 Other Restricted State Grants	-	3,084	3,084
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	1,784,772	1,766,839	(17,933)
3312 Primary	5,253,489	5,256,574	3,085
3313 Elementary	7,698,254	7,685,289	(12,965)
3314 High School	2,759,950	2,697,198	(62,752)
3315 Trainable Mentally Handicapped	124,650	131,051	6,401
3316 Speech Handicapped (Part-Time Program)	1,061,287	1,067,419	6,132
3317 Homebound	19,243	24,671	5,428
3320 Part-Time Programs:			
3321 Emotionally Handicapped	137,163	149,211	12,048
3322 Educable Mentally Handicapped	181,506	184,844	3,338
3323 Learning Disabilities	3,550,988	3,635,217	84,229
3324 Hearing Handicapped	113,731	114,227	496
3325 Visually Handicapped	61,843	56,724	(5,119)
3326 Orthopedically Handicapped	77,637	70,228	(7,409)
3327 Vocational	3,932,817	3,930,133	(2,684)
3330 Miscellaneous EFA Programs:			
3331 Autism	459,374	495,600	36,226
3332 High Achieving Students	419,369	420,772	1,403
3334 Limited English Proficiency	263,092	266,368	3,276
3351 Academic Assistance	1,112,823	1,142,359	29,536
3352 Pupils in Poverty	3,185,213	3,183,060	(2,153)
3353 Dual Credit Enrollment	19,131	21,536	2,405

**LANCASTER COUNTY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
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)	8,867,567	8,883,585	16,018
3830 Merchant's Inventory Tax	185,886	185,886	-
3840 Manufacturers Depreciation Reimbursement	207,509	80,240	(127,269)
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	271,559	280,481	8,922
3900 Other State Revenue:			
3999 Revenue From Other State Sources	15,000	38,245	23,245
Total State Sources	<u>63,829,366</u>	<u>63,878,126</u>	<u>48,760</u>
Total Revenues All Sources	<u>\$ 92,556,579</u>	<u>\$ 94,328,858</u>	<u>\$ 1,772,279</u>
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	2,700,026	2,700,026	-
200 Employee Benefits	1,143,750	1,085,959	57,791
400 Supplies and Materials	40,131	34,237	5,894
112 Primary Programs:			
100 Salaries	6,845,716	6,845,716	-
200 Employee Benefits	2,599,082	2,541,592	57,490
300 Purchased Services	821	780	41
400 Supplies and Materials	108,338	105,853	2,485
500 Capital Outlay	101	100	1
113 Elementary Programs:			
100 Salaries	12,599,379	12,599,378	1
200 Employee Benefits	4,783,095	4,659,255	123,840
300 Purchased Services	276,004	265,965	10,039
400 Supplies and Materials	204,383	192,356	12,027
500 Capital Outlay	4,791	4,791	-
600 Other Objects	2,320	2,320	-
114 High School Programs:			
100 Salaries	9,145,093	9,145,092	1
200 Employee Benefits	3,440,028	3,440,498	49,530
300 Purchased Services	100,816	89,481	11,335
400 Supplies and Materials	135,040	130,283	4,757
500 Capital Outlay	852	-	852
115 Career and Technology Education Programs:			
100 Salaries	1,994,490	1,994,487	3
200 Employee Benefits	748,383	740,769	7,614
300 Purchased Services - Other Than Tuition	7,921	7,921	-
400 Supplies and Materials	100,149	94,203	5,946
500 Capital Outlay	5,991	5,000	991
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	765,694	765,694	-
200 Employee Benefits	308,123	287,541	20,582
300 Purchased Services	120	120	-
400 Supplies and Materials	1,260	1,115	145
122 Trainable Mentally Handicapped:			
100 Salaries	788,665	788,665	-
200 Employee Benefits	308,123	295,470	12,653
300 Purchased Services	600	600	-
400 Supplies and Materials	500	253	247
123 Orthopedically Handicapped:			
100 Salaries	113,556	113,555	1
200 Employee Benefits	34,895	32,085	2,810

**LANCASTER COUNTY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
124 Visually Handicapped:			
100 Salaries	28,056	26,849	1,207
200 Employee Benefits	3,649	3,451	198
300 Purchased Services	73,210	73,209	1
125 Hearing Handicapped:			
100 Salaries	148,885	148,885	-
200 Employee Benefits	55,927	55,927	-
300 Purchased Services	520	520	-
126 Speech Handicapped:			
100 Salaries	728,639	728,023	616
200 Employee Benefits	254,117	254,117	-
300 Purchased Services	58,892	46,905	11,987
400 Supplies and Materials	1,318	1,253	65
127 Learning Disabilities:			
100 Salaries	3,044,804	3,044,803	1
200 Employee Benefits	1,125,485	1,106,576	18,909
300 Purchased Services	40	40	-
400 Supplies and Materials	4,848	3,012	1,836
128 Emotionally Handicapped:			
100 Salaries	344,722	344,722	-
200 Employee Benefits	125,414	122,752	2,662
400 Supplies and Materials	750	562	188
129 Coordinated Early Intervening Services (CEIS):			
100 Salaries	22,096	22,096	-
200 Employee Benefits	5,463	5,462	1
130 Pre-School Programs			
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):			
100 Salaries	177,347	177,347	-
200 Employee Benefits	48,583	46,040	2,543
139 Early Childhood Programs:			
100 Salaries	35,292	34,934	358
200 Employee Benefits	15,990	15,248	742
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	317,736	316,669	1,067
200 Employee Benefits	103,427	102,220	1,207
400 Supplies and Materials	11,825	5,287	6,538
600 Other Objects	175	100	75
143 Advanced Placement:			
400 Supplies and Materials	3,794	3,146	648
145 Homebound:			
100 Salaries	95,000	105,949	(10,949)
200 Employee Benefits	23,316	24,669	(1,353)
300 Purchased Services	16,300	23,117	(6,817)
147 CDEP:			
100 Salaries	180,019	180,017	2
200 Employee Benefits	78,113	77,173	940
148 Gifted and Talented - Artistic:			
100 Salaries	198	198	-
200 Employee Benefits	37	36	1
300 Purchased Services	41,300	33,300	8,000
400 Supplies and Materials	175	-	175
160 Other Exceptional Programs			
161 Autism:			
100 Salaries	317,633	317,633	-
200 Employee Benefits	74,857	71,799	3,058
162 Limited English Proficiency:			
100 Salaries	315,396	315,396	-
200 Employee Benefits	122,644	121,448	1,196

**LANCASTER COUNTY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
180 Adult/Continuing Educational Programs			
188 Parenting/Family Literacy:			
100 Salaries	70,757	70,757	-
200 Employee Benefits	34,425	32,836	1,589
190 Instructional Pupil Activity:			
100 Salaries (optional)	6,507	5,955	552
200 Employee Benefits (optional)	1,467	1,447	20
Total Instruction	57,477,384	57,043,045	434,339
200 Support Services			
210 Pupil Services			
211 Attendance and Social Work Services:			
100 Salaries	75,280	75,280	-
200 Employee Benefits	24,298	24,280	18
300 Purchased Services	6,400	5,850	550
400 Supplies and Materials	1,350	1,177	173
212 Guidance Services:			
100 Salaries	2,025,038	2,025,039	(1)
200 Employee Benefits	728,378	712,302	16,076
300 Purchased Services	6,570	3,782	2,788
400 Supplies and Materials	16,460	13,871	2,589
500 Capital Outlay	500	-	500
600 Other Objects	1,870	1,847	23
213 Health Services:			
100 Salaries	566,307	566,306	1
200 Employee Benefits	244,973	243,076	1,897
300 Purchased Services	327,985	342,582	(14,597)
400 Supplies and Materials	17,138	13,728	3,410
214 Psychological Services:			
100 Salaries	205,137	204,250	887
200 Employee Benefits	78,499	64,880	13,619
300 Purchased Services	3,322	3,007	315
217 Career Specialist Services:			
100 Salaries	19,281	19,271	10
200 Employee Benefits	7,217	7,117	100
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development:			
100 Salaries	381,227	380,942	285
200 Employee Benefits	123,828	119,305	4,523
300 Purchased Services	21,025	19,251	1,774
400 Supplies and Materials	97,364	88,093	9,271
600 Other Objects	852	782	70
222 Library and Media Services:			
100 Salaries	1,547,270	1,548,444	(1,174)
200 Employee Benefits	611,870	610,191	1,679
300 Purchased Services	940	100	840
400 Supplies and Materials	251,402	233,494	17,908
500 Capital Outlay	350	-	350
223 Supervision of Special Programs:			
100 Salaries	599,362	599,360	2
200 Employee Benefits	218,041	217,252	789
300 Purchased Services	38,578	36,027	2,551
600 Other Objects	95	95	-
224 Improvement of Instruction Inservice and Staff Training:			
100 Salaries	301,774	298,783	2,991
200 Employee Benefits	106,647	106,367	280
300 Purchased Services	37,235	23,780	13,455
400 Supplies and Materials	7,689	7,638	51

**LANCASTER COUNTY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
230 General Administration Services			
231 Board of Education:			
100 Salaries	120,711	28,700	92,011
200 Employee Benefits	762,420	475,814	286,606
300 Purchased Services	175,144	133,536	41,608
318 Audit Services	40,260	40,250	10
400 Supplies and Materials	11,000	5,693	5,307
600 Other Objects	31,450	30,397	1,053
232 Office of the Superintendent:			
100 Salaries	362,998	363,477	(479)
140 Terminal Leave	33,487	33,487	-
200 Employee Benefits	122,055	119,937	2,118
300 Purchased Services	11,867	5,865	6,002
400 Supplies and Materials	43,551	36,210	7,341
600 Other Objects	7,100	6,502	598
233 School Administration:			
100 Salaries	6,125,006	6,125,006	-
200 Employee Benefits	2,190,133	2,190,132	1
300 Purchased Services	60,256	58,443	1,813
400 Supplies and Materials	61,026	57,459	3,567
500 Capital Outlay	400	-	400
600 Other Objects	15,906	14,797	1,109
250 Finance and Operations Services			
252 Fiscal Services:			
100 Salaries	650,562	650,561	1
200 Employee Benefits	523,913	248,567	275,346
300 Purchased Services	32,442	26,648	5,794
400 Supplies and Materials	13,906	43,302	(29,396)
500 Capital Outlay	4,361	1,774	2,587
600 Other Objects	4,385	3,740	645
254 Operation and Maintenance of Plant:			
100 Salaries	1,493,954	1,387,806	106,148
200 Employee Benefits	559,387	533,503	25,884
300 Purchased Services	4,301,102	4,317,978	(16,876)
321 Public Utilities (Excludes gas, oil, elec. & other heating fuels)	485,313	468,839	16,474
400 Supplies and Materials	554,646	609,104	(54,458)
470 Energy (Include gas, oil, elec. & other heating fuels)	2,812,439	2,657,429	155,010
500 Capital Outlay	840	4,973	(4,133)
255 Student Transportation (State Mandated):			
100 Salaries	1,700,340	1,711,413	(11,073)
200 Employee Benefits	700,550	600,878	99,672
300 Purchased Services	61,020	41,226	19,794
400 Supplies and Materials	19,154	9,980	9,174
500 Capital Outlay	2,500	-	2,500
600 Other Objects	3,000	(14)	3,014
256 Food Service:			
200 Employee Benefits	438,058	467,585	(29,527)
257 Internal Services:			
100 Salaries	259,919	245,837	14,082
200 Employee Benefits	91,314	85,977	5,337
300 Purchased Services	16,525	11,986	4,539
400 Supplies and Materials	3,650	2,253	1,397
600 Other Objects	700	685	15
258 Security:			
100 Salaries	150,824	140,771	10,053
200 Employee Benefits	43,545	42,026	1,519
300 Purchased Services	461,340	363,371	97,969
400 Supplies and Materials	5,850	4,932	918
600 Other Objects	35,000	18,241	16,759

**LANCASTER COUNTY SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Final Budget	Actual	Variance Favorable (Unfavorable)
260 Central Support Services			
262 Planning:			
100 Salaries	102,267	102,267	-
200 Employee Benefits	31,656	31,454	202
300 Purchased Services	61,200	55,299	5,901
400 Supplies and Materials	70,212	38,727	31,485
600 Other Objects	19,303	18,134	1,169
263 Information Services:			
100 Salaries	94,200	93,008	1,192
200 Employee Benefits	37,612	32,203	5,409
300 Purchased Services	43,578	42,999	579
400 Supplies and Materials	4,950	2,506	2,444
600 Other Objects	300	55	245
264 Staff Services:			
100 Salaries	328,495	325,581	2,914
200 Employee Benefits	124,697	119,573	5,124
300 Purchased Services	50,876	40,735	10,141
400 Supplies and Materials	7,900	3,771	4,129
500 Capital Outlay	3,000	-	3,000
600 Other Objects	33,900	16,676	17,224
266 Technology and Data Processing Services:			
100 Salaries	592,960	536,324	56,636
200 Employee Benefits	199,405	192,077	7,328
300 Purchased Services	807,924	586,425	221,499
400 Supplies and Materials	121,840	104,261	17,579
270 Support Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries (optional)	970,096	970,096	-
200 Employee Benefits (optional)	248,285	199,990	48,295
300 Purchased Services (optional)	9,148	9,148	-
660 Pupil Activity	83,000	83,000	-
	38,353,665	36,648,934	1,704,731
400 Other Charges:			
410 Intergovernmental Expenditures			
411 Payments to the South Carolina Department of Education			
720 Transits	177,000	118,887	58,113
412 Payments to Other Governmental Units			
720 Transits	20,000	20,484	(484)
416 LEA Payments to Public Charter Schools			
720 Transits	674,933	674,933	-
	871,933	814,304	57,629
Total Expenditures	\$ 96,702,982	\$ 94,506,283	\$ 2,196,699
Other Financing Sources (Uses)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	2,360,265	2,658,027	297,762
5260 Transfer from Food Service Fund (Excludes Indirect Costs)	-	1,215	1,215
5270 Transfer from Pupil Activity Fund	-	34,116	34,116
5280 Transfer from Other Funds Indirect Costs	500,000	570,001	70,001
426-710 Transfer to Pupil Activity Fund	(218,744)	(228,597)	(9,853)
	2,641,521	3,034,762	393,241
Excess/(Deficiency) of Revenues over Expenditures	\$ (1,504,882)	\$ 2,857,337	\$ 4,362,219
Fund Balance, Beginning of Year		22,399,399	
Fund Balance, End of Year		\$ 25,256,736	

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SPECIAL REVENUE FUND

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

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

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

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

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**LANCASTER COUNTY SCHOOL DISTRICT
SPECIAL REVENUE FUND - SPECIAL PROJECTS
BALANCE SHEET
JUNE 30, 2017**

Assets

Due From State Government	\$ 157,389
Due From Federal Government	1,880,256
Due From Other Governmental Units	2,271
Other Receivables	<u>285,912</u>

Total Assets	\$ <u>2,325,828</u>
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Liabilities & Fund Balances

Liabilities

Due To Other Funds	1,283,982
Due to Federal Government	28,200
Unearned Revenue	<u>1,013,646</u>

Total Liabilities	<u>2,325,828</u>
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Fund Balances

Restricted	<u>-</u>
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Total Fund Balances	<u>-</u>
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Total Liabilities & Fund Balances	\$ <u>2,325,828</u>
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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, 2017

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRE-SCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
Revenues								
1000 Revenue from Local Sources								
1300 Tuition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,798	\$ 5,798
1330 From Patrons for Adult/Continuing Ed								
1900 Other Revenue from Local Sources:								
1910 Rentals	-	-	-	-	-	-	13,117	13,117
1920 Contributions & Donations Private Sources	-	-	-	-	-	1,768	834,372	836,140
1990 Miscellaneous Local Revenue:								
1999 Revenue from Other Local Sources	-	-	-	-	-	-	464,509	464,509
Total Local Sources	-	-	-	-	-	1,768	1,317,796	1,319,564
2000 Intergovernmental Revenue:								
2100 Payments from Other Governmental Units	-	-	-	-	-	-	647,134	647,134
Total Intergovernmental Revenues	-	-	-	-	-	-	647,134	647,134
3000 Revenue from State Sources								
3100 Restricted State Funding:								
3118 EEDA Career Specialists	-	-	-	-	-	518,683	-	518,683
3127 Student Health and Fitness - PE Teachers	-	-	-	-	-	96,824	-	96,824
3130 Special Programs:								
3135 Reading Coaches	-	-	-	-	-	690,030	-	690,030
3136 Student Health and Fitness - Nurses	-	-	-	-	-	319,371	-	319,371
3155 DDS SNAP & E&T Program	-	-	-	-	-	5,508	-	5,508
3177 Summer Reading Camp	-	-	-	-	-	97,418	-	97,418
3193 Education License Plates	-	-	-	-	-	2,617	-	2,617
3199 Other Restricted State Grants	-	-	-	-	-	-	2,340	2,340
3600 Education Lottery								
3630 K-12 Technology Initiative	-	-	-	-	-	508,782	-	508,782
3900 Other State Revenue:								
3989 Revenue From Other State Sources	-	-	-	-	-	-	310,423	310,423
Total State Sources	-	-	-	-	-	2,239,233	312,763	2,551,996
4000 Revenue from Federal Sources								
4200 Occupational Education:								
4210 Career & Technical Education	-	-	-	175,345	-	-	-	175,345

**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, 2017**

	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
4300 Elementary and Secondary Education Act of 1965 (ESEA):								
4310 Title I, Basic State Grant Programs (Carryover Provision)	3,604,777	-	-	-	-	-	74,705	3,679,482
4314 School Improvement Grant	-	-	-	-	-	-	44,539	44,539
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-	-	-	-	53,231	53,231
4351 Improving Teacher Quality (Carryover Provision)	-	-	-	-	-	-	376,647	376,647
4400 Adult Education:								
4410 Basic, Adult Education	-	-	-	-	107,869	-	-	107,869
4430 State Literacy Resource	-	-	-	-	2,404	-	-	2,404
4500 Programs for Children with Disabilities								
4510 Individuals With Disabilities Education Act (IDEA) (Carryover Provision)	-	2,423,831	-	-	-	-	8,112	2,431,943
4520 Preschool Grants (Carryover Provision)	-	-	82,143	-	-	-	-	82,143
4900 Other Federal Sources:								
4924 21st Century Community Learning Centers Program, (Title IV, 21st Century Schools)	-	-	-	-	-	-	366,372	366,372
4990 Other Federal Revenue:								
4999 Revenue from Other Federal Sources	-	-	-	-	-	-	3,052,672	3,052,672
Total Federal Sources	3,604,777	2,423,831	82,143	175,345	110,273	-	3,976,278	10,372,647
Total Revenues All Sources	\$ 3,604,777	\$ 2,423,831	\$ 82,143	\$ 175,345	\$ 110,273	\$ 2,241,001	\$ 6,253,971	\$ 14,891,341

Expenditures

100 Instruction

110 General Instruction								
111 Kindergarten Programs:								
100 Salaries	-	-	-	-	-	-	52,618	52,618
200 Employee Benefits	-	-	-	-	-	-	25,179	25,179
112 Primary Programs:								
100 Salaries	1,421,099	-	-	-	-	27,036	440,301	1,888,436
200 Employee Benefits	552,116	-	-	-	-	9,664	148,452	710,232
300 Purchased Services	50,445	-	-	-	-	-	49,464	99,909
400 Supplies and Materials	143,916	-	-	-	-	-	23,425	167,341
113 Elementary Programs:								
100 Salaries	379,645	-	-	-	-	44,740	84,309	508,694
200 Employee Benefits	152,562	-	-	-	-	15,383	30,771	198,716
300 Purchased Services	26,027	-	-	-	-	-	79,767	105,794
400 Supplies and Materials	222,737	-	-	-	-	2,617	43,547	268,901
500 Capital Outlay	18,971	-	-	-	-	-	-	18,971
114 High School Programs:								
100 Salaries	-	-	-	-	-	-	291,507	291,507
200 Employee Benefits	-	-	-	-	-	-	1,489	1,489
300 Purchased Services	-	-	-	-	-	-	5,945	5,945
400 Supplies and Materials	-	-	-	-	-	-	8,408	8,408
500 Capital Outlay	-	-	-	-	-	-	22,560	22,560

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, 2017

	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
115 Career and Technology Education Programs:								
100 Salaries	-	-	-	-	-	-	28,453	28,453
300 Purchased Services - Other Than Tuition	-	-	-	37,888	-	-	-	37,888
400 Supplies and Materials	-	-	-	65,869	-	-	-	65,869
500 Capital Outlay	-	-	-	36,883	-	-	-	36,883
120 Exceptional Programs								
121 Educable Mentally Handicapped:								
100 Salaries	-	384,200	-	-	-	-	84	384,284
200 Employee Benefits	-	154,751	-	-	-	-	21	154,772
300 Purchased Services	-	5,832	-	-	-	-	-	5,832
400 Supplies and Materials	-	12,859	-	-	-	-	-	12,859
500 Capital Outlay	-	1,394	-	-	-	-	-	1,394
122 Trainable Mentally Handicapped:								
100 Salaries	-	88,823	-	-	-	-	-	88,823
200 Employee Benefits	-	47,503	-	-	-	-	-	47,503
400 Supplies and Materials	-	1,276	-	-	-	-	-	1,276
123 Orthopedically Handicapped:								
100 Salaries	-	-	-	-	-	-	432	432
200 Employee Benefits	-	-	-	-	-	-	106	106
124 Visually Handicapped:								
300 Purchased Services	-	238	-	-	-	-	-	238
400 Supplies and Materials	-	102	-	-	-	-	-	102
125 Hearing Handicapped:								
300 Purchased Services	-	25	-	-	-	-	-	25
400 Supplies and Materials	-	64	-	-	-	-	-	64
126 Speech Handicapped:								
100 Salaries	-	122,082	-	-	-	-	273	122,355
200 Employee Benefits	-	49,597	-	-	-	-	68	49,665
300 Purchased Services	-	4,587	-	-	-	-	-	4,587
400 Supplies and Materials	-	14,885	-	-	-	-	-	14,885
600 Other Objects	-	4,434	-	-	-	-	-	4,434
127 Learning Disabilities:								
100 Salaries	-	393,063	-	-	-	-	1,092	394,155
200 Employee Benefits	-	157,425	-	-	-	-	268	157,693
300 Purchased Services	-	24,150	-	-	-	-	133	24,283
400 Supplies and Materials	-	33,883	-	-	-	-	-	33,883
128 Emotionally Handicapped:								
100 Salaries	-	49,885	-	-	-	-	-	49,885
200 Employee Benefits	-	13,982	-	-	-	-	-	13,982
300 Purchased Services	-	25,025	-	-	-	-	-	25,025
130 Pre-School Programs								
133 Pre-School Handicapped-Self-Contained (5 year olds):								
100 Salaries	-	3,707	33,637	-	-	-	-	37,344
200 Employee Benefits	-	897	12,719	-	-	-	-	13,616

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, 2017

	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	-	33,789	24,929	-	-	-	-	58,718
200 Employee Benefits	-	13,402	7,866	-	-	-	-	21,268
400 Supplies and Materials	-	-	764	-	-	-	-	764
139 Early Childhood Programs:								
100 Salaries	-	-	-	-	-	-	693,531	693,531
200 Employee Benefits	-	-	-	-	-	-	279,667	279,667
300 Purchased Services	-	-	-	-	-	-	204,336	204,336
400 Supplies and Materials	-	-	-	-	-	-	102,066	102,066
140 Special Programs								
145 Homebound:								
300 Purchased Services	-	9,272	-	-	-	-	-	9,272
147 CDEP:								
100 Salaries	-	-	-	-	-	-	30,764	30,764
200 Employee Benefits	-	-	-	-	-	-	7,906	7,906
400 Supplies and Materials	13,330	-	-	-	-	-	5,901	19,231
160 Other Exceptional Programs								
161 Autism:								
100 Salaries	-	2,499	-	-	-	-	2,009	4,508
200 Employee Benefits	-	603	-	-	-	-	499	1,102
300 Purchased Services	-	-	-	-	-	-	3,127	3,127
170 Summer School Program								
172 Elementary Summer School:								
100 Salaries	-	-	-	-	-	47,276	13,762	61,038
200 Employee Benefits	-	-	-	-	-	12,468	3,377	15,845
300 Purchased Services	-	-	-	-	-	1,096	-	1,096
400 Supplies and Materials	-	-	-	-	-	24,700	1,919	26,619
175 Instructional Programs Beyond Regular School Day:								
100 Salaries	10,946	-	-	-	-	-	225,615	236,561
200 Employee Benefits	2,686	-	-	-	-	-	55,438	58,124
300 Purchased Services	-	-	-	-	-	-	5,504	5,504
400 Supplies and Materials	-	-	-	-	-	-	43,322	43,322
500 Capital Outlay	-	-	-	-	-	-	2,033	2,033
180 Adult/Continuing Educational Programs								
181 Adult Basic Education Programs:								
100 Salaries	-	-	-	-	28,039	3,320	-	31,359
200 Employee Benefits	-	-	-	-	6,880	173	-	7,053
400 Supplies and Materials	-	-	-	-	3,429	51	-	3,480

**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, 2017**

	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
182 Adult Secondary Education Programs:								
100 Salaries	-	-	-	-	46,678	-	38,538	85,216
200 Employee Benefits	-	-	-	-	11,454	377	8,842	20,673
300 Purchased Services	-	-	-	-	1,500	-	4,536	6,036
400 Supplies and Materials	-	-	-	-	3,500	165	64,497	68,162
500 Capital Outlay	-	-	-	-	-	-	2,062	2,062
183 Adult English Literacy (ESL):								
100 Salaries	-	-	-	-	2,468	-	3,129	5,597
200 Employee Benefits	-	-	-	-	617	-	2,242	2,859
400 Supplies and Materials	-	-	-	-	-	-	5,400	5,400
184 Post Secondary Education Programs:								
100 Salaries	-	-	-	-	-	-	5,641	5,641
200 Employee Benefits	-	-	-	-	-	-	1,488	1,488
188 Parenting/Family Literacy:								
100 Salaries	126,475	-	-	-	-	-	92,017	218,492
200 Employee Benefits	55,510	-	-	-	-	-	31,520	87,030
300 Purchased Services	-	-	-	-	-	-	1,449	1,449
400 Supplies and Materials	3,651	-	-	-	-	-	1,090	4,741
Total Instruction	3,180,116	1,654,234	79,915	140,640	104,565	189,066	3,281,899	8,630,435
200 Support Services								
210 Pupil Services								
213 Health Services:								
100 Salaries	-	-	-	-	-	224,094	-	224,094
200 Employee Benefits	-	-	-	-	-	95,277	-	95,277
300 Purchased Services	-	27,855	-	-	-	-	-	27,855
400 Supplies and Materials	-	11,067	-	-	-	-	-	11,067
214 Psychological Services:								
100 Salaries	-	420,668	-	-	-	-	-	420,668
200 Employee Benefits	-	134,677	-	-	-	-	-	134,677
300 Purchased Services	-	9,616	-	-	-	-	-	9,616
400 Supplies and Materials	-	23,803	-	-	-	-	-	23,803
600 Other Objects	-	499	-	-	-	-	-	499
217 Career Specialist Services:								
100 Salaries	-	-	-	-	-	379,918	-	379,918
200 Employee Benefits	-	-	-	-	-	138,765	-	138,765
220 Instructional Staff Services								
221 Improvement of Instruction Curriculum Development:								
300 Purchased Services	-	-	-	-	-	61	6,868	6,929
222 Library and Media Services:								
400 Supplies and Materials	-	-	-	-	-	-	724	724

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, 2017

	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
223 Supervision of Special Programs:								
100 Salaries	97,864	567	-	6,575	-	-	500,157	605,163
200 Employee Benefits	33,185	139	-	1,738	-	-	190,196	225,258
300 Purchased Services	6,500	6,133	-	-	1,000	1,401	253,039	268,073
400 Supplies and Materials	1,376	17,610	-	6,488	-	-	42,821	68,295
500 Capital Outlay	-	-	-	-	-	21	-	21
600 Other Objects	-	620	-	-	-	-	176	796
224 Improvement of Instruction Inservice and Staff Training:								
100 Salaries	101,520	-	-	-	-	503,941	46,860	652,321
200 Employee Benefits	36,153	-	-	-	-	186,089	22,137	244,379
300 Purchased Services	42,764	-	-	18,452	1,000	-	65,464	127,680
400 Supplies and Materials	11,442	-	-	-	-	-	49,807	61,249
600 Other Objects	467	-	-	-	-	-	-	467
230 General Administration Services								
233 School Administration:								
100 Salaries	-	-	-	-	-	-	77,827	77,827
200 Employee Benefits	-	-	-	-	-	-	23,400	23,400
300 Purchased Services	-	-	-	-	-	-	5,500	5,500
400 Supplies and Materials	-	-	-	-	-	-	5,093	5,093
250 Finance and Operations Services								
251 Student Transportation (Federal/District Mandated):								
100 Salaries	-	38,449	-	1,318	-	-	42,831	82,598
200 Employee Benefits	-	11,839	-	134	-	-	4,606	16,579
300 Purchased Services	-	48	-	-	-	-	61,572	61,620
253 Facilities Acquisition and Construction:								
530 Improvements Other Than Buildings	-	-	-	-	-	-	4,221	4,221
254 Operation and Maintenance of Plant:								
100 Salaries	-	-	-	-	-	-	1,200	1,200
200 Employee Benefits	-	-	-	-	-	-	294	294
300 Purchased Services	-	-	-	-	-	-	33,899	33,899
400 Supplies and Materials	-	-	-	-	-	-	23,331	23,331
470 Energy (Include gas, oil, elec. & other heating fuels)	-	-	-	-	-	-	7,975	7,975
255 Student Transportation (State Mandated):								
100 Salaries	-	-	-	-	-	10,112	147,449	157,561
200 Employee Benefits	-	-	-	-	-	1,946	14,589	16,535
300 Purchased Services	-	-	-	-	-	1,528	19,889	21,417
256 Food Service:								
100 Salaries	-	-	-	-	-	-	3,685	3,685
200 Employee Benefits	-	-	-	-	-	-	933	933
260 Central Support Services								
266 Technology and Data Processing Services:								
300 Purchased Services	-	-	-	-	-	8,580	-	8,580
400 Supplies and Materials	-	-	-	-	-	9,731	-	9,731
500 Capital Outlay	-	-	-	-	-	490,471	-	490,471

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, 2017

	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
Total Support Services	331,271	703,590	-	34,705	2,000	2,051,935	1,656,543	4,780,044
300 Community Services								
350 Custody and Care of Children Services:								
100 Salaries	-	-	-	-	-	-	380,704	380,704
200 Employee Benefits	-	-	-	-	-	-	154,320	154,320
300 Purchased Services	-	-	-	-	-	-	75,693	75,693
400 Supplies and Materials	-	-	-	-	-	-	37,494	37,494
390 Other Community Services:								
100 Salaries	-	-	-	-	-	-	440,009	440,009
200 Employee Benefits	-	-	-	-	-	-	155,021	155,021
Total Community Services	-	-	-	-	-	-	1,243,241	1,243,241
Total Expenditures	\$ 3,511,387	\$ 2,357,824	\$ 79,915	\$ 175,345	\$ 106,565	\$ 2,241,001	\$ 6,181,683	\$ 14,653,720
Other Financing Sources (Uses)								
5900 Miscellaneous Sources:								
5999 Other Financing Sources	-	-	-	-	-	-	1,142	1,142
Interfund Transfers, From (To) Other Funds:								
5220 Transfer from Special Revenue Fund (Excludes Indirect Cost)	-	-	-	-	-	-	685,022	685,022
421-710 Transfer to Special Revenue Fund	-	-	-	-	-	-	(685,022)	(685,022)
431-791 Special Revenue Fund Indirect Costs	(93,390)	(66,007)	(2,228)	-	(3,708)	-	(73,430)	(238,763)
Total Other Financing Sources (Uses)	(93,390)	(66,007)	(2,228)	-	(3,708)	-	(72,288)	(237,621)
Excess/Deficiency of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LANCASTER COUNTY SCHOOL DISTRICT
SPECIAL REVENUE - SPECIAL PROJECTS
SUMMARY SCHEDULE OF DESIGNATED STATE RESTRICTED GRANTS
FOR THE YEAR ENDED JUNE 30, 2017

District Subfund Code	District Revenue Code	Program	Revenues		Expenditures		Interfund Transfers		Other Fund Transfers		Unearned Revenue
							In/(Out)	In/(Out)	In/(Out)	In/(Out)	
928	3118	EEDA Career Specialists	\$	518,683	\$	518,683	\$	-	\$	-	\$
937	3127	Student Health and Fitness - PE Teachers		96,824		96,824		-		-	2,632
935	3135	Reading Coaches		690,030		690,030		-		-	-
936	3136	Student Health and Fitness - Nurses		319,371		319,371		-		-	-
955	3155	DSS SNAP & E&T Program		5,508		5,508		-		-	9,424
926	3177	Summer Reading Camp		97,418		97,418		-		-	136,177
919	3193	Education License Plates		2,617		2,617		-		-	862
963	3630	K-12 Technology Initiative		508,782		508,782		-		-	205,651
966	3660	Mobile Device Access and Management		-		-		-		-	158,040
			\$	2,239,233	\$	2,239,233	\$	-	\$	-	\$
											512,786

**LANCASTER COUNTY SCHOOL DISTRICT
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT
BALANCE SHEET
JUNE 30, 2017**

Assets	
Due From Other Funds	\$ 1,009,180
Due From State Government	<u>87,642</u>
Total Assets	<u><u>\$ 1,096,822</u></u>
Liabilities & Fund Balances	
Liabilities	
Due To State Government	9,738
Unearned Revenue	<u>1,087,084</u>
Total Liabilities	<u>1,096,822</u>
Fund Balances	
Restricted	<u>-</u>
Total Fund Balances	<u>-</u>
Total Liabilities & Fund Balances	<u><u>\$ 1,096,822</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, 2017**

Revenues

3000 Revenue from State Sources

3500 Education Improvement Act:	
3502 ADEPT	\$ 6,640
3509 Arts in Education	66,083
3511 Professional Development	62,366
3512 Technology Professional Development	84,911
3518 Adoption List of Formative Assessment	37,038
3519 Grade 10 Assessments	12,600
3525 Career and Technology Education Equipment	254,587
3526 Refurbishment of K-8 Science Kits	36,669
3528 Industry Certificates	3,626
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	870,223
3533 Teacher of the Year Awards	1,077
3535 Reading Coaches	8,000
3538 Students At Risk of School Failure	1,376,670
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	483,890
3550 Teacher Salary Increase (No Carryover Provision)	2,319,984
3555 Teacher Salary Fringe (No Carryover Provision)	338,043
3556 Adult Education	258,494
3558 Reading	45,114
3571 Technical Assistance - State Priority Schools	226,181
3577 Teacher Supplies (No Carryover Provision)	241,450
3578 High Schools That Work/Making Middle Grades Work	49,959
3587 IDEA MOE Tier I	144,752
3592 Work-Based Learning	42,166
3595 EEDA - Supplies and Materials - Career Awareness	36,734
3597 Aid to Districts	<u>265,522</u>
Total State Sources	<u><u>7,272,779</u></u>
Total Revenues All Sources	<u><u>\$ 7,272,779</u></u>

Expenditures

100 Instruction

110 General Instruction

111 Kindergarten Programs:	
100 Salaries	7,500
200 Employee Benefits	1,826
112 Primary Programs:	
100 Salaries	317,739
200 Employee Benefits	89,088
300 Purchased Services	24,787
400 Supplies and Materials	22,943
500 Capital Outlay	5,140

**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, 2017**

113 Elementary Programs:	
100 Salaries	392,404
200 Employee Benefits	131,733
300 Purchased Services	30,342
400 Supplies and Materials	332,360
500 Capital Outlay	16,726
600 Other Objects	1,000
114 High School Programs:	
100 Salaries	258,630
200 Employee Benefits	113,731
300 Purchased Services	58,342
400 Supplies and Materials	18,960
600 Other objects	1,000
115 Career and Technology Education Programs:	
100 Salaries	14,961
200 Employee Benefits	3,669
400 Supplies and Materials	54,385
500 Capital Outlay	200,663
600 Other Objects	3,626
 120 Exceptional Programs	
121 Educable Mentally Handicapped:	
100 Salaries	11,250
200 Employee Benefits	2,758
122 Trainable Mentally Handicapped:	
100 Salaries	15,000
200 Employee Benefits	3,688
127 Learning Disabilities:	
100 Salaries	129,642
200 Employee Benefits	24,575
400 Supplies and Materials	21,351
128 Emotionally Handicapped:	
100 Salaries	286
 130 Pre-School Programs	
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):	
100 Salaries	10,757
200 Employee Benefits	2,641
139 Early Childhood Programs:	
100 Salaries	338,054
200 Employee Benefits	139,909
300 Purchased Services	568
400 Supplies and Materials	5,358
 140 Special Programs	
141 Gifted and Talented - Academic:	
100 Salaries	7,461
200 Employee Benefits	1,816

**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, 2017**

160 Other Exceptional Programs		
162 Limited English Proficiency:		
100 Salaries		316,254
200 Employee Benefits		113,401
170 Summer School Program		
172 Elementary Summer School:		
100 Salaries		27,219
200 Employee Benefits		6,858
300 Purchased Services		1,174
400 Supplies and Materials		6,338
173 High School Summer School:		
100 Salaries		2,560
200 Employee Benefits		628
400 Supplies and Materials		581
175 Instructional Programs Beyond Regular School Day:		
100 Salaries		13,655
200 Employee Benefits		3,351
180 Adult/Continuing Educational Programs		
181 Adult Basic Education Programs:		
100 Salaries		11,242
200 Employee Benefits		1,348
182 Adult Secondary Education Programs:		
100 Salaries		25,829
200 Employee Benefits		8,481
300 Purchased Services		1,099
184 Post Secondary Education Programs:		
100 Salaries		29,667
200 Employee Benefits		11,972
188 Parenting/Family Literacy:		
100 Salaries		28,217
200 Employee Benefits		6,950
		3,433,493
Total Instruction		
200 Support Services		
210 Pupil Services		
211 Attendance and Social Work Services:		
100 Salaries		30,439
200 Employee Benefits		10,713
212 Guidance Services:		
100 Salaries		26,453
200 Employee Benefits		6,415
300 Purchased Services		10,000
400 Supplies and Materials		36,734

**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, 2017**

213 Health Services:	
100 Salaries	795
200 Employee Benefits	212
217 Career Specialist Services:	
100 Salaries	11,028
200 Employee Benefits	2,683
 220 Instructional Staff Services	
221 Improvement of Instruction Curriculum Development:	
100 Salaries	152,003
200 Employee Benefits	46,390
300 Purchased Services	447
222 Library and Media Services:	
100 Salaries	37,500
200 Employee Benefits	9,150
223 Supervision of Special Programs:	
100 Salaries	274,478
200 Employee Benefits	106,699
300 Purchased Services	12,644
400 Supplies and Materials	3,136
224 Improvement of Instruction Inservice and Staff Training:	
100 Salaries	76,472
200 Employee Benefits	18,921
300 Purchased Services	123,994
400 Supplies and Materials	57,728
600 Other Objects	38,899
 230 General Administration Services	
233 School Administration:	
100 Salaries	5,000
200 Employee Benefits	1,207
 250 Finance and Operations Services	
251 Student Transportation (Federal/District Mandated)::	
100 Salaries	13,449
200 Employee Benefits	1,775
300 Purchased Services	15,733
255 Student Transportation (State Mandated):	
100 Salaries	7,910
200 Employee Benefits	1,541
300 Purchased Services	1,151
 260 Central Support Services	
266 Technology and Data Processing Services:	
300 Purchased Services	37,038

**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, 2017**

270 Support Services Pupil Activity	
271 Pupil Services Activities:	
100 Salaries (optional)	1,181
200 Employee Benefits (optional)	203
300 Purchased Services (optional)	<u>1,138</u>
Total Support Services	<u>1,181,259</u>
Total Expenditures	<u>\$ 4,614,752</u>
Other Financing Sources (Uses)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	<u>(2,658,027)</u>
Total Other Financing Sources (Uses)	<u>(2,658,027)</u>
Excess/Deficiency of Revenues over Expenditures	<u>\$ -</u>
Fund Balance, Beginning of Year	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>

LANCASTER COUNTY SCHOOL DISTRICT
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2017

Program	Revenues	Expenditures	Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 6,640	\$ 6,640	-	-	\$ 12,134
3509 Arts in Education	66,083	66,083	-	-	11,833
3511 Professional Development	62,366	62,366	-	-	78,116
3512 Technology Professional Development	84,911	84,911	-	-	46,888
3518 Formative Assessment	37,038	37,038	-	-	60,440
3519 Grade 10 Assessments	12,600	12,600	-	-	-
3525 Career and Technology Education Equipment	254,587	254,587	-	-	22,982
3526 Refurbishment of K-8 Science Kits	36,669	36,669	-	-	46,277
3528 Industry Certificates	3,626	3,626	-	-	27,175
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	870,223	870,223	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3535 Reading Coaches	8,000	8,000	-	-	-
3538 Students At Risk of School Failure	1,376,670	1,376,670	-	-	26,371
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	483,890	483,890	-	-	3,404
3550 Teacher Salary Increase (No Carryover Provision)	2,319,984	-	-	(2,319,984)	-
3555 School Employer Contributions (No Carryover Provision)	338,043	-	-	(338,043)	-
3556 Adult Education	258,494	258,494	-	-	31,646
3558 Reading	45,114	45,114	-	-	43,266
3571 Technical Assistance - State Priority Schools	226,181	226,181	-	-	89,318
3577 Teacher Supplies (No Carryover Provision)	241,450	241,450	-	-	-
3578 High Schools That Work/Making Middle Grades Work	49,959	49,959	-	-	39,489
3587 IDEA MOE Tier I	144,752	144,752	-	-	464,715
3592 Work-Based Learning	42,166	42,166	-	-	42,555
3595 EEDA - Supplies and Material - Career Awareness	36,734	36,734	-	-	8,227
3597 Aid to Districts	265,522	265,522	-	-	32,248
Total	\$ 7,272,779	\$ 4,614,752	-	\$ (2,658,027)	\$ 1,087,084

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.

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**LANCASTER COUNTY SCHOOL DISTRICT
DEBT SERVICE FUND - DISTRICT
BALANCE SHEET
JUNE 30, 2017**

Assets

Property Tax Receivable, Net	\$ 53,943
Due From County Government	<u>7,928,618</u>

Total Assets \$ 7,982,561

Liabilities & Fund Balances

Fund Balances

Restricted For Debt Service	<u>7,982,561</u>
-----------------------------	------------------

Total Fund Balances 7,982,561

Total Liabilities & Fund Balances \$ 7,982,561

**LANCASTER COUNTY SCHOOL DISTRICT
DEBT SERVICE FUND - DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Revenues

1000 Revenue from Local Sources

1100 Taxes Levied/Assessed by the LEA:

1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 22,240,032
1140 Penalties & Interest on Taxes (Independent)	167,064

1200 Revenue From Local Governmental Units Other Than LEAs

1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,388,469
---	-----------

1500 Earnings on Investments:

1510 Interest on Investments	7,972
------------------------------	-------

Total Local Sources

23,803,537

3000 Revenue from State Sources

3800 State Revenue in Lieu of Taxes:

3820 Homestead Exemption (Tier 2)	1,208,125
3830 Merchant's Inventory Tax	12,497
3840 Manufacturers Depreciation Reimbursement	36,497
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	35,268

Total State Sources

1,292,387

Total Revenues All Sources

\$ 25,095,924

Expenditures

500 Debt Service

610 Redemption of Principal

6,605,000

620 Interest

766,784

Total Debt Service

7,371,784

Total Expenditures

\$ 7,371,784

**LANCASTER COUNTY SCHOOL DISTRICT
DEBT SERVICE FUND - DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

423-710 Transfer to Debt Service Fund	(3,267,998)
424-710 Transfer to School Building Fund Capital Projects Fund	<u>(10,657,002)</u>

Total Other Financing Sources (Uses)	<u>(13,925,000)</u>
---	---------------------

Excess/Deficiency of Revenues over Expenditures	<u>\$ 3,799,140</u>
--	---------------------

Fund Balance, Beginning of Year	<u>4,183,421</u>
--	------------------

Fund Balance, End of Year	<u>\$ 7,982,561</u>
----------------------------------	---------------------

**LANCASTER COUNTY SCHOOL DISTRICT
DEBT SERVICE FUND - LEAP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Revenues

1000 Revenue from Local Sources

1500 Earnings on Investments:
1510 Interest on Investments

\$ 6

Total Local Sources

6

Total Revenues All Sources

\$ 6

Expenditures

500 Debt Service

610 Redemption of Principal
620 Interest

\$ 2,220,000

2,082,786

Total Debt Service

4,302,786

Total Expenditures

\$ 4,302,786

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5240 Transfer from Debt Service Fund

3,267,998

5250 Transfer from School Building Fund Capital Projects Fund

1,034,782

Total Other Financing Sources (Uses)

4,302,780

Excess/Deficiency of Revenues over Expenditures

\$ -

Fund Balance, Beginning of Year

-

Fund Balance, End of Year

\$ -

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.

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**LANCASTER COUNTY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2017**

Assets

Due From County Government	\$	129,458,746
Other Receivables		13,000
		13,000
Total Assets	\$	129,471,746
		129,471,746

Liabilities & Fund Balances

Liabilities

Due To Other Funds		2,089,431
Bonds Payable		1,049,000
Retainage Payable		181,831
		181,831
Total Liabilities		3,320,262
		3,320,262

Fund Balances

Restricted For Capital Projects		126,151,484
		126,151,484
Total Fund Balances		126,151,484
		126,151,484
Total Liabilities & Fund Balances	\$	129,471,746
		129,471,746

**LANCASTER COUNTY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Revenues

1000 Revenue from Local Sources

1500 Earnings on Investments:		
1510 Interest on Investments	\$	420,033
1900 Other Revenue from Local Sources:		
1920 Contributions & Donations Private Sources		365,000
1990 Miscellaneous Local Revenue:		
1999 Revenue from Other Local Sources		102,496
		102,496
Total Local Sources		887,529
Total Revenues All Sources	\$	887,529

Expenditures

200 Support Services

250 Finance and Operations Services

253 Facilities Acquisition and Construction:

300 Purchased Services	6,260,179
400 Supplies and Materials	5,699,044
500 Capital Outlay	
510 Land	5,486,514
520 Construction Services	8,250,914
530 Improvements Other Than Buildings	1,563,422
540 Equipment	533,627
545 Technology Equipment and Software	390,377
550 Vehicles	407,268
580 Mobile Classrooms	61,050
	61,050

Total Support Services

28,652,395

500 Debt Service

620 Interest

254,537

Total Debt Service

254,537

Total Expenditures

28,906,932

**LANCASTER COUNTY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Other Financing Sources (Uses)

5110 Premium on Bonds Sold	10,513,549
5120 Proceeds of General Obligation Bonds	125,000,000

Interfund Transfers, From (To) Other Funds:

5240 Transfer from Debt Service Fund	10,657,002
5250 Transfer from School Building Fund Capital Projects Fund	25,000,000
423-710 Transfer to Debt Service Fund	(1,034,782)
424-710 Transfer to School Building Fund Capital Projects Fund	<u>(25,000,000)</u>

Total Other Financing Sources (Uses)	<u>145,135,769</u>
---	--------------------

Excess/Deficiency of Revenues over Expenditures	<u>\$ 117,116,366</u>
--	-----------------------

Fund Balance, Beginning of Year	<u>9,035,118</u>
--	------------------

Fund Balance, End of Year	<u>\$ 126,151,484</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.

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**LANCASTER COUNTY SCHOOL DISTRICT
 PROPRIETARY FUND - FOOD SERVICE
 BALANCE SHEET
 JUNE 30, 2017**

Assets

Cash & Cash Equivalents	\$ 1,817,539
Due From Federal Government	31,080
Inventories - Supplies & Materials	100,934
Property, Plant and Equipment, Net	<u>1,400,893</u>

Total Assets	<u><u>\$ 3,350,446</u></u>
---------------------	-----------------------------------

Deferred Outflows of Resources

Net Pension Deferred Outflows	372,703
Employer Contributions Subsequent to Measurement Date	<u>211,794</u>

Total Deferred Outflows of Resources	<u><u>\$ 584,497</u></u>
---	---------------------------------

Liabilities

Due To Other Funds	649,875
Unearned Revenue	55,205
Net Pension Liability	<u>3,790,005</u>

Total Liabilities	<u><u>\$ 4,495,085</u></u>
--------------------------	-----------------------------------

Deferred Inflows of Resources

Net Pension Deferred Inflows	<u>10,771</u>
------------------------------	---------------

Total Deferred Inflows of Resources	<u><u>\$ 10,771</u></u>
--	--------------------------------

Fund Balances

Net Investment in Capital Assets	1,400,893
Unrestricted	<u>(1,971,806)</u>

Total Fund Balances	<u><u>\$ (570,913)</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, 2017**

Revenues

1000 Revenue from Local Sources

1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 899,842
1620 Breakfast Sales to Pupils	134,648
1630 Special Sales to Pupils	292,981
1640 Lunch Sales to Adults	96,993
1650 Breakfast Sales to Adults	14,844
1660 Special Sales to Adults	59,570
1900 Other Revenue from Local Sources:	
1990 Miscellaneous Local Revenue:	
1994 Receipt of Legal Settlements	105
1999 Revenue from Other Local Sources	<u>13,033</u>

Total Local Sources	<u>1,512,016</u>
----------------------------	------------------

3000 Revenue from State Sources

3100 Restricted State Funding:	
3140 School Lunch	
3142 Program Aid	<u>428</u>

Total State Sources	<u>428</u>
----------------------------	------------

4000 Revenue from Federal Sources

4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	3,054,386
4830 School Breakfast Program	835,442
4900 Other Federal Sources:	
4990 Other Federal Revenue:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	<u>492,349</u>

Total Federal Sources	<u>4,382,177</u>
------------------------------	------------------

Total Revenues All Sources	<u><u>\$ 5,894,621</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, 2017**

Expenditures

200 Support Services

250 Finance and Operations Services

256 Food Service:

100 Salaries	1,918,590
200 Employee Benefits	610,057
300 Purchased Services (Excludes gas, oil, electricity, and other heating fuels.)	65,053
400 Supplies and Materials (Includes gas, oil, electricity, and other heating fuels.)	3,044,773
500 Capital Outlay	140,839
600 Other Objects	<u>15,215</u>

Total Support Services

5,794,527

Total Expenditures

\$ 5,794,527

Other Financing Sources (Uses)

5900 Miscellaneous Sources:

5999 Other Financing Sources	446,524
------------------------------	---------

Interfund Transfers, From (To) Other Funds:

420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,215)
432-791 Food Service Fund Indirect Costs	<u>(331,238)</u>

Total Other Financing Sources (Uses)

114,071

Excess/Deficiency of Revenues over Expenditures

\$ 214,165

Fund Balance, Beginning of Year

(785,078)

Fund Balance, End of Year

\$ (570,913)

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FIDUCIARY FUND - PUPIL ACTIVITY FUND

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

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

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**LANCASTER COUNTY SCHOOL DISTRICT
 FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND
 SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2017**

**PUPIL
 ACTIVITY**

Assets

Cash & Cash Equivalents	\$ 931,010
Investments	1,023,536
Other Receivables	716
	<u>716</u>

Total Assets	\$ 1,955,262
	<u><u>1,955,262</u></u>

Liabilities

Due To School District	523,709
Due to Pupil Activities	1,431,553
	<u>1,431,553</u>

Total Liabilities	\$ 1,955,262
	<u><u>1,955,262</u></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, 2017**

Receipts

1000 Receipts from Local Sources

1300 Tuition			
1350 From Patrons for Summer School		\$	10,415
1500 Earnings on Investments:			
1510 Interest on Investments			9,442
1700 Pupil Activities:			
1710 Admissions			345,381
1720 Bookstore Sales			1,712,794
1730 Pupil Organization Membership Dues and Fees			1,525,773
1740 Student Fees			31,707
1900 Other Receipts from Local Sources:			
1910 Rentals			2,520
1920 Contributions & Donations Private Sources			612,230

Total Local Sources 4,250,262

3000 Receipts from State Sources

3900 Other State Receipts:			
3999 Receipts From Other State Sources			710

Total State Sources 710

Total Receipts All Sources \$ 4,250,972

Disbursements

100 Instruction

190 Instructional Pupil Activity:			
100 Salaries (optional)			124,076
200 Employee Benefits (optional)			28,901
500 Capital Outlay (optional)			20,218
600 Other Objects			
660 Instructional Pupil Activity			1,391,007

Total Instruction 1,564,202

**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, 2017**

200 Support Services

270 Support Services Pupil Activity

271 Pupil Services Activities:

100 Salaries (optional)	397,703
200 Employee Benefits (optional)	80,033
300 Purchased Services (optional)	9,836
500 Capital Outlay (optional)	10,856
600 Other Objects (optional)	
660 Pupil Activity	2,204,340
272 Enterprise Activities	
600 Other Objects (optional)	
660 Pupil Activity	138,991
273 Trust and Agency Activities	
600 Other Objects (optional)	
660 Pupil Activity	398

Total Support Services

2,842,157

300 Community Services

350 Custody and Care of Children Services:

100 Salaries	24,033
200 Employee Benefits	5,686

Total Community Services

29,719

Total Disbursements

\$ 4,436,078

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)	228,597
5270 Transfer from Pupil Activity Fund	902,811
420-710 Transfer to General Fund (Exclude Indirect Costs)	(34,116)
426-710 Transfer to Pupil Activity Fund	(902,811)

Total Other Financing Sources (Uses)

194,481

Excess/Deficiency of Receipts over Disbursements

\$ 9,375

Fund Balance, Beginning of Year

1,422,178

Fund Balance, End of Year

\$ 1,431,553

**LANCASTER COUNTY SCHOOL DISTRICT
 FIDUCIARY FUND - PUPIL ACTIVITY FUND
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 JUNE 30, 2017**

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Assets				
Cash & Cash Equivalents	\$ 891,522	\$ 4,439,252	\$ 4,399,764	\$ 931,010
Investments	1,014,094	9,442	-	1,023,536
Other Receivables	3,957	716	3,957	716
Total Assets	<u>\$ 1,909,573</u>	<u>\$ 4,449,410</u>	<u>\$ 4,403,721</u>	<u>\$ 1,955,262</u>
Liabilities				
Due To School District	487,395	4,959,787	4,923,473	523,709
Due to Pupil Activities	1,422,178	4,445,453	4,436,078	1,431,553
Total Liabilities	<u>\$ 1,909,573</u>	<u>\$ 9,405,240</u>	<u>\$ 9,359,551</u>	<u>\$ 1,955,262</u>

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

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**LANCASTER COUNTY SCHOOL DISTRICT
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/ FEDERAL GOVERNMENT
 JUNE 30, 2017**

Program	Project/Grant Number	Revenue & Subfund Code	Description	Amount Due to SDE or Federal Government	Status of Amounts Due To Grantors
Refurbishment of K-8 Science Kits	FY16	3526 / 326	Unexpended Funds	\$ 9,187.88	Unpaid
Teacher Supplies	FY17	3577 / 377	Unexpended Funds	550.00	Unpaid
Vocational Aid	FY17	4210 / 207	Overclaimed Funds	123.69	Paid Check #175155
Title I, Basic State Grant Programs	FY16	4310 / 201	Overclaimed Funds	2,560.73	Paid Check #175303
School Improvement Grant	FY17	4314 / 234	Unexpended Funds	9,584.29	Unpaid
Individuals With Disabilities Education Act (IDEA)	FY17	4510 / 203	Overclaimed Funds	268.09	Paid Check #175155
Extended School Year (IDEA)	FY16	4510 / 839	Unexpended Funds	1,566.33	Unpaid
21st Century Community Learning Centers	FY16	4924 / 224	Overclaimed Funds	1,642.97	Paid Check #175301&175302
21st Century Community Learning Centers	FY15	4924 / 224	Overclaimed Funds	1,080.00	Paid Check #175301&175302
Head Start	FY16	4999 / 813	Overclaimed Funds	5,000.00	Paid Check #175236
Lancaster County Project Prevent	FY16	4999 / 820	Unexpended Funds	6,373.08	Unpaid
				<u>\$ 37,937.06</u>	

**LANCASTER COUNTY SCHOOL DISTRICT
LOCATION RECONCILIATION SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
10	Brooklyn Springs Elementary	Elementary Schools	School	\$ 4,458,211
12	Discovery School	Other Schools	School	1,081,042
13	Clinton Elementary	Elementary Schools	School	4,447,447
15	Erwin Elementary	Elementary Schools	School	3,841,266
16	Lancaster High School	High Schools	School	15,949,477
19	McDonald Green Elementary	Elementary Schools	School	3,935,579
20	North Elementary	Elementary Schools	School	5,475,161
22	South Middle	Middle Schools	School	4,772,613
23	Southside Early Childhood Center	Other Schools	School	2,798,252
24	Barr Street Learning Center	Other Schools	School	445,764
25	A.R. Rucker	Middle Schools	School	4,339,246
30	Andrew Jackson High	High Schools	School	7,474,554
33	Heath Springs Elementary	Elementary Schools	School	3,502,172
34	Kershaw Elementary	Elementary Schools	School	3,861,750
37	Andrew Jackson Middle	Middle Schools	School	3,948,167
40	Buford Middle	Middle Schools	School	4,151,136
41	Buford Elementary	Elementary Schools	School	4,796,600
43	Buford High	High Schools	School	8,733,487
50	Indian Land High	High Schools	School	8,196,722
51	Indian Land Elementary	Elementary Schools	School	6,656,261
52	Indian Land Middle	Middle Schools	School	9,260,832
53	Harrisburg Elementary School	Elementary Schools	School	6,630,368
OTHER	District Wide	Non-School	Central	45,182,477

Total Expenditures/Disbursements for All Funds

\$ 163,938,584

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

General Fund (Subfund 100s)	\$ 94,506,282
Special Revenue Fund - Special Projects (Subfund 200s, 800s, 900s)	14,005,443
Special Revenue Fund - EIA Fund (Subfund 300s)	4,614,752
Debt Service Fund (Subfund 400s)	11,674,570
Capital Projects Fund (Subfund 500s)	28,906,932
Enterprise Fund - Food Service (Subfund 600s)	5,794,527
Agency Fund - Pupil Activity (Subfund 700s)	4,436,078

Total Expenditures/Disbursements for All Funds

\$ 163,938,584

**LANCASTER COUNTY SCHOOL DISTRICT
SPECIAL REVENUE - SPECIAL PROJECTS
SUBFUND CODE LIST
FOR THE YEAR ENDED JUNE 30, 2017**

District Subfund Code	Other Special Revenue Programs Program Name	District Subfund Code	Other Special Revenue Programs Program Name
221	Title I, N&D	827	Early Head Start
224	21st Century Community Learning Centers Title IV	829	SIMS: Swimming and Water Safety, Jan - Dec 2016
234	Early Learning Model - School Improvement	839	EXT School Year
238	Title I Support	840	SC Arts Commission - Heath Springs
264	Language Instruction for Limited English Proficient and Immigrant Students Title III	841	SC Arts Commission - AJ Middle
267	Title II Improving Teacher Quality	842	SC Arts Commission - McDonald Green Elementary
270	JROTC	843	SC Arts Commission - Harrisburg
275	Adult Education Local Contributions	846	Christian Services - Adult Ed
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		
805	Workforce Investment Act	243	Adult Education
806	Now is the Time		
807	First Steps - Early Head Start Partnership Grant		
808	Music Pilot - Quaver		
809	Partners for Youth-Clinton Community Grant		
810	Leader in Me		
811	Learn TV Advertising		
812	Education Oversight Committee		
813	Head Start		
814	Children's Council - Teen Pregnancy Prevent	919	Education License Plates
815	Sims: Catawba Exhibit & Cultural	926	Summer Reading Camp
820	Lancaster County Project Prevent	928	EEDA Career Specialist
821	Little Free Libraries	935	Reading Coaches
822	Workers Compensation Risk Control Grant	936	Student Health and Fitness - Nurses
824	Duke Power Grant - Adult Ed	937	Student Health and Fitness - PE Teachers
		955	DSS SNAP and E&T Program
		963	K-12 Technology Initiative
		966	Mobile Device Access & Management
			Other
			Restricted State Grants

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	100-104
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	105-108
Debt Capacity	
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.	109-112
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other Districts.	113-115
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	116-121

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary Government										
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 69,831,369
Restricted	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	134,134,045
Unrestricted**	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)	(216,898,104)
Total Governmental Activities -										
Net Position (Deficit)	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)	(12,932,690)
Business-Type Activities										
Investment in Capital Assets	798,128	764,181	679,606	570,429	470,369	455,985	531,604	1,109,933	1,092,312	1,400,893
Unrestricted	364,200	57,091	283,218	564,534	1,022,090	1,085,707	(910,488)	(1,077,253)	(1,877,390)	(1,971,806)
Total Business-Type Activities -										
Net Position	1,162,328	821,272	962,824	1,134,963	1,492,459	1,541,692	(378,884)	32,680	(785,078)	(570,913)
Total Primary Government										
Net Investment in Capital Assets	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	71,232,262
Restricted	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	134,134,045
Unrestricted**	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)	(218,869,910)
Total Primary Government -										
Net Position (Deficit)	\$ 44,628,522	\$ 45,010,480	\$ 47,343,966	\$ 55,265,515	\$ 61,381,013	\$ 67,071,065	\$ (37,770,146)	\$ (32,062,643)	\$ (22,823,690)	\$ (13,503,603)

Note: Accrual basis of accounting.

** During fiscal year 2014-15, the District adopted GASB 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 73,935,990
Support Services	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	53,924,679
Community Services	1,147,450	1,094,083	1,093,580	1,139,831	1,176,010	1,305,910	1,147,511	987,968	1,274,727	1,346,041
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Interest and Other Charges	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	3,818,539
Pupil Activities	136,570	313,165	133,669	119,900	344,787	168,300	195,706	226,209	247,537	194,481
Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	112,569	-
Total Governmental Activities Expenses	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	133,219,730
Business-Type Activities:										
Food Service	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	5,794,527
Total Business-Type Activities Expenses	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	5,794,527
Total Primary Government Expenses	\$ 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	\$ 139,014,257
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	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	33,506
Community Services	-	-	-	-	-	696	327	351	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	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	71,452,498
Capital Grants and Contributions	156,414	478,096	6,982	4,034	3,119	-	-	-	-	-
Total Governmental Activities Program Revenues	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	71,486,004
Business-Type Activities:										
Charges for Services	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	1,512,016
Operating Grants and Contributions	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	4,382,605
Capital Grants and Contributions	-	-	-	-	-	-	-	-	113,677	446,524
Total Business-Type Activities Program Revenues	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	6,341,145
Total Primary Government Program Revenues	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	77,827,149
Net (Expense) Revenue										
Governmental Activities	(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)	(61,733,726)
Business-Type Activities	(25,404)	(138,962)	363,658	390,005	591,900	336,826	459,874	77,435	(497,748)	546,618
Total Primary Governmental Net (Expense) Revenue	\$ (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)	\$ (61,187,108)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 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	\$ 29,633,307
Property Taxes, Levied for Debt Service	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	23,795,565
Unrestricted Grants, Aide and Contributions	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	15,637,287
Unrestricted Investment Earnings	1,286,634	283,331	103,229	115,775	57,831	73,410	57,831	54,965	166,405	617,302
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Insurance Proceeds	-	-	-	4,894,906	-	-	-	-	-	-
Miscellaneous	61,269	29,782	29,187	26,771	26,871	64,569	27,311	22,177	431,068	823,734
Transfers	203,414	205,473	223,376	219,935	235,169	287,592	259,326	(334,129)	320,010	332,453
Total Governmental Activities	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	70,839,648
Business-Type Activities:										
Unrestricted Investment Earnings	6,983	3,379	1,270	2,069	765	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(203,414)	(205,473)	(223,376)	(219,935)	(235,169)	(287,592)	(259,326)	334,129	(320,010)	(332,453)
Total Business-Type Activities	(196,431)	(202,094)	(222,106)	(217,866)	(234,404)	(287,592)	(259,326)	334,129	(320,010)	(332,453)
Total Primary Government	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	70,507,195
Change in Net Position										
Governmental Activities	(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	9,105,922
Business-Type Activities	(221,835)	(341,056)	141,552	172,139	357,496	49,234	200,548	411,564	(817,758)	214,165
Total Change in Net Position-Primary Government	\$ (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	\$ 9,320,087

Note: Accrual basis of accounting.

Source: Comprehensive Annual Financial Report

Unaudited

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved*	\$ 106,575	\$ 35,064	\$ 6,811	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved										
Designated for Subsequent Years	2,651,809	1,520,434								
Undesignated	11,753,390	10,259,136	11,284,835	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total General Fund	\$ 14,511,774	\$ 11,814,634	\$ 11,291,646	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund**										
Nonspendable:										
Prepaid Expenditures	N/A	N/A	N/A	\$ 69,943	-	-	-	-	-	1,854,362
Assigned:										
Subsequent Year Expenditures	N/A	N/A	N/A	831,936	\$ 954,973	\$ 2,423,778	\$ 2,772,134	\$ 3,058,770	\$ 3,686,139	\$ 2,719,152
Encumbered Operating Expenditures	N/A	N/A	N/A	71,971	36,355	53,515	32,952	39,411	26,567	10,042
Unassigned	N/A	N/A	N/A	11,425,838	14,567,464	15,269,599	15,848,013	17,664,234	18,686,693	20,673,180
Total General Fund	\$ -	\$ -	\$ -	\$ 12,399,688	\$ 15,558,792	\$ 17,746,892	\$ 18,653,099	\$ 20,762,415	\$ 22,399,399	\$ 25,256,736
All Other Governmental Funds										
Reserved for:										
Debt Service	1,668,140	1,883,466	2,077,477	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt Service LEAP	6,821,837	6,612,593	6,585,984	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Projects	4,176,572	2,775,727	1,533,182	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital Projects LEAP	1,831,137	1,500,556	534,546	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved, Reported in:										
Special Revenue Funds	976	976	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	\$ 14,498,662	\$ 12,773,318	\$ 10,731,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other Governmental Funds**										
Restricted:										
Debt Service	N/A	N/A	N/A	1,502,646	3,406,898	4,985,399	3,876,497	2,429,626	4,183,421	7,982,561
Debt Service LEAP	N/A	N/A	N/A	6,585,886	6,586,124	-	-	-	-	-
Capital Projects	N/A	N/A	N/A	7,116,888	6,143,482	18,836,038	9,164,307	5,649,217	9,035,118	126,151,484
Capital Projects LEAP	N/A	N/A	N/A	123,888	4	-	-	-	-	-
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ 15,329,308	\$ 16,136,508	\$ 23,821,437	\$ 13,040,804	\$ 8,078,843	\$ 13,218,539	\$ 134,134,045

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 GASB 54. The fund balances for years ended 2006-2010 are not reported under GASB 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Revenues											
Local Sources:											
Intergovernmental	\$ 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	\$ 56,461,368	
State Sources	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	74,995,286	
Federal Sources	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	10,372,647	
Total Revenues	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	141,829,301	
Expenditures											
Instruction	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	68,328,640	
Support Services	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	53,885,951	
Community Services	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	1,243,243	
Pupil Activities	-	-	-	119,900	344,787	168,300	195,706	226,209	-	-	-
Intergovernmental	749,709	806,061	789,155	778,140	792,327	809,899	830,697	925,366	904,002	814,304	
Debt Service:											
Legal Services									55,657	-	
Principal	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	8,825,000	
Interest and Fiscal Charges	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	3,104,107	
Other Objects							1,290				
Capital Outlay	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	17,506,734	
Total Expenditures	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	153,707,979	
Excess (Deficiency) of Revenues Over Expenditures	<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>	<u>(11,878,678)</u>	
Other Financing Sources (Uses)											
Sale of Capital Assets			25,000				2,000				
Premium on Bonds Sold						7,747,382			516,176	10,513,549	
Proceeds of General Obligation Bonds						21,720,000			15,545,000	125,000,000	
Proceeds of Refund Debt	9,375,000	18,255,000			60,355,000						
Payment to Refunded Debt Escrow Agent	(9,440,000)	(17,725,000)			(72,779,959)						
Medicaid Reimbursements											
Operating Transfers In	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	43,908,163	
Operating Transfers (Out)	(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)	(43,770,191)	
Total Other Financing Sources (Uses)	1,844	558,419	114,707	219,935	235,169	17,330,015	261,326	333,787	16,133,650	135,651,521	
Net Change in Fund Balances	<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>	<u>\$ 123,772,843</u>	
Debt Service as a Percentage of Noncapital Expenditures	<u>6.57%</u>	<u>5.37%</u>	<u>7.55%</u>	<u>7.55%</u>	<u>7.44%</u>	<u>15.36%</u>	<u>8.08%</u>	<u>9.08%</u>	<u>16.27%</u>	<u>8.76%</u>	

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**

Fiscal Year	Real Property		Personal Property		Total		Total Direct Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Taxable Assessed Value	Estimated Actual Value	Taxable Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
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%
2017	272,287,050	6,011,497,833	80,657,786	1,096,621,491	352,944,836	7,108,119,324	217.5	4.97%

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)**

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	
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
2017	149.50	68.00	217.50	91.20	4.30	176.40	77.00	566.40

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

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

Source: Lancaster County Auditor

Unaudited

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

Taxpayer	December 31, 2017		December 31, 2008	
	Taxable Assessed Value	Percent of District's Total Taxable Value	Taxable Assessed Value	Percent of District's Total Taxable Value
Duke Energy Corporation	\$ 10,208,750	2.89%	\$ 6,739,110	2.69%
The Gillette Company	4,783,466	1.36%	5,294,013	2.11%
Lancaster Hospital Group	4,241,640	1.20%	4,011,730	1.60%
Red Ventures, LLC	2,297,439	0.65%		
Keer America Corp	1,885,799	0.53%		
Hailes Gold Mine	1,670,140	0.47%		
Lennar Carolinas LLC	1,638,920	0.46%		
Lynches River Electric	1,301,540	0.37%	1,006,820	0.40%
S&B Charlotte Apartment	1,249,970	0.35%		
Springland Associates, LLC	1,202,530	0.34%	2,493,760	0.99%
Springs Global (A)			8,056,532	3.21%
Pulte Home Corporation			4,303,058	1.72%
Lancaster Telephone Co.			1,751,770	0.70%
Craft Development LLC			1,666,800	0.66%
Belden CDT Networking, Inc.			1,033,593	0.41%
	\$ 30,480,194	8.62%	\$ 36,357,186	14.49%

Note:

* Taxpayers are assessed on January 1, 2016 for the 2017 fiscal year.

** Taxpayers are assessed on January 1, 2007 for the 2008 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
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%	1,362,755	35,993,612	98.95%
2014	2013	37,371,998	35,548,973	95.12%	1,567,163	37,116,136	99.32%
2015	2014	39,621,616	37,589,271	94.87%	1,265,870	38,855,141	98.07%
2016	2015	44,283,583	42,101,938	95.07%	1,235,891	43,337,829	97.86%
2017	2016	53,087,520	50,730,576	95.56%	-	50,730,576	95.56%

Source: Lancaster County Finance Department

Unaudited

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

Fiscal Year Ended June 30,	General Obligation Bonds	LEAP Bonds	Note Payable	Total Primary Government	Percentage of Personal Income	Per Capita
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
2017	148,479,790	57,050,032		205,529,822	Not Available	2,294

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**

Fiscal Year Ended June 30,	General Obligation Bonds	LEAP Bonds	Total	Less Debt Service	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property (A)	Per Capita (B)
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
2017	148,479,790	57,050,032	205,529,822	7,982,561	197,547,261	2.78%	2,205

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, 2017**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Lancaster County	\$ 47,029,903	100.0%	\$ 47,029,903
City of Lancaster	628,997	100.0%	<u>\$ 628,997</u>
Subtotal, Overlapping Debt			47,658,900
District Direct Debt			<u>205,529,822</u>
Total Direct and Overlapping Debt			<u><u>\$ 253,188,722</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, 2017	<u>\$ 352,944,836</u>
Debt limit - 8% of assessed value	28,235,587
Total amount of debt applicable to debt limit	<u>7,005,000</u>
Legal debt margin	<u>\$ 21,230,587</u>

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 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	\$ 28,235,587
Total net debt applicable to limit	-	-	-	-	-	12,660,000	11,105,000	8,560,000	11,040,000	7,005,000
Legal debt margin	<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>	<u>\$ 21,230,587</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	55.00%	46.54%	34.28%	41.56%	24.81%

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**

Year Ended June 30,	Tax Year Dec. 31,	Lancaster County Estimated Population (1)	Lancaster County Total Personal Income (1)	Lancaster County Per Capita Income (1)	Lancaster County Unemployment Rate (1)	School Enrollment (2)
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
2017	2016	89,594	Not Available	Not Available	4.5%	12,758

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**

Employer	JUNE 30, 2017		JUNE 30, 2008	
	Approximate Numbers of Employees	Percent of District's Total Estimated Employment	Approximate Numbers of Employees	Percent of District's Total Estimated Employment
Red Ventures	2,300	5.97%		
Lancaster County School District	1,767	4.58%	1,600	5.35%
Lancaster County	960	2.49%	467	1.56%
Springs Memorial Hospital	750	1.95%	731	2.45%
Movement Mortgage	725	1.88%		
Cardinal Health	625	1.62%	562	1.88%
Continental Tire	546	1.42%		
Duracell, U.S.A.	405	1.05%	400	1.34%
Founders Federal Credit Union	360	0.93%	250	0.84%
Oceana Gold	327	0.85%		
KMG America			500	1.67%
Walmart			459	1.54%
Springs Global			200	0.67%
ZF Commercial Suspension System			175	0.59%
Totals	8,765	22.74%	5,344	17.89%

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 2008 - 2017	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
Instruction												
Teachers	819	833	817	739	729	761	763	777	806	846		3.30%
Aides	178	181	178	164	160	163	165	175	180	189		6.18%
Total Instruction	<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>1,035</u>		<u>3.81%</u>
Support Services												
Guidance Counselors	39	42	35	33	33	33	33	35	36	37		-5.13%
Psychologist and Social Workers	10	12	12	11	11	11	11	12	12	12		20.00%
Media Specialists	20	20	20	20	20	20	20	21	22	22		10.00%
Nurses	23	23	23	23	23	23	24	25	25	25		8.70%
Instructional Staff Services	65	67	64	60	62	59	58	61	63	63		-3.08%
Principals	17	18	18	18	18	18	18	19	19	19		11.76%
Assistant Principals	31	31	30	30	28	32	32	35	36	36		16.13%
Instructional Specialists	7	6	3	3	3	3	3	3	4	5		-28.57%
Noninstructional Administrators	27	27	27	27	26	25	26	27	28	30		11.11%
General and Finance Administrative Assistants	82	89	89	87	87	88	88	94	96	101		23.17%
Bus Drivers, Bus Aids and Maintenance	89	92	94	97	98	101	102	108	116	126		41.57%
Total Support Services	<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>476</u>		<u>16.10%</u>
Community Services	37	36	37	38	38	42	20	19	22	21		-43.24%
Pupil Activity	-	-	-	-	-	-	-	-	-	-		-
Food Service												
Managers and Clerical Cafeteria Staff	23	22	23	23	23	23	23	23	24	24		4.35%
Total Food Service	<u>108</u>	<u>105</u>	<u>102</u>	<u>100</u>	<u>100</u>	<u>103</u>	<u>102</u>	<u>101</u>	<u>104</u>	<u>107</u>		<u>-0.93%</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>131</u>		<u>0.00%</u>
Total	<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>1,663</u>		<u>5.59%</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
			per Pupil	per Pupil			Change	Change				
2008	11,274	\$ 94,691,165	\$8,399	\$ 10,052	11.30%	\$ 113,329,568	819	13.77	6.89%	819	13.77	49%
2009	11,508	96,098,397	8,351	9,609	-0.58%	110,577,711	833	13.82	-4.41%	833	13.82	52%
2010	11,401	95,401,264	8,368	9,611	0.21%	109,574,383	817	13.95	0.02%	817	13.95	54%
2011	11,378	86,687,084	7,619	8,905	-8.95%	101,324,327	739	15.40	-7.34%	739	15.40	55%
2012	11,554	88,182,407	7,632	8,909	0.18%	102,936,957	729	15.85	0.04%	729	15.85	57%
2013	11,581	92,786,835	8,012	9,435	4.98%	109,270,570	761	15.22	5.91%	761	15.22	56%
2014	11,760	95,870,618	8,152	9,398	1.75%	110,523,788	763	15.41	-0.39%	763	15.41	56%
2015	12,094	99,477,073	8,225	9,629	0.89%	116,452,831	777	15.56	2.45%	777	15.56	56%
2016	12,094	105,414,809	8,488	10,220	3.20%	123,599,622	806	15.41	6.14%	806	15.41	55%
2017	12,758	112,312,915	8,803	10,896	3.72%	139,014,257	846	15.08	6.62%	846	15.08	52%

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**

Fiscal Year	Minimum Salary	Maximum Salary	County Average Salary (A)	Statewide Average Salary (B)
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	48,769
2017	34,028	73,146	49,733	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>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>	<u>2016-17</u>
Elementary School										
Brooklyn Springs(1962)										
Square feet	72,682	72,682	72,682	72,682	72,682	72,682	72,682	72,682	72,682	72,682
Capacity	908	908	908	908	908	908	908	908	908	908
Enrollment	564	505	440	419	425	446	470	486	496	505
Buford(2002)										
Square feet	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Capacity	965	965	965	965	965	965	965	965	965	965
Enrollment	878	865	816	800	771	745	764	741	719	715
Central(1957)										
Square feet	24,004	24,004	24,004	24,004	24,004	24,004	24,004	24,004	24,004	24,004
Capacity	238	238	238	238	238	238	238	238	238	238
Enrollment	107	107	108	108	108	107	106	107	107	108
Clinton(1948)										
Square feet	63,460	63,460	63,460	63,460	63,460	63,460	63,460	63,460	63,460	63,460
Capacity	671	671	671	671	671	671	671	671	671	671
Enrollment	390	398	372	372	380	324	347	375	397	403
Erwin(1975)										
Square feet	74,450	74,450	74,450	74,450	74,450	74,450	74,450	74,450	74,450	74,450
Capacity	629	629	629	629	629	629	629	629	629	629
Enrollment	423	408	408	451	463	458	446	465	472	453
Harrisburg (2014)										
Square feet	-	-	-	-	-	-	-	92,995	92,995	92,995
Capacity	-	-	-	-	-	-	-	980	980	980
Enrollment	-	-	-	-	-	-	-	863	1,010	1,128
Heath Springs(1954)										
Square feet	69,456	69,456	69,456	69,456	69,456	69,456	69,456	69,456	69,456	69,456
Capacity	378	378	378	378	378	378	378	378	378	378
Enrollment	373	388	396	391	411	404	401	388	375	395

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Indian Land Elem/Mid(1998)										
Square feet	116,000	116,000	116,000	116,000	116,000	116,000	116,000	116,000	116,000	116,000
Capacity	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006	1,006
Enrollment	1,451	1,090	1,169	1,200	1,309	1,383	1,521	856	906	968
Kershaw(1952)										
Square feet	59,909	59,909	59,909	59,909	59,909	59,909	59,909	59,909	59,909	59,909
Capacity	646	646	646	646	646	646	646	646	646	646
Enrollment	462	501	486	466	432	450	450	438	420	400
McDonald Green(1949)										
Square feet	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914	56,914
Capacity	524	524	524	524	524	524	524	524	524	524
Enrollment	479	487	469	490	481	471	480	513	519	484
North(1966)										
Square feet	90,763	90,763	90,763	90,763	90,763	90,763	90,763	90,763	90,763	90,763
Capacity	855	855	855	855	855	855	855	855	855	855
Enrollment	636	644	668	689	698	706	696	666	698	720
Southside(1954)										
Square feet	23,466	23,466	23,466	23,466	23,466	23,466	23,466	23,466	23,466	23,466
Capacity	315	315	315	315	315	315	315	315	315	315
Enrollment	2	-	1	-	-	3	-	-	-	-
Middle School										
A.R. Rucker(2002)										
Square feet	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Capacity	916	916	916	916	916	916	916	916	916	916
Enrollment	509	511	519	528	543	523	553	538	532	516
Andrew Jackson(1984)										
Square feet	82,939	82,939	82,939	82,939	82,939	82,939	82,939	82,939	82,939	82,939
Capacity	653	653	653	653	653	653	653	653	653	653
Enrollment	487	474	482	495	526	513	466	476	461	488
Buford(1956)										
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	439	449	443	488	494	478	455	431	417	398

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Indian Land(1981)										
Square feet	100,948	100,948	100,948	100,948	100,948	100,948	100,948	100,948	100,948	121,108
Capacity	750	750	750	750	750	750	750	750	750	1,050
Enrollment	N/A	507	521	535	573	608	662	726	844	947
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	691	639	626	598	591	605	576	529	491	529
High School										
Andrew Jackson(1969)										
Square feet	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515	123,515
Capacity	788	788	788	788	788	788	788	788	788	788
Enrollment	582	621	610	615	593	597	605	654	654	633
Buford(1993)										
Square feet	133,503	133,503	133,503	133,503	133,503	133,503	133,503	133,503	133,503	133,503
Capacity	599	599	599	599	599	599	599	599	599	599
Enrollment	582	602	588	567	600	609	617	643	636	624
Indian Land(1981)										
Square feet	-	-	-	-	-	-	-	-	-	-
Capacity	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-
Indian Land(2008)										
Square feet	142,657	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	800
Enrollment	557	597	639	655	708	759	789	843	881	975
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	1,662	1,715	1,640	1,511	1,448	1,392	1,356	1,356	1,385	1,369

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

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
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	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

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PARTNERS		ASSOCIATES				
C.C. McGregor, CPA 1906-1968	W.C. Stevenson, CPA B.T. Kight, CPA G.D. Skipper, CPA L.R. Leaphart, Jr, CPA M.J. Binnicker, CPA W.W. Francis, CPA	D.L. Richardson, CPA E.C. Inabinet, CPA S.S. Luoma, CPA T.M. McCall, CPA H.D. Brown, Jr, CPA L.B. Salley, CPA	D.K. Strickland, CPA J.P. McGuire, CPA L.H. Kelly, CPA J.R. Matthews II, CPA	V.K. Laroche, CPA G.N. Mundy, CPA M.L. Layman, CPA P.A. Betette, Jr, CPA S. Wo, CPA C.D. Hinchee, CPA	G.P. Davis, CPA H.J. Darver, CPA D.M. Herpel, CPA H.O. Crider, Jr, CPA F.C. Gillam, Jr, CPA M.L. Goode, CPA	H.S. Mims, CPA T. Solorzano, CPA C.W. Bolen, CPA L.T. Hewitt, 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 the Lancaster County School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Lancaster County School District's basic financial statements, and have issued our report thereon dated November 3, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of 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 the 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*.

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.

McGuire & Company, LLP

Columbia, South Carolina
November 3, 2017

PARTNERS		ASSOCIATES				
C.C. McGregor, CPA 1906-1968	W.C. Stevenson, CPA B.T. Kight, CPA G.D. Skipper, CPA L.R. Leaphart, Jr, CPA M.J. Binnicker, CPA W.W. Francis, CPA	D.L. Richardson, CPA E.C. Inabinet, CPA S.S. Luoma, CPA T.M. McCall, CPA H.D. Brown, Jr, CPA L.B. Salley, CPA	D.K. Strickland, CPA J.P. McGuire, CPA L.H. Kelly, CPA J.R. Matthews II, CPA	V.K. Laroche, CPA G.N. Mundy, CPA M.L. Layman, CPA P.A. Betette, Jr, CPA S. Wo, CPA C.D. Hinchee, CPA	G.P. Davis, CPA H.J. Darver, CPA D.M. Herpel, CPA H.O. Crider, Jr, CPA F.C. Gillam, Jr, CPA M.L. Goode, CPA	H.S. Mims, CPA T. Solorzano, CPA C.W. Bolen, CPA L.T. Hewitt, 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 the 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 the Lancaster County School District’s major federal programs for the year ended June 30, 2017. 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 the 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 the 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 the Lancaster County School District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2017.

Report on Internal Control over Compliance

Management of the 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 the 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 the 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
November 3, 2017

**LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

LEA Subfund Code	Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Total Expenditures
U.S. Department of Education				
Pass-Through S.C. Department of Education Special Education Cluster (IDEA)				
203	* Special Education - Grants to States	84.027	FY17	\$ 2,311,063
203	* Special Education - Grants to States	84.027	FY16	73,111
203	* Special Education - Grants to States	84.027	FY15	39,657
839	* Extended School Year	84.027	FY17	8,112
205	* Special Education - Preschool Grants	84.173	FY17	81,813
205	* Special Education - Preschool Grants	84.173	FY16	330
Total Special Education Cluster (IDEA)				<u>2,514,086</u>
201	Title I Grants to Local Educational Agencies	84.010	FY16	4,686
202	Title I Grants to Local Educational Agencies	84.010	FY17	3,600,091
221	Title I Grants to Local Educational Agencies	84.010	FY17	4,661
238	Title I Grants to Local Educational Agencies	84.010	FY17	70,044
207	Career and Technical Education -- Basic Grants to States	84.048	FY17	156,008
207	Career and Technical Education -- Basic Grants to States	84.048	FY16	19,337
224	Twenty-First Century Community Learning Centers	84.287	FY17	356,753
224	Twenty-First Century Community Learning Centers	84.287	FY16	9,619
243	Adult Education - Basic Grants to States	84.002	FY17	107,869
243	Adult Education - Basic Grants to States	84.002	FY16	2,404
264	English Language Acquisition State Grants	84.365	FY17	17,641
264	English Language Acquisition State Grants	84.365	FY16	35,590
267	Improving Teacher Quality State Grants	84.367	FY17	326,248
267	Improving Teacher Quality State Grants	84.367	FY16	50,399
234	School Improvement Grants	84.377	FY17	44,539
809	Fund for the Improvement of Education	84.215	U215J140022	164,209
820	* Safe and Drug-Free Schools and Communities - National Programs	84.184	S184M140019	591,185
Total Pass-Through S.C. Department of Education				<u>8,075,369</u>
Total U.S. Department of Education				<u>8,075,369</u>
U.S. Department of Agriculture - Food and Nutrition Services				
Pass-Through S.C. Department of Education Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
600	Commodity Supplemental Food Program	10.555	N/A	492,349
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	835,442
600	National School Lunch Program	10.555	N/A	3,054,386
Total Child Nutrition Cluster				<u>4,382,177</u>
Total U.S. Department of Agriculture - Food and Nutrition Services				<u>4,382,177</u>
U.S. Department of Labor				
Passed Through SCDEW				
851	WIA/WIOA Youth Activities	17.259	16JAG107	50,677
Total U.S. Department of Labor				<u>50,677</u>
U.S. Department of Health and Human Services				
Direct				
806	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79SM062022	14,819
Passed Through South Carolina Developmental Disabilities Council				
813/827	Head Start	93.600	04CH4740-03	1,823,290
813/827	Head Start	93.600	04CH4740-02	136,182
Total U.S. Department of Health and Human Services				<u>1,974,291</u>
U.S. Department of Defense				
Direct Program				
270	JROTC	12.000	N/A	272,310
Total U.S. Department of Defense				<u>272,310</u>
Total Federal Awards Expended				<u>\$ 14,754,824</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, 2017

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, 2017**

Part I Summary of Auditors' Results:

Financial Statements

Type of Auditors' Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material Weakness(es) Identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant Deficiencies Identified That Are Not Considered To Be Material Weaknesses	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None Reported
Noncompliance Material to Financial Statements Noted	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

Internal Control Over Major Federal Programs:	
Material Weakness(es) Identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant Deficiencies Identified That Are Not Considered To Be Material Weaknesses	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None Reported
Type of Auditors' Report Issued on Compliance for Major Federal Programs:	Unmodified
Programs Tested as Major Programs:	
<u>Program:</u>	<u>CFDA #:</u>
Special Education Cluster (IDEA)	84.027, 84.173
Safe and Drug-Free Schools and Communities - National Programs	84.184
Dollar Threshold used to Distinguish Between Type A and Type B Programs:	\$750,000
Auditee Qualify as Low-Risk Auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Any Audit Findings Disclosed That are Required To Be Reported in Accordance With Government Auditing Standards 2 CFR 200.516(a)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

Summary of Prior Year Findings

None Reported

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