

**UNION COUNTY SCHOOLS**  
UNION, SOUTH CAROLINA



AUDITED  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
JUNE 30, 2015

**UNION COUNTY SCHOOLS**  
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# INTRODUCTORY SECTION

**UNION COUNTY SCHOOLS  
PRINCIPAL OFFICIALS  
YEAR ENDED JUNE 30, 2015**

**MEMBERS OF SCHOOL BOARD**

Dr. Wanda All	Board Chair
Ms. Kakie White	Vice-Chairman
Ms. Betty JoAnn McMorris	Member of School Board
Mr. Jantzen Childers	Member of School Board
Mr. Mike Massey	Member of School Board
Mr. Gene Lipsey	Member of School Board
Ms. Jane Hammett	Member of School Board
Mr. Manning Jeter	Member of School Board
Ms. Jane Wilkes	Member of School Board

**ADMINISTRATIVE OFFICIALS**

Dr. Kristi Woodall	Superintendent
Lynn Lawson	Financial Officer

# FINANCIAL SECTION

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

## INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members of  
The Board of Trustees of Union County Schools  
Union, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Union County Schools' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Union County Schools as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2015 the District adopted new required accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

## **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 and schedule of district contributions on pages 4-10, 44, 45 and 46 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*

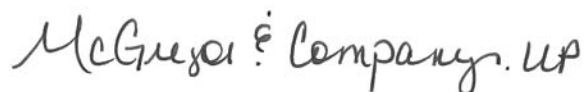
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County Schools' basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and 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 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 October 30, 2015, on our consideration of Union County Schools' 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 Union County Schools' internal control over financial reporting and compliance.



Columbia, South Carolina  
October 30, 2015



**UNION COUNTY SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
FISCAL YEAR ENDED JUNE 30, 2015**

**INTRODUCTION**

Our discussion and analysis of the District's financial performance provides an overview of the District's financial status and activities for the fiscal year ended June 30, 2015. This review serves to inform our citizens and other stakeholders of the results of the District's operations and to present our financial position at the end of the fiscal year. Readers should also review the detailed statements and notes included in the audit, in order to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS FOR FY 2014-2015**

- Effective with FY2015, Government Accounting Standards require that the District report the portion of S.C. Retirement System pension liability attributable to Union County School District. This reporting standard results in a net position of (\$25,531,273). Using prior years' methodology, excluding the adjustment for GASB 68, the assets of the District exceeded its liabilities at the close of the recent fiscal year by \$13,260,958. Of this amount, \$13,260,958 may be used to meet the District's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,584,200.
- The District's total bonded debt, decreased from \$37,788,246 to \$36,396,884 during the current fiscal year. Long term debt of \$119,391 existed from execution of a Lease Purchase Agreement for technology projects approved under the Qualified Zone Academy Bond program. Original liability of \$755,000 was reduced during FY 2015 by \$19,897 in Trust earnings.

Long term debt of \$36,000,000 also existed from execution of an Installment Purchase Revenue agreement with the SCAGO Educational Facilities Corporation (EFC) for Union School District. The EFC issued \$44,215,000 in bonds to build Jonesville Elementary/Middle School, Sims Middle School, and improvements to Union County High School. The District will issue a General Obligation Bond of approximately \$3,000,000 annually through 2030 to meet the District's installment revenue obligation to the EFC.

- Real and personal property value for the 2014 tax year (the basis for FY 2015 tax levy) was \$72,281,200, an increase of \$3,217,659 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of: the *basic financial statements*, *required supplementary information* (which includes this management's discussion and analysis section), an optional section that presents *combining and individual fund statements and schedules* for major governmental funds, and the *compliance section*.

**Government-wide financial statements.** The basic financial statements include two kinds of statements that present different views of the District. The first two statements are *government-wide financial statements* that provide a broad overview of the District's overall financial status, in a manner similar to a private-sector enterprise.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. This allows users of the financial statements to measure the direction of the financial health of the District.

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, supporting services, community services and intergovernmental. The District does not have a “business-type” activity as the operations of the food service program are reported in the special revenue fund.

**Fund financial statements.** The remaining basic financial statements are *fund financial statements* that focus on individual parts of the District, reporting the District’s operations in more detail than the government-wide statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, state special projects fund, EIA fund, District & EFC debt service funds, District & EFC Capital Project funds, and Food Service fund, all of which are considered to be major funds.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District’s own programs. The District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Supplementary information.** The combining statements referred to earlier in connection with major and individual fund statements and schedules

Major Features of the Union County School District's Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government entity's financial position. In the case of the Union County School District, excluding the GASB 68 pension liability adjustment, assets exceeded liabilities by \$13,260,958 at the close of FY 2015.

The following table provides a summary comparison to prior year of the School District's net assets for FY 2015:

	<u>2014</u>	<u>2015</u>
<b>Assets</b>		
Current and Other Assets	\$ 11,285,766	\$ 11,635,241
Capital Assets, net	<u>45,255,220</u>	<u>43,645,395</u>
<b>Total Assets</b>	<u>56,540,986</u>	<u>55,280,636</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>3,360,661</u>
<b>Liabilities</b>		
Long Term Liabilities	76,500,953	75,663,214
Other Liabilities	<u>5,682,023</u>	<u>5,188,648</u>
<b>Total Liabilities</b>	<u>82,182,976</u>	<u>80,851,862</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>3,320,708</u>
<b>Net Assets</b>		
Net Investment in Capital Assets	7,546,498	7,328,035
Restricted for Food Service	336,145	401,037
Restricted for Debt Service	4,289,182	4,556,399
Restricted for Capital Projects	77,975	72,227
Unrestricted, As Restated	<u>(37,891,790)</u>	<u>(37,888,971)</u>
<b>Total Net Assets</b>	<u>\$ (25,641,990)</u>	<u>\$ (25,531,273)</u>

The largest portion of the District's net assets are listed as Capital Assets, net of debt of \$7,328,035, which reflects capital assets less any related outstanding debt used to acquire those assets.

	<b>Changes in Net Assets (Governmental Activities)</b>	
	<u>2014</u>	<u>2015</u>
Revenues		
Program Revenues		
Charges for Services	\$ 234,828	\$ 204,199
Operating Grants	22,344,968	23,361,850
Capital Grants	-	-
General Revenues		
Property Taxes	8,532,224	8,887,047
State Grants	5,745,085	5,803,381
Other	670,468	760,818
<b>Total Revenues</b>	<u>37,527,573</u>	<u>39,017,295</u>
Program Expenses		
Instruction	21,584,828	21,888,192
Support Services	14,391,139	15,156,699
Intergovernmental	111,031	-
Pupil Activity	149,000	149,001
Interest and Other Charges	2,023,392	1,712,686
<b>Total Expenses</b>	<u>38,259,390</u>	<u>38,906,578</u>
Increase/(Decrease) in Net Assets	(731,817)	110,717
Beginning Net Assets	<u>13,882,058</u>	<u>(25,641,990)</u>
Prior Period Restatement	(38,792,231)	-
Ending Net Assets, As Restated	<u>\$ (25,641,990)</u>	<u>\$ (25,531,273)</u>

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

#### General Fund:

The General Fund is the operating fund for the District. In FY 2015, the reported fund balance increased by \$444,756. This fund balance gives the District the ability to fund payroll & daily operations from month to month between July and December, until lump-sum revenue totals are received from the State and County. This includes the General Fund Operations budget as well as all other local and unrestricted private grant / fund activity.

#### Special Revenue Funds/Special Projects/EIA Funds

These funds are used to account for numerous special revenue sources administered by the federal and state governments. Special Revenue Funds do not have fund balances, as revenues are expected to be expended, deferred, or returned to the grantor if unexpended.

Debt Service Fund

This fund reflects tax revenues provided from debt service millage, as well as principal and interest payments on school district bonded indebtedness.

Capital Projects Fund

This fund captures all of the activities associated with capital improvement spending in the district. The balance as of June 30, 2015 is (\$506,397). This fund balance is accumulated through transfers from General Fund, Debt Service, and Restricted State Funds, net of approved capital improvement expenditures. This negative fund balance includes the bond payable liability recorded for GO Bond Issue 2015A. GO Bond 2015A matures in March 2016.

Capital Projects Fund - Educational Facilities Corporation

The SCAGO Educational Facilities Corporation for Union School District (EFC) issued \$44,215,000 in bonds to build Jonesville Elementary/Middle School K-8, Sims Middle School, capital improvements to Union County High School, and other school improvements in the district. The District will issue a General Obligation Bond of approximately \$3,000,000 annually through 2030 to meet the District's installment revenue obligation to the EFC. The fund balance as of June 30, 2015 is \$72,227.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets:

As of June 30, 2015, the District had a depreciated value of \$43,645,395 invested in capital assets, including school buildings, land, construction-in-progress, athletic facilities, buses & other vehicles, computers, and other equipment. Total depreciation expense for FY 2015 was (\$1,905,451).

The following schedule presents capital asset balances at historical cost (as opposed to market value), net of depreciation for the year ended June 30, 2015.

	<u>2014</u>	<u>2015</u>
Land	\$ 1,217,023	\$ 1,217,023
Buildings, Improvements, Equip	70,843,652	71,134,278
Construction in Progress	-	-
Less Accumulated Depreciation	<u>(26,805,455)</u>	<u>(28,705,906)</u>
Net Capital Assets	<u>\$ 45,255,220</u>	<u>\$ 43,645,395</u>

Debt Administration:

At year-end, the District had \$119,391 in general fund debt outstanding. This is in long term debt from the QZAB Lease Purchase Agreement to match E-Rate funding of the district technology improvement plan.

State statutes currently limit the amount of general obligation bonded debt a district may issue to eight percent (8%) of its total assessed valuation. The current bonded debt limitation for Union County Schools stands at \$5,782,496, of which \$4,829,105 was available as of June 30, 2015.

As noted previously, in December 2006, the District entered into an Installment Revenue agreement with the SCAGO EFC for Union School District. This agreement will require that the district issue short term General Obligation Bonds of approximately \$3,000,000, on an annual basis, through 2030. Although this debt was issued by the SCAGO EFC, the District's collateralized revenue obligation to the EFC will, in effect, commit and reduce the currently available \$4,829,105 in bonded debt capacity to approximately \$2,669,105.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic development activity reports are positive. The state legislature's budget allocations and recent economic conditions were cautiously considered in developing the FY 2016 General Fund Budget. The District has projected revenues equal to expenditures for the next fiscal year (2015 – 2016), in the amount of \$27,192,371.

The administration will continue to use special funding as efficiently as possible and maximize the funding flexibility options made available by the legislature & State Department of Education, as well as, monitoring and reducing operating costs. In addition, improved educational facilities, capital improvements from prior years, and organizational changes are expected to continue to yield cost savings and operational efficiency gains.

The goals in preparing the budget for FY 2015 - 2016 were:

- Provide safe and secure school environments.
- Provide the best possible academic & extra-curricular opportunities.
- Service & Fiscal Responsibility to students, parents, and community.
- Provide the latest technology & training to students & teachers.

## OTHER MATTERS – PRONOUNCEMENTS

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

The District financial statements are significantly impacted as follows:

- The District's net position has been restated in an amount equal to the District's proportionate share of the retirement plan's collective net position liability to reflect this liability. The District is an active member of the S.C. Retirement System (SCRS). The retirement plans for SCRS are administered by the SC Public Employee Benefit Authority (PEBA). Based on calculated amounts provided by PEBA, the District's net pension liability is \$39,345,854 which results in a restated net position deficit of (\$25,531,273).

Funding requirements of the pension plan obligations are governed by the District's funding policy. GASB Statement No. 68 reporting requirements do no impact the funding of the pension plans; only the financial accounting and reporting of the plans.

This financial report is intended to provide our citizens, investors, creditors, and other stakeholders with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. The District *Finance & Operations Officer* is Mr. Lynn M. Lawson. The Union County Schools District Office is located at 130 West Main Street, Union, SC 29379. Telephone: (864) 429-1740 Website: [www.union.k12.sc.us](http://www.union.k12.sc.us)

Thank you, for your interest in and support of  
The School District of Union County, South Carolina



# BASIC FINANCIAL STATEMENTS

The basic financial statements provide a summary overview of the financial position of all funds and account groups and the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.



**UNION COUNTY SCHOOLS  
STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2015**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Cash & Cash Equivalents	\$ 289,247
Investments	7,749,813
Property Tax Receivable	291,669
Due From County Government	1,854,418
Due From State Government	464,565
Due From Federal Government	520,829
Due From Other Governmental Units	109,445
Prepaid Expenditures	310,859
Inventories - Supplies & Materials	37,549
Other Receivables	2,129
Other Assets	4,718
Capital Assets (Net of Accumulated Depreciation)	
Land	1,217,023
Buildings & Improvements	42,115,087
Equipment	313,285
	<hr/>
<b>Total Assets</b>	<b>\$ 55,280,636</b>
	<hr/> <hr/>
<b>Deferred Outflows of Resources</b>	
Pension Difference Between Expected and Actual Funding Experience	1,114,711
Employer Contributions Subsequent to Measurement Date	2,245,950
	<hr/>
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,360,661</b>
	<hr/> <hr/>

**UNION COUNTY SCHOOLS  
STATEMENT OF NET POSITION (DEFICIT)  
JUNE 30, 2015**

	<u><b>Governmental Activities</b></u>
<b>Liabilities</b>	
Accounts Payable	257,076
Accrued Salaries	2,398,033
Accrued Payroll Related Liabilities	846,831
Due To State Government	8,722
Due to Pupil Activity	362,807
Bonds Payable	834,000
Arbitrage Rebate Payable	79,524
Unearned Revenue	265,918
Other Liabilities	885
Accrued Interest Payable	134,852
Noncurrent Liabilities:	
Net Pension Liability	39,345,854
Due Within One Year	1,432,772
Due in More Than One Year	34,884,588
<b>Total Liabilities</b>	<u><u>\$ 80,851,862</u></u>
<b>Deferred Inflows of Resources</b>	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>3,320,708</u>
<b>Total Deferred Inflows of Resources</b>	<u><u>\$ 3,320,708</u></u>
<b>Net Position (Deficit)</b>	
Net Investment in Capital Assets	7,328,035
Restricted For:	
Debt Service Program	4,556,399
Capital Projects	72,227
Food Service	401,037
Net Position (Deficit) - Unrestricted	<u>(37,888,971)</u>
<b>Total Net Position (Deficit)</b>	<u><u>\$ (25,531,273)</u></u>

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

**UNION COUNTY SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 21,888,192	\$ -	\$ 13,693,046	\$ (8,195,146)
Support Services	15,156,699	204,199	9,668,804	(5,283,696)
Pupil Activity	149,000	-	-	(149,000)
Interest & Other Charges	1,712,686	-	-	(1,712,686)
<b>Total Primary Government</b>	<b>\$ 38,906,577</b>	<b>\$ 204,199</b>	<b>\$ 23,361,850</b>	<b>\$ (15,340,528)</b>

**General Revenues:**

Property Taxes Levied For:	
General Purposes	5,728,583
Debt Service	3,158,464
State Aid Not Restricted For Specific Purpose	5,803,381
Federal Aid Not Restricted For Specific Purpose	104,568
Unrestricted Investment Earnings	187,448
Miscellaneous	468,801

**Total General Revenues and Transfers** 15,451,245

**Change in Net Position** \$ 110,717

**Net Position (Deficit), Beginning of Year, As Restated** (25,641,990)

**Net Position (Deficit), Ending of Year** \$ (25,531,273)

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

**UNION COUNTY SCHOOLS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	Special Revenue Funds								Total Governmental Funds
	General	Special Projects	Education Improvement Act	Food Service	Debt Service	Educational Facilities Corp. Debt Service	Capital Projects	Educational Facilities Corp. Capital Projects	
<b>Assets</b>									
Cash & Cash Equivalents	\$ 283,158	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 6,088	\$ 289,247
Investments	4,345,014	-	-	-	-	3,395,240	-	9,559	7,749,813
Property Tax Receivable, Net	53,666	-	-	-	32,907	-	-	-	86,573
Due From Other Funds	(53,226)	-	-	-	-	-	-	-	946,044
Due From County Government	80,105	515,850	28,109	398,731	-	-	-	56,580	1,854,418
Due From State Government	384,773	-	-	-	1,224,477	-	549,836	-	464,565
Due From Federal Government	-	50,336	29,456	-	-	-	-	-	520,829
Due From Other Governmental Units	52,935	520,827	-	2	-	-	-	-	109,445
Prepaid Expenses	310,859	56,510	-	-	-	-	-	-	310,859
Inventories - Supplies & Materials	-	-	-	37,549	-	-	-	-	37,549
Other Receivables	150	-	-	1,979	-	-	-	-	2,129
Other Current Assets	2,623	1,772	-	323	-	-	-	-	4,718
<b>Total Assets</b>	<b>\$ 5,460,057</b>	<b>\$ 1,145,295</b>	<b>\$ 57,565</b>	<b>\$ 438,585</b>	<b>\$ 1,257,384</b>	<b>\$ 3,395,240</b>	<b>\$ 549,836</b>	<b>\$ 72,227</b>	<b>\$ 12,376,189</b>
<b>Liabilities, Deferred Inflows &amp; Fund Balances</b>									
<b>Liabilities</b>									
Accounts Payable	227,465	-	-	-	-	-	29,611	-	257,076
Accrued Salaries	2,398,033	-	-	-	-	-	-	-	2,398,033
Accrued Payroll Related Liabilities	846,831	-	-	-	-	-	-	-	846,831
Due To Other Funds	-	1,020,004	-	-	3,618	92,607	192,622	-	1,308,851
Due To State Government	-	-	8,722	-	-	-	-	-	8,722
Bonds Payable	-	-	-	-	-	-	834,000	-	834,000
Unearned Revenue	92,669	124,406	48,843	-	-	-	-	-	265,918
Other Liabilities	-	885	-	-	-	-	-	-	885
<b>Total Liabilities</b>	<b>3,564,998</b>	<b>1,145,295</b>	<b>57,565</b>	<b>3,618</b>	<b>1,257,384</b>	<b>92,607</b>	<b>1,056,233</b>	<b>-</b>	<b>5,920,316</b>
<b>Fund Balances</b>									
Non-Spendable	310,859	-	-	37,549	-	-	-	-	348,408
Restricted	-	-	-	401,037	1,253,766	3,302,633	-	72,227	5,029,663
Unassigned	1,584,200	-	-	-	-	-	(506,397)	-	1,077,803
<b>Total Fund Balances</b>	<b>1,895,059</b>	<b>-</b>	<b>-</b>	<b>438,586</b>	<b>1,253,766</b>	<b>3,302,633</b>	<b>(506,397)</b>	<b>72,227</b>	<b>6,455,874</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 5,460,057</b>	<b>\$ 1,145,295</b>	<b>\$ 57,565</b>	<b>\$ 438,586</b>	<b>\$ 1,257,384</b>	<b>\$ 3,395,240</b>	<b>\$ 549,836</b>	<b>\$ 72,227</b>	<b>\$ 12,376,190</b>

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

**UNION COUNTY SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

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

**Total Governmental Fund Balances** \$ 6,455,874

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>	\$ 72,351,301	
<i>Accumulated Depreciation</i>	<u>(28,705,906)</u>	43,645,395

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. 39,953

Certain unearned revenues reported in the governmental funds are recognized subject to a reserve for uncollectible amounts in the statement of activities. *This is the additional amount of taxes receivable recognized under the accrual basis.* 205,096

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

<i>Long Term Debt</i>	(36,119,391)	
<i>Net Pension Liability</i>	(39,345,854)	
<i>Bond Premiums, Net of Amortization</i>	(422,329)	
<i>Bond Discount, Net of Amortization</i>	224,360	
<i>Arbitrage Payable</i>	(79,524)	
<i>Accrued Interest Payable</i>	<u>(134,853)</u>	<u>(75,877,591)</u>

**Net Position of Governmental Activities:** \$ (25,531,273)

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

**UNION COUNTY SCHOOLS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue							Total Governmental Funds	
	General	Special Projects	Education Improvement Act	Food Service	Debt Service	Educational Facilities Corp. Debt Service	Capital Projects		Educational Facilities Corp. Capital Projects
<b>Revenues</b>									
Taxes Levied/Assessed by the LEA	\$ 5,858,690	\$ -	\$ -	\$ -	\$ 3,158,464	\$ -	\$ -	\$ -	\$ 9,017,154
Earnings on Investments	26,149	-	-	288	-	161,008	-	2	187,447
Food Service	-	-	-	204,200	-	-	-	-	204,200
Other Revenue from Local Sources	519,950	126,073	-	2,812	-	-	218,515	-	867,350
<b>Total Local</b>	<b>6,404,789</b>	<b>126,073</b>	<b>-</b>	<b>207,300</b>	<b>3,158,464</b>	<b>161,008</b>	<b>218,515</b>	<b>2</b>	<b>10,276,151</b>
Intergovernmental	-	126,177	-	-	-	-	-	-	126,177
State Sources	19,981,621	916,700	2,507,314	161	420,694	-	-	-	23,826,490
Federal Sources	104,568	3,067,922	-	1,746,094	-	-	-	-	4,918,584
<b>Total Revenues</b>	<b>\$ 26,490,978</b>	<b>\$ 4,236,872</b>	<b>\$ 2,507,314</b>	<b>\$ 1,953,555</b>	<b>\$ 3,579,158</b>	<b>\$ 161,008</b>	<b>\$ 218,515</b>	<b>\$ 2</b>	<b>\$ 39,147,402</b>
<b>Expenditures</b>									
<b>Current:</b>									
Instruction	16,401,583	2,849,166	1,155,288	-	-	-	-	-	20,406,037
Support Services	10,392,550	1,357,085	499,336	1,731,693	-	-	114,589	5,750	14,101,003
Intergovernmental	109,599	-	-	-	-	-	-	-	109,599
<b>Debt Service:</b>									
Other Professional and Technical Services	-	-	-	-	-	4,000	-	-	4,000
Redemption of Principal	-	-	-	-	28,590	1,350,000	-	-	1,378,590
Interest	-	-	-	-	22,132	1,707,775	-	-	1,729,907
Other Objects	-	-	-	-	-	-	18,847	-	18,847
<b>Capital Outlay</b>	<b>3,889</b>	<b>-</b>	<b>-</b>	<b>12,084</b>	<b>-</b>	<b>-</b>	<b>288,784</b>	<b>-</b>	<b>304,757</b>
<b>Total Expenditures</b>	<b>\$ 26,907,621</b>	<b>\$ 4,206,251</b>	<b>\$ 1,654,624</b>	<b>\$ 1,743,777</b>	<b>\$ 50,722</b>	<b>\$ 3,061,775</b>	<b>\$ 422,220</b>	<b>\$ 5,750</b>	<b>\$ 38,052,740</b>
Excess of Revenues Over (Under) Expenditures	(416,643)	30,621	852,690	209,778	3,528,436	(2,900,767)	(203,705)	(5,748)	1,094,662
<b>Other Financing Sources (Uses)</b>									
Premiums on Bonds Sold	-	-	-	-	-	-	21,858	-	21,858
Transfers In	1,038,988	117,189	129,693	-	28,589	2,930,959	3,320,000	-	7,565,418
Transfers Out	(177,589)	(147,733)	(982,383)	(155,754)	(3,320,000)	-	(2,930,959)	-	(7,714,418)
<b>Total Other Financing Sources (Uses)</b>	<b>861,399</b>	<b>(30,544)</b>	<b>(852,690)</b>	<b>(155,754)</b>	<b>(3,291,411)</b>	<b>2,930,959</b>	<b>410,899</b>	<b>-</b>	<b>(127,142)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 444,756</b>	<b>\$ 77</b>	<b>\$ -</b>	<b>\$ 54,024</b>	<b>\$ 237,025</b>	<b>\$ 30,192</b>	<b>\$ 207,194</b>	<b>\$ (5,748)</b>	<b>\$ 967,520</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,450,303</b>	<b>(77)</b>	<b>-</b>	<b>384,562</b>	<b>1,016,741</b>	<b>3,272,441</b>	<b>(713,591)</b>	<b>77,975</b>	<b>5,488,354</b>
<b>Fund Balance, Ending of Year</b>	<b>\$ 1,895,059</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 438,586</b>	<b>\$ 1,253,766</b>	<b>\$ 3,302,633</b>	<b>\$ (506,397)</b>	<b>\$ 72,227</b>	<b>\$ 6,455,874</b>

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

**UNION COUNTY SCHOOLS  
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, 2015**

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

Net Change in Fund Balances - Total Governmental Funds \$ 967,520

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>	\$ (1,905,451)	
<i>Capital Outlay</i>	295,626	(1,609,825)

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>	1,378,590	
<i>Proceeds from Long-Term Debt</i>	-	1,378,590

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, and change in bond premium amortization.*

<i>Change in Amortization of Bond Premiums</i>	27,247	
<i>Change in Amortization of Bond Discounts</i>	(14,475)	12,772

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. (130,107)

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>	\$ 2,245,950	
<i>Current Contributions to Retirement System</i>	(2,759,620)	(513,670)

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>	(134,852)	
<i>Accrued Interest - End of Prior Year</i>	140,289	5,437

**Change in Net Position of Governmental Activities \$ 110,717**

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

**UNION COUNTY SCHOOLS**  
**FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**

	<b>Pupil Activity</b>
<b>Assets</b>	
Due From District	\$ 362,807
Other Current Assets	<u>1,516</u>
<b>Total Assets</b>	<b><u>\$ 364,323</u></b>
<b>Liabilities</b>	
Due to Pupil Activities	<u>364,323</u>
<b>Total Liabilities</b>	<b><u>\$ 364,323</u></b>

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



**UNION COUNTY SCHOOLS  
 FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 JUNE 30, 2015**

	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2015</b>
<b>Assets</b>				
Due From District	\$ 344,377	\$ 1,101,691	\$ 1,083,261	\$ 362,807
Other Current Assets	1,038	478	-	1,516
<b>Total Assets</b>	<u>\$ 345,415</u>	<u>\$ 1,102,169</u>	<u>\$ 1,083,261</u>	<u>\$ 364,323</u>
<b>Liabilities</b>				
Due to Pupil Activities	345,415	1,102,169	1,083,261	364,323
<b>Total Liabilities</b>	<u>\$ 345,415</u>	<u>\$ 1,102,169</u>	<u>\$ 1,083,261</u>	<u>\$ 364,323</u>

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

**UNION COUNTY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Reporting Entity*

Union County School District ("the District") is located in the Piedmont region of South Carolina. The District consists of three K-5 elementary schools, two K-8 elementary/middle schools, one 6-8 middle school and one 9-12 senior high school. The District also offers an adult education program and an alternative high school program. The District operates the public school system throughout all of Union County. The District received no financial assistance from the County and operates as a separate and independent political entity, deriving its revenue for the most part from local school district property taxes, state appropriations and federal sources.

The accompanying financial statements present the government and its component units, entities for which the District is considered to be financially accountable. Blended component units, although, legally separate entities, are in substance part of the District's operations and data from these units are combined with the data of the primary government.

The District has one blended component unit:

*SCAGO Educational Facilities Corporation for Union School District, Inc. (EFC)* 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. The Corporation's board members are appointed by the Board of Directors of the South Carolina Association of Governmental Organizations. Because the Corporation exclusively benefits the District, the Corporation's financial information is blended with that of the District in these basic financial statements. Separate financial information for the Corporation is included in individual columns throughout the financial statements. The Corporation does not issue separate financial statements.

The District's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for the establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

*Basic Financial Statements - Government-wide Statements*

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues as presented as general revenues of the District, with certain limited exceptions. 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.

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

### *Basic Financial Statements - Fund Financial Statements*

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental fund types are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District reports the following major governmental funds:

#### *General Fund (Major Fund)*

The general fund is the general operating fund of the District. It is used to account for all activities except those required to be accounted for in other funds.

#### *Special Revenue Funds*

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District has the following special revenue funds:

#### *Special Projects Fund (Major Fund)*

Used to account for financial resources provided by federal, state and local grants.

#### *Education Improvement Act Fund (Major Fund)*

Used to account for the proceeds of the additional one percent sales and use tax revenues that are legally restricted to expenditures for the South Carolina Education Improvement Act of 1984 standards.

#### *Food Service Fund (Major Fund)*

Used to account for cafeteria operations at school locations. The fund is financed by user charges and subsidized by USDA school lunch and breakfast programs.

#### *Debt Service Funds (Major Fund)*

The debt service fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest, and related costs.

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

### *Basic Financial Statements - Fund Financial Statements*

#### *Debt Service Fund - EFC (Major Fund)*

The debt service fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest, and related costs of the Educational Facilities Corporation for Union County School District.

#### *Capital Projects Funds (Major Fund)*

The school building funds are used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities.

#### *Capital Projects Fund - EFC (Major Fund)*

The school building funds are used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities for the Educational Facilities Corporation for Union County School District.

#### *Fiduciary Fund Types*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's only fiduciary fund is the Pupil Activity Fund, an agency fund.

#### *Pupil Activity Fund*

Pupil Activity Fund is used to account for student admissions, organization memberships, bookstore sales and other related receipts and disbursements held by the school in a trustee capacity on behalf of the students and/or District employees.

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for fiduciary funds.

#### *Revenues, Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an 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 in 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.

In applying the "susceptible to accrual concept" under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, investment earnings, tuition, grants and student fees.

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

*Measurement Focus and Basis of Accounting (Continued)*

*Unearned Revenue*

The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, resources received that are “intended to finance” a future period are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

*Expenditures/Expenses*

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

*Budget*

The District adopts an annual budget for the General Fund prior to the beginning of each fiscal year. The adopted budget specifies expenditure limits appropriated to each function. All annual appropriations lapse at fiscal year-end. The budget is prepared on a basis consistent with U. S. generally accepted accounting principles, which is consistent with actual financial statement results, including significant accruals to provide meaningful comparisons.

*Cash and Investments*

State statutes authorize the District to invest in (1) obligations of the United States and its agencies, (2) general obligations of the State of South Carolina and its subdivisions, (3) savings and loan associations to the extent of federal insurance, (4) certificates of deposit collateralized secured, (5) repurchase agreements secured by the foregoing obligations, and (6) the State Treasurer’s Investment Pool. Investments are stated at fair value. The fair value of the District’s investments approximated cost.

*Due from (to) County Government (Cash with Fiscal Agent)*

The Union County Treasurer, fiscal agent for the District, receives monies from local, state and federal sources on behalf of the District. The monies held by the County Treasurer are uninsured but collateralized with government investments held by the pledging institution’s agent in the name of Union County. Market value approximates cost on the investments. These monies are remitted to the District once a claim has been presented to the Union County Treasurer.

*Taxes Receivable*

Taxes receivable as reported in the statement of net position are net of the following uncollectible amounts:

Delinquent Taxes Receivable	\$ 950,537
Less: Allowance for Uncollectible	<u>(658,868)</u>
Taxes Receivable	<u><u>\$ 291,669</u></u>

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

### *Ad Valorem Taxes*

The District's property taxes (except vehicles) are levied by the Union County Auditor each fall on the assessed valuation of the property located in the District as of the preceding January 1. The tax books are open for collection September 30, with the first penalty of 3% applied to payments made after January 15, the due date. An additional penalty of 7% is charged for payments made after January 31. Uncollected property taxes attach as an enforceable lien on January 1. Uncollected property taxes as of March 15 are transferred to the Union County Delinquent Tax Collector at which time an additional 5% penalty is assessed. Union County bills and collects the District's property taxes. The District's uncollected assessed taxes that have been transferred to the Union County Delinquent Tax Collector for the General Fund and Debt Service are recorded as taxes receivable in the accompanying government-wide statement of net position. An allowance for amounts considered to be uncollected has been recorded. These amounts are not reflected as receivables in the accompanying fund financial statement balance sheet in that they are not deemed available.

Assessed values for real estate are established annually by the County Tax Assessor based on the assessment ratio applied to the appropriate class of property.

The District's operating tax rate as of June 30, 2015 is 119.9 mills with an additional 48.0 mills for debt retirement.

### *Inventory and Prepaid Items*

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### *Capital Assets and Depreciation*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$5,000. The District does not possess any infrastructure.

All reported capital assets except land and construction in progress are depreciated. Construction projects are depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	Not Depreciated
Construction in Progress	Not Depreciated
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	3 - 10 Years
Vehicles	3 - 10 Years

### *Interfund Transactions*

Interfund transactions are reported either as loans, services provided, reimbursements, or transfers. Loans are reported as due to/from other funds, as appropriate, and are subject to elimination in the government-wide financial statements. Services provided are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated in the government-wide financial statements.

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

### *Vacation and Sick Pay*

In accordance with state law, the District allows school employees to accumulate a maximum of ninety days sick leave. Accumulated sick leave is transferable to other school districts. During an illness, an employee continues to receive full pay for each day of accumulated sick leave. If an employee leaves the employment of the District, any unused sick leave is not paid. Because of the non-vesting of sick leave and other uncertainties, no estimate of any potential liability has been made.

Two weeks vacation is given to all 12-month employees. Vacation is noncumulative and employees are not paid for unused vacation days. Therefore, no provision for liability has been made.

### *Accrued Liabilities and Long-term Debt*

All payables, accrued liabilities and long-term debt are reported in the government-wide financial statements.

In general, accounts payable and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available resources. Long-term debt paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of net position. Bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Advance refunding costs are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortizations of premiums, discounts, bond issuance costs and deferred advance refunding costs are included in interest expense. Bonds payable are reported net of the applicable bond premiums, discount and deferred advance refunding costs. Bond issuance costs are reported as other assets and are 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 current period.

### *Pensions*

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 entitled *Accounting and Financial Reporting for Pension Plans* in 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.

### *Governmental Fund Balance Classifications*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

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

### *Governmental Fund Balance Classifications (Continued)*

#### *Restricted*

This classification includes amounts for which constraints have been placed on the use of the resources through either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

#### *Committed*

This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision making authority, the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

#### *Assigned*

This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or by an official or other body to which the Board delegates authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

#### *Unassigned*

This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

#### *Spending Policy*

According to the District spending policy (DFAB) adopted 6/2011, the District would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

#### *Net Position*

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net asset component as the unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### *Restricted Sources*

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.



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

### *Estimates*

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### *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 for which the District carries commercial insurance. The District obtains its employee health and accident insurance through the South Carolina Office of Insurance Services, South Carolina Reserve Fund (the "Fund") which is a public entity risk pool. The District pays premiums to the Fund for its employee health and accident insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

The District obtains its general liability, property and workmen's compensation insurance through the South Carolina School Boards Insurance Trust (the "Trust") which is public entity risk pool. The District pays premiums to the Trust for its workmen's compensation. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

### *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

In addition to assets, the financial statements 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For information regarding the District's proportionate share of the SCRS net pension liability, see Note 6 for Retirement and Pension Plans.

In addition to liabilities, the financial statements 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For information regarding the District's proportionate share of the SCRS net pension liability, see Note 6 for Retirement and Pension Plans..

## 2. CASH AND INVESTMENTS

### *Cash*

Cash custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding cash custodial risk is to require banks with which the District maintains deposits, to collateralize and, or insure the District's funds.

As of June 30, 2015, the District's cash deposits were as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand Deposits	<u>\$ 289,247</u>	<u>\$ 1,321,759</u>

Of the District's bank balance, \$329,863 was covered by FDIC insurance and \$991,896 was collateralized by securities held by the pledging bank's trust department or agent in the District's name.

## 2. CASH AND INVESTMENTS (CONTINUED)

### *Investments*

As of June 30, 2015, the District has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
State Treasurer's Investment Pool	\$ 4,345,014	< 90 Days	Not Rated
Wells Fargo Advantage Prime Money Market	<u>3,404,799</u>	Daily	AAA
Total Investments	<u>\$ 7,749,813</u>		

South Carolina Pooled Investment Fund ("SC Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool, which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a & of the Investment Company Act of 1940. Investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The District's policy is to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of investments, or collateral securities that are in the possession of an outside party. The District's policy is to minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the District will do business.

Concentration of credit risk is the risk of loss attributable to the magnitude of the District's investment single issuer. The District's policy is to minimize the concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

### 3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,217,023	\$ -	\$ -	\$ 1,217,023
Construction in Progress	-	-	-	-
<b>Total Capital Assets, Not Being Depreciated</b>	<b>1,217,023</b>	<b>-</b>	<b>-</b>	<b>1,217,023</b>
Capital Assets, Being Depreciated				
Buildings and Improvements	69,061,519	283,541	-	69,345,060
Furniture and Equipment	1,069,547	12,085	-	1,081,632
Vehicles	712,586	-	5,000	707,586
<b>Total Capital Assets, Being Depreciated</b>	<b>70,843,652</b>	<b>295,626</b>	<b>5,000</b>	<b>71,134,278</b>
Less: Accumulated Depreciation For:				
Buildings and Improvements	25,449,625	1,780,348	-	27,229,973
Furniture and Equipment	643,244	125,103	-	768,347
Vehicles	712,586	-	(5,000)	707,586
<b>Total Accumulated Depreciation</b>	<b>26,805,455</b>	<b>1,905,451</b>	<b>(5,000)</b>	<b>28,705,906</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>44,038,197</b>	<b>(1,609,825)</b>	<b>-</b>	<b>42,428,372</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$ 45,255,220</b>	<b>\$ (1,609,825)</b>	<b>\$ -</b>	<b>\$ 43,645,395</b>

Depreciation expense was charged to functions/programs of the District as follows:

Instructional	\$ 1,093,528
Support Services	811,923
<b>Total Depreciation Expense</b>	<b>\$ 1,905,451</b>

### 4. SHORT-TERM OBLIGATIONS

The following is a summary of short-term debt activity of the District for the year ended June 30, 2015:

	Balance at June 30, 2014	Additions	Deductions	Balance at June 30, 2015
GO Bond, Series 2014A	\$ 870,000	\$ -	\$ 870,000	\$ -
GO Bond, Series 2014B	-	2,450,000	2,450,000	-
GO Bond, Series 2015A	-	834,000	-	834,000
	<b>\$ 870,000</b>	<b>\$ 3,284,000</b>	<b>\$ 3,320,000</b>	<b>\$ 834,000</b>

On September 17, 2014, the District issued \$2,450,000 in SCAGO GO Bonds, Series 2014B to fund fiscal year 2015 payments pursuant to the Installment Purchase and Use Agreement with the SCAGO Educational Facilities Corporation of Union County. At June 30, 2015, these bonds were paid in full, including interest of \$14,036.

#### 4. SHORT-TERM OBLIGATIONS (CONTINUED)

On May 7, 2015, the District issued \$834,000 in SCAGO GO Bonds, Series 2015A to fund fiscal year 2016 payments pursuant to the Installment Purchase and Use Agreement with the SCAGO Educational Facilities Corporation of Union County payable on March 1, 2016. At June 30, 2015, these bonds were still outstanding.

#### 5. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations of the District for the year ended June 30, 2015:

	Amounts Outstanding June 30, 2014	Additions	Deductions	Amounts Outstanding June 30, 2015	Amounts Due in One Year
<b>Bonds Payable:</b>					
EFC Installment Purchase					
Revenue Bonds	\$ 37,350,000	\$ -	\$ 1,350,000	\$ 36,000,000	\$ 1,420,000
Lease Payable	139,288	-	19,897	119,391	-
Loan Payable	8,693	-	8,693	-	-
	<u>37,497,981</u>	-	<u>1,378,590</u>	<u>36,119,391</u>	<u>1,420,000</u>
Deferred Amounts:					
Bond Premium	449,576	-	27,247	422,329	27,247
Bond Discount	<u>(238,835)</u>	-	<u>(14,475)</u>	<u>(224,360)</u>	<u>(14,475)</u>
<b>Total Bonds Payable</b>	<u>\$ 37,708,722</u>	<u>\$ -</u>	<u>\$ 1,391,362</u>	<u>\$ 36,317,360</u>	<u>\$ 1,432,772</u>
Arbitrage Rebate Payable	<u>79,524</u>	-	-	<u>79,524</u>	-
<b>Long-Term Liabilities</b>	<u>\$ 37,788,246</u>	<u>\$ -</u>	<u>\$ 1,391,362</u>	<u>\$ 36,396,884</u>	<u>\$ 1,432,772</u>

Long-term debt at June 30, 2015 is comprised of the following individual issues:

	EFC Installment Purchase Revenue Bonds	Lease Obligations	Total
\$44,215,000 2006 Installment purchase revenue bond; principal due in annual installments of \$1,025,000 to \$2,990,000 through December 2031 including interest at rates of 4.00% to 5.00%.	\$ 36,000,000	\$ -	\$ 36,000,000
Lease purchase agreement, structured as to qualify as a Qualified Zone Academy Bond (QZAB) for technology equipment; interest at 0%, due on December 30, 2020.	<u>-</u>	<u>119,391</u>	<u>119,391</u>
	<u>\$ 36,000,000</u>	<u>\$ 119,391</u>	<u>\$ 36,119,391</u>

## 5. LONG-TERM OBLIGATIONS (CONTINUED)

### *Installment Purchase Revenue Bonds*

The SCAGO Educational Facilities Corporation for Union County Schools (the Corporation) Installment Purchase Revenue Bonds were issued pursuant to a School Facilities Purchase and Use Agreement and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a Base Lease Agreement between the District and the Corporation dated December 28, 2006. The District purchases the Capital Projects from the Corporation pursuant to the Purchase and Use Agreement, which obligates the District to make semiannual installment payments of the purchase price to the Corporation in amounts calculated to be sufficient to enable the Corporation to pay the principal and interest on the outstanding bonds; amounts budgeted as reserves for the repair and replacement of the facilities and program administrator fees. The District's obligations under the Purchase and Use Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments due in such fiscal year. However, in the event of default, the District would forfeit possession of the facilities for the remainder of the lease term.

The SCAGO Educational Facilities Corporation for Union County Schools bonds are not a debt of the District; however, as the Corporation is blended with the operations of the District, the debt of the Corporation is included with the District's other obligations as required by generally accepted accounting principles.

On December 28, 2006, the Corporation issued \$44,215,000 Installment Purchase Revenue Bonds Series 2006 to finance the cost of acquiring, constructing, renovating, and installing educational facilities (the "Capital Projects") to be sold by the Corporation to the District pursuant to a Purchase and Use Agreement dated December 28, 2006. They are subject to redemption at the Corporation's option beginning in December 2016.

Bond issue costs associated with the Corporation's issuances have been included in interest expense for the year ended June 30, 2015.

### *Lease Payable*

The District's long-term lease is a Qualified Zone Academy Bond (QZAB). The District received proceeds of \$755,000 on December 30, 2004. This liability is due December 30, 2020. Under the terms of this agreement, the District is required to irrevocably place cash into a trust that will be used solely for the retirement of the QZAB. The District's required sinking fund payments along with the trusts' accumulated earnings ultimately liquidate the liabilities at the QZAB's maturity. As the District makes sinking fund payments and the trust accrues earnings, the QZAB liability is considered in-substance defeased, and the liabilities are removed from the District's books.

The District's required sinking fund payments and accrued earnings defeased at June 30, 2015 are as follows:

Fiscal Year Ended June 30,	QZAB
2006	\$ 121,150
2007	121,150
2008	121,150
2009	121,150
	<u>484,600</u>
Trust accumulated earnings as of June 30, 2015	<u>151,009</u>
Debt in-substance defeased as of June 30, 2015	635,609
Original Liability	<u>755,000</u>
Remaining Liability as of June 30, 2015	<u><u>\$ 119,391</u></u>

## 5. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2015, including interest payments are as follows:

Year Ending June 30,	EFC Installment Purchase Revenue Bonds		Lease Obligations		Total
	Principal	Interest	Principal	Interest	
2016	\$ 1,420,000	\$ 1,638,525	\$ -	\$ -	\$ 3,058,525
2017	1,485,000	1,573,325	-	-	3,058,325
2018	1,545,000	1,512,725	-	-	3,057,725
2019	1,615,000	1,441,450	-	-	3,056,450
2020	1,700,000	1,358,575	119,391	-	3,177,966
2021 to 2025	9,875,000	5,416,788	-	-	15,291,788
2026 to 2030	12,510,000	2,790,163	-	-	15,300,163
2031 to 2035	5,850,000	266,175	-	-	6,116,175
	<u>\$ 36,000,000</u>	<u>\$ 15,997,726</u>	<u>\$ 119,391</u>	<u>\$ -</u>	<u>\$ 52,117,117</u>

Arbitrage is the difference between the yield on an issuer's tax exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury.

The District is required to have an arbitrage rebate calculation performed for the 2006 Installment Purchase Revenue Bonds every five years after the bonds are issued and to rebate any arbitrage earnings in excess of the bond yield to the federal government. As of June 30, 2015, the District has a potential arbitrage rebate of \$79,524

There are a number of limitations and restrictions contained in the various debt instruments. The District is in compliance with all significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended.

## 6. RETIREMENT PLAN

### *Description of the Entity*

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

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

## 6. RETIREMENT PLAN (CONTINUED)

### *Plan Descriptions*

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

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

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

### *Membership*

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

#### *SCRS*

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

#### *State ORP*

As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75 percent) and an incidental death benefit contribution (.15 percent), 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.

## 6. RETIREMENT PLAN (CONTINUED)

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



## 6. RETIREMENT PLAN (CONTINUED)

### *Contributions (Continued)*

Required employee contribution rates for fiscal year 2014-2015 are as follows:

<b>SCRS</b>	
Employee Class Two	8.00% of earnable compensation
Employee Class Three	8.00% of earnable compensation
<b>State ORP Employee</b>	8.00% of earnable compensation
<b>PORS</b>	
Employee Class One	\$21 per month
Employee Class Two	8.41% of earnable compensation
Employee Class Three	8.41% of earnable compensation

Required employer contribution rates for fiscal year 2014-2015 are as follows:

<b>SCRS</b>	
Employer Class Two	10.75% of earnable compensation
Employer Class Three	10.75% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation
<b>State ORP</b>	
Employer Contribution	10.75% of earnable compensation**
Employer Incidental Death Benefit	0.15% of earnable compensation
<b>PORS</b>	
Employer Class One	7.80% of earnable compensation
Employer Class Two	13.01% of earnable compensation
Employer Class Three	13.01% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation

\*\* Of this employer contribution of 10.75% of earnable compensation, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to SCRS.

## 6. RETIREMENT PLAN (CONTINUED)

### *Contributions (Continued)*

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

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>SCRS</b>			
Employee Contributions	\$ 1,607,333	\$ 1,521,335	\$ 1,439,797
Employer Contributions	2,201,489	2,161,025	2,192,542
Employer Group Life Contributions	<u>31,024</u>	<u>31,354</u>	<u>31,795</u>
<b>Total</b>	<b><u>\$ 3,839,846</u></b>	<b><u>\$ 3,713,714</u></b>	<b><u>\$ 3,664,134</u></b>
<b>PORS</b>			
Employee Contributions	\$ 8,380	\$ 5,493	\$ 3,964
Employer Contributions	13,035	8,863	6,805
Employer Group Life Contributions	<u>401</u>	<u>285</u>	<u>229</u>
<b>Total</b>	<b><u>\$ 21,816</u></b>	<b><u>\$ 14,641</u></b>	<b><u>\$ 10,998</u></b>

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

### *Actuarial Assumptions and Methods*

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS), based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	<b>SCRS</b>	<b>PORS</b>
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Projected Salary Increases	levels off at 3.5%	levels off at 4.0%
Includes Inflation at	2.75%	2.75%
Benefits Adjustments	lesser of 1% or \$500	lesser of 1% or \$500

## 6. 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.

Former Job Class	Males	Females
Educators and Judges	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 Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

### *Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. As of June 30, 2014, NPL amounts for SCRS and PORS are presented below (amounts expressed in thousands).

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 42,955,205,796	\$ 25,738,521,026	\$ 17,216,684,770	59.9%
PORS	5,899,529,434	3,985,101,996	1,914,427,438	67.5%

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

### *Discount Rate*

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

### *Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

## 6. RETIREMENT PLAN (CONTINUED)

### *Net Pension Liability (Continued)*

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. 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.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Long Term Expected Portfolio Real Rate of Return</b>
Short Term	5.0%		
Cash	2.0%	0.3	0.01
Short Duration	3.0%	0.6	0.02
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8	0.02
Emerging Markets Debt	6.0%	4.1	0.25
Global Public Entity	31.0%	7.8	2.42
Global Target Asset Allocation	10.0%	5.1	0.51
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4	0.32
Private Debt	7.0%	10.2	0.71
Private Equity	9.0%	10.2	0.92
Real Estate (Broad Market)	5.0%	5.9	0.29
Commodities	3.0%	5.1	0.15
Total Expected Real Return	<u>100.0%</u>		<u>5.88</u>
Inflation for Actuarial Purposes			<u>2.75</u>
Total Expected Nominal Return			<u>8.63</u>

## 6. RETIREMENT PLAN (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**

<b>System</b>	<b>1.00% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1.00% Increase (8.50%)</b>
SCRS	\$ 50,769,309	\$ 39,232,520	\$ 29,607,529
PORS	158,381	113,334	76,061

### *Payables to the Pension Plan*

As of June 30, 2015, the District had \$368,658.26 in payables outstanding to the pension plans for its legally required contributions.

### *Pension Liabilities*

At June 30, 2015, the District reported a liability of \$39,232,520 for its proportionate share of the net pension liability for the SCRS and a liability of \$113,334 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, 2013, 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, 2014. 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, 2015, the District's proportions were 0.22787500% and 0.0059200% for SCRS and PORS, respectively.

For the year ended June 30, 2015, the District recognized pension expense of \$2,759,674, including \$2,749,754 for SCRS and \$9,920 for PORS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## 6. RETIREMENT PLAN (CONTINUED)

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

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>SCRS</b>		
Difference Between Expected and Actual Experience	\$ 1,111,685	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,307,588
Direct Contributions Subsequent to the Measurement Date	<u>2,232,514</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 3,344,199</u></u>	<u><u>\$ 3,307,588</u></u>
<b>PORS</b>		
Difference Between Expected and Actual Experience	3,026	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	13,120
Direct Contributions Subsequent to the Measurement Date	<u>13,436</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 16,462</u></u>	<u><u>\$ 13,120</u></u>

The amounts of \$2,232,514 for SCRS and \$13,436 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, 2016.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at June 30, 2014. Average remaining services lives of all employees provided with pensions through the pension plans at June 30, 2014 was 4.233 years for SCRS and 4.856 years for PORS.

<b>Measurement Period Ending June 30,</b>	<b>SCRS</b>	<b>PORS</b>
2015	\$ (518,758)	\$ (2,079)
2016	(518,758)	(2,079)
2017	(518,758)	(2,079)
2018	(518,758)	(2,079)
2019	<u>(120,871)</u>	<u>(1,779)</u>
<b>Net Balance of Deferred Outflows/(Inflows) of Resources</b>	<u><u>\$ (2,195,903)</u></u>	<u><u>\$ (10,094)</u></u>

### *Additional Financial and Actuarial Information*

Information contained in these Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (Schedules) was extracted from the audited financial statements of the South Carolina Retirement Systems for the fiscal year ended June 30, 2014. Additional financial information supporting the preparation of the Schedules (including the unqualified audit opinion on the financial statements and required supplementary information) is located in the Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

**7. POST RETIREMENT BENEFITS**

In addition to providing retirement plan benefits, the state currently provides its retired employees with health care benefits. All post retirement benefits paid to the District's retired members are made from the SCRS and from South Carolina's General Fund (Health Care). The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The SCRS provides death benefits to retirees through the group life insurance program for members of the SCRS.

**8. DEFERRED COMPENSATION PLANS**

Several optional deferred compensation plans are available to the District's employees. The multiple employer plans, created under Internal Revenue Code Sections 457 and 401(k) are accounted for by the State of South Carolina. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the two plans. Compensation deferred under the Section 457 and 401(k) plans is placed in trust for the contributing employees. Neither the State nor the District has any liability for losses under the plans.

**9. INTERFUND TRANSACTIONS**

*Interfund Receivables and Payables*

Interfund balances for the year ended June 30, 2015 consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 53,226
Special Revenue Fund - Special Projects	-	504,154
Special Revenue Fund - EIA	28,109	-
Special Revenue Fund - Food Service	398,731	
Debt Service Fund	-	3,618
Debt Service Fund - EFC	-	92,607
Capital Projects Fund	-	192,622
Capital Projects Fund - EFC	56,580	-
Pupil Activity Fund	362,807	-
Totals	<u>\$ 846,227</u>	<u>\$ 846,227</u>

The interfund balances result from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All remaining balances resulted from consolidation of available cash to optimize investments.

**9. INTERFUND TRANSACTIONS (CONTINUED)**

*Interfund Transfers*

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Debt Service	\$ 28,588
General Fund	Pupil Activity Fund	149,001
Special Revenue Fund - Special Projects	Special Revenue Fund - Special Projects	15,554
Special Revenue Fund - Special Projects	General Fund - Special Projects Indirect Cost	132,179
Special Revenue Fund - EIA	General Fund	751,055
Special Revenue Fund - EIA	Special Revenue Fund - Special Projects	101,635
Special Revenue Fund - EIA	Special Revenue Fund - EIA	129,693
Special Revenue Fund - Food Service	General Fund - Food Service Indirect Cost	155,754
Debt Service Fund	Capital Projects Fund	3,320,000
Capital Projects Fund	Debt Service	2,930,959
		<u>\$ 7,714,418</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**10. OPERATING LEASES**

The District has entered into operating leases for classroom technology equipment with terms in excess of one year. None of these agreements contain purchase options. The rent expense for the fiscal year ended June 30, 2015 was \$81,596. Future minimum lease payments are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Total</u>
2016	\$ 78,306
2017	78,306
2018	58,070
2019	13,511
2020	<u>-</u>
Total Payments	<u>\$ 228,193</u>

**11. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS**

The District has received proceeds from Federal and State grants, and/or entitlements. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.



## 12. RESTATEMENT OF NET POSITION

Effective July 1, 2014, the District adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing GASB 68, the District recorded a net pension liability in the amount of \$40,995,428 which is the District's proportionate share of the net pension liability for the South Carolina Retirement System of \$40,872,646 and for the Police Officers Retirement System of \$122,782 as of June 30, 2013. The effect of this net pension liability reduced the net position of the District by \$38,792,231 (net of \$2,203,197, which represents employer contributions to the retirement systems during the fiscal year ended June 30, 2014).

Net Position, June 30, 2014	\$ 13,150,241
Adjustment:	
Net Pension Liability as of June 30, 2014	<u>(38,792,231)</u>
Net Position (Deficit), June 30, 2014, As Restated	<u><u>\$(25,641,990)</u></u>

## 13. SUBSEQUENT EVENTS

On September 17, 2015, the District issued General Obligation Bond, Series 2015B, in the amount of \$2,398,000. This issue was to fund fiscal year 2016 payments pursuant to the Installment Purchase and Use Agreement with the SCAGO Educational Facilities Corporation of Union School District. The balance of the funds will be remitted to the District's capital project fund. They were sold at an interest rate of 2.00% with a maturity of March 1, 2016.

Management has evaluated the effects subsequent events would have on the financial statements through the date of the auditor's report, which is the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

**UNION COUNTY SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>General Fund</b>			
	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Local	\$ 5,929,591	\$ 5,929,591	\$ 6,404,789	\$ 475,198
State	20,020,623	20,020,623	19,981,621	(39,002)
Federal	110,000	110,000	104,568	(5,432)
<b>Total Revenues</b>	<b>\$ 26,060,214</b>	<b>\$ 26,060,214</b>	<b>\$ 26,490,978</b>	<b>\$ 430,764</b>
<b>Expenditures</b>				
Current:				
Instruction	16,905,239	16,905,239	16,401,583	503,656
Support Services	9,964,453	9,964,453	10,396,439	(431,986)
Intergovernmental	2,500	2,500	109,599	(107,099)
<b>Total Expenditures</b>	<b>\$ 26,872,192</b>	<b>\$ 26,872,192</b>	<b>\$ 26,907,621</b>	<b>\$ (35,429)</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>(811,978)</b>	<b>(811,978)</b>	<b>(416,643)</b>	<b>395,335</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	811,978	811,978	861,399	49,421
<b>Total Other Financing Sources (Uses)</b>	<b>811,978</b>	<b>811,978</b>	<b>861,399</b>	<b>49,421</b>
<b>Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 444,756</b>	<b>\$ 444,756</b>
<b>Fund Balance, Beginning of Year</b>			<b>1,450,303</b>	
<b>Fund Balance, Ending of Year</b>			<b>\$ 1,895,059</b>	

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

	Fiscal Year									
	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015
<b>SCRS</b>										
District's Proportion of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 39,232,520
District's Proportionate Share of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.22787500%
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20,244,409
District's Proportionate Share of Net Pension Liability as a Percentage of Its' Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	193.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	59.90%
<b>PORS</b>										
District's Proportion of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 113,334
District's Proportionate Share of Net Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0059200%
District's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100,194
District's Proportionate Share of Net Pension Liability as a Percentage of Its' Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	113.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	67.50%

**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, 2014.

**UNION COUNTY SCHOOLS  
SCHEDULE OF DISTRICT CONTRIBUTIONS - SCRS AND PORS  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015
<b>SCRS</b>										
Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2,232,514
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(2,232,514)
District's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11.03%
<b>PORS</b>										
Contractually Required Contribution Contributions in Relation to the Contractually Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 13,436
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(13,436)
District's Covered-Employee Payroll Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13.41%

**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

## SUPPLEMENTARY INFORMATION

# GENERAL FUND

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except for 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 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 Balances - Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.

**UNION COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>1000 Revenue from Local Sources</b>			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 5,527,797	\$ 5,561,965	\$ 34,168
1140 Penalties & Interest on Taxes (Independent)	202,500	296,725	94,225
1500 Earnings on Investments:			
1510 Interest on Investments	5,000	26,149	21,149
1900 Other Revenue from Local Sources:			
1930 Medicaid	-	398,549	398,549
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	194,294	121,401	(72,893)
<b>Total Local Sources</b>	<b>5,929,591</b>	<b>6,404,789</b>	<b>475,198</b>
<b>3000 Revenue from State Sources</b>			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	29,865	29,865
3160 School Bus Driver Salary (Includes Hazardous Condition Transportation)	218,000	305,147	87,147
3161 EAA Bus Driver Salary and Fringe	-	1,165	1,165
3162 Transportation Workers' Compensation	22,000	22,136	136
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	3,909,093	3,769,710	(139,383)
3181 Retiree Insurance (No Carryover Provision)	873,764	885,926	12,162
3199 Other Restricted State Grants	-	60	60
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	486,109	523,644	37,535
3312 Primary	1,400,948	1,405,051	4,103
3313 Elementary	2,299,682	2,259,824	(39,858)
3314 High School	482,112	324,899	(157,213)
3315 Trainable Mentally Handicapped	74,479	148,961	74,482
3316 Speech Handicapped (Part-Time Program)	495,678	535,726	40,048
3317 Homebound	27,421	3,003	(24,418)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	19,072	29,929	10,857
3322 Educable Mentally Handicapped	69,513	9,851	(59,662)
3323 Learning Disabilities	1,074,809	1,047,220	(27,589)
3324 Hearing Handicapped	24,161	17,470	(6,691)
3325 Visually Handicapped	-	13,231	13,231
3326 Orthopedically Handicapped	14,676	-	(14,676)
3327 Vocational	1,598,054	1,704,998	106,944
3330 Miscellaneous EFA Programs:			
3331 Autism	93,472	59,756	(33,716)
3332 High Achieving Students	93,592	122,789	29,197
3334 Limited English Proficiency	8,017	7,208	(809)
3351 Academic Assistance	212,544	229,104	16,560
3352 Pupils in Poverty	1,165,227	1,142,260	(22,967)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	1,564,231	1,564,231	-
3820 Homestead Exemption (Tier 2)	903,969	903,969	-
3825 Reimbursement for Property Tax Relief (Tier 3)	2,500,000	2,500,000	-
3830 Merchant's Inventory Tax	105,000	102,550	(2,450)
3840 Manufacturers Depreciation Reimbursement	205,000	225,322	20,322
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	80,000	86,616	6,616
<b>Total State Sources</b>	<b>20,020,623</b>	<b>19,981,621</b>	<b>(39,002)</b>



**UNION COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>4000 Revenue from Federal Sources</b>			
4900 Other Federal Sources:			
4992 U.S. Forest Commission Revenue	110,000	104,568	(5,432)
<b>Total Federal Sources</b>	<u>110,000</u>	<u>104,568</u>	<u>(5,432)</u>
<b>Total Revenues All Sources</b>	<u>\$ 26,060,214</u>	<u>\$ 26,490,978</u>	<u>\$ 430,764</u>
<b>Expenditures</b>			
<b>100 Instruction</b>			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	1,030,281	950,131	80,150
200 Employee Benefits	412,053	372,847	39,206
400 Supplies and Materials	33,603	28,191	5,412
112 Primary Programs:			
100 Salaries	1,877,947	1,961,365	(83,418)
200 Employee Benefits	649,048	749,006	(99,958)
300 Purchased Services	1,000	850	150
400 Supplies and Materials	30,851	24,046	6,805
113 Elementary Programs:			
100 Salaries	4,959,838	4,545,320	414,518
200 Employee Benefits	1,740,835	1,621,302	119,533
300 Purchased Services	-	21	(21)
400 Supplies and Materials	73,549	62,023	11,526
600 Other Objects	450	401	49
114 High School Programs:			
100 Salaries	2,060,533	1,970,408	90,125
200 Employee Benefits	774,119	733,693	40,426
300 Purchased Services	1,000	1,021	(21)
400 Supplies and Materials	36,000	28,800	7,200
600 Other objects	800	527	273
115 Career and Technology Education Programs:			
100 Salaries	693,835	695,053	(1,218)
200 Employee Benefits	262,352	270,796	(8,444)
400 Supplies and Materials	77,000	74,516	2,484
600 Other Objects	500	-	500
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	90,244	178,489	(88,245)
200 Employee Benefits	32,101	64,415	(32,314)
122 Trainable Mentally Handicapped:			
100 Salaries	188,099	70,090	118,009
200 Employee Benefits	69,690	25,632	44,058
125 Hearing Handicapped:			
100 Salaries	9,996	7,564	2,432
200 Employee Benefits	3,291	2,027	1,264
300 Purchased Services	-	320	(320)
126 Speech Handicapped:			
100 Salaries	-	54,300	(54,300)
200 Employee Benefits	-	17,396	(17,396)
127 Learning Disabilities:			
100 Salaries	842,903	960,232	(117,329)
200 Employee Benefits	305,186	326,028	(20,842)
300 Purchased Services	-	1,506	(1,506)
128 Emotionally Handicapped:			
100 Salaries	41,042	8,680	32,362
200 Employee Benefits	15,380	3,765	11,615

**UNION COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance Favorable (Unfavorable)
130 Pre-School Programs			
132 Pre-School Handicapped-Itinerant (5 year olds):			
100 Salaries	83,500	81,148	2,352
200 Employee Benefits	31,406	29,926	1,480
133 Pre-School Handicapped-Self-Contained (5 year olds):			
100 Salaries	97,614	81,373	16,241
200 Employee Benefits	39,492	34,483	5,009
400 Supplies and Materials	1,003	902	101
136 Pre-School Handicapped-Itinerant (3 & 4 year olds):			
100 Salaries	-	37,158	(37,158)
200 Employee Benefits	-	13,306	(13,306)
139 Early Childhood Programs:			
100 Salaries	1,014	1,372	(358)
200 Employee Benefits	78	192	(114)
400 Supplies and Materials	1,013	1,007	6
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	92,527	98,958	(6,431)
200 Employee Benefits	26,148	37,593	(11,445)
400 Supplies and Materials	1,682	1,386	296
145 Homebound:			
100 Salaries	-	48,688	(48,688)
200 Employee Benefits	-	11,466	(11,466)
300 Purchased Services	500	225	275
148 Gifted and Talented - Artistic:			
100 Salaries	5,084	-	5,084
200 Employee Benefits	1,197	-	1,197
149 Other Special Programs:			
100 Salaries	-	1,704	(1,704)
200 Employee Benefits	-	401	(401)
160 Other Exceptional Programs			
161 Autism:			
100 Salaries	86,251	60,602	25,649
200 Employee Benefits	31,783	21,873	9,910
180 Adult/Continuing Educational Programs			
181 Adult Basic Education Programs:			
100 Salaries	49,225	12,532	36,693
200 Employee Benefits	15,835	11,033	4,802
182 Adult Secondary Education Programs:			
100 Salaries	15,467	2,261	13,206
200 Employee Benefits	3,556	432	3,124
400 Supplies and Materials	7,138	614	6,524
188 Parenting/Family Literacy:			
400 Supplies and Materials	200	187	13
<b>Total Instruction</b>	<u>16,905,239</u>	<u>16,401,583</u>	<u>503,656</u>
<b>200 Support Services</b>			
210 Pupil Services			
212 Guidance Services:			
100 Salaries	638,802	622,907	15,895
200 Employee Benefits	228,468	213,214	15,254
400 Supplies and Materials	4,050	3,005	1,045

**UNION COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance Favorable (Unfavorable)
213 Health Services:			
100 Salaries	70,913	54,205	16,708
200 Employee Benefits	27,749	33,420	(5,671)
300 Purchased Services	500	86,418	(85,918)
400 Supplies and Materials	5,525	5,442	83
214 Psychological Services:			
100 Salaries	-	44,280	(44,280)
200 Employee Benefits	-	10,428	(10,428)
300 Purchased Services	-	497	(497)
400 Supplies and Materials	-	306	(306)
217 Career Specialist Services:			
100 Salaries	2,605	3,525	(920)
200 Employee Benefits	199	-	199
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development:			
100 Salaries	251,828	163,685	88,143
200 Employee Benefits	83,125	45,831	37,294
300 Purchased Services	31,011	19,933	11,078
400 Supplies and Materials	9,237	469	8,768
600 Other Objects	900	1,159	(259)
222 Library and Media Services:			
100 Salaries	404,236	384,410	19,826
200 Employee Benefits	125,942	115,881	10,061
400 Supplies and Materials	69,800	66,273	3,527
223 Supervision of Special Programs:			
200 Employee Benefits	-	535	(535)
300 Purchased Services	-	2,888	(2,888)
400 Supplies and Materials	-	82	(82)
230 General Administration Services			
231 Board of Education:			
200 Employee Benefits	5,000	1,769	3,231
300 Purchased Services	46,000	32,151	13,849
318 Audit Services	30,000	30,760	(760)
400 Supplies and Materials	1,000	157	843
600 Other Objects	15,800	15,775	25
232 Office of the Superintendent:			
100 Salaries	170,983	173,293	(2,310)
200 Employee Benefits	56,747	56,167	580
300 Purchased Services	2,150	1,558	592
400 Supplies and Materials	2,500	2,182	318
600 Other Objects	1,000	502	498
233 School Administration:			
100 Salaries	1,420,765	1,371,397	49,368
200 Employee Benefits	510,190	471,999	38,191
300 Purchased Services	-	100	(100)
400 Supplies and Materials	21,050	21,343	(293)
600 Other Objects	1,200	586	614
250 Finance and Operations Services			
251 Student Transportation (Federal/District Mandated):			
300 Purchased Services	-	51	(51)
252 Fiscal Services:			
100 Salaries	233,481	229,285	4,196
200 Employee Benefits	88,334	85,041	3,293
300 Purchased Services	5,700	5,375	325
400 Supplies and Materials	13,750	10,981	2,769
600 Other Objects	375,100	340,487	34,613

**UNION COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual	Variance Favorable (Unfavorable)
254 Operation and Maintenance of Plant:			
100 Salaries	808,647	786,255	22,392
200 Employee Benefits	349,129	337,994	11,135
300 Purchased Services	705,987	786,103	(80,116)
321 Public Utilities (Excludes gas, oil, elec. & other heating fuels)	80,450	95,203	(14,753)
400 Supplies and Materials	162,500	156,752	5,748
470 Energy (Include gas, oil, elec. & other heating fuels)	805,000	946,594	(141,594)
255 Student Transportation (State Mandated):			
100 Salaries	507,587	531,468	(23,881)
200 Employee Benefits	174,190	171,609	2,581
300 Purchased Services	19,250	121,621	(102,371)
400 Supplies and Materials	57,500	82,471	(24,971)
256 Food Service:			
100 Salaries	-	167	(167)
200 Employee Benefits	-	218,434	(218,434)
257 Internal Services:			
100 Salaries	182,518	182,513	5
200 Employee Benefits	69,712	72,650	(2,938)
300 Purchased Services	73,820	83,423	(9,603)
400 Supplies and Materials	26,750	20,099	6,651
600 Other Objects	5,750	9,153	(3,403)
258 Security:			
100 Salaries	56,294	56,294	-
200 Employee Benefits	17,472	17,265	207
300 Purchased Services	121,600	128,184	(6,584)
400 Supplies and Materials	8,500	6,561	1,939
260 Central Support Services			
264 Staff Services:			
300 Purchased Services	4,500	4,473	27
266 Technology and Data Processing Services:			
100 Salaries	180,334	182,347	(2,013)
200 Employee Benefits	58,030	57,206	824
300 Purchased Services	69,700	141,259	(71,559)
400 Supplies and Materials	8,000	10,745	(2,745)
500 Capital Outlay	-	3,889	(3,889)
270 Support Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries (optional)	295,411	307,220	(11,809)
200 Employee Benefits (optional)	73,773	76,057	(2,284)
300 Purchased Services (optional)	13,099	5,123	7,976
400 Supplies and Materials (optional)	7,500	3,578	3,922
600 Other Objects (optional)	60,000	60,625	(625)
660 Pupil Activity	5,810	3,352	2,458
<b>Total Support Services</b>	<u>9,964,453</u>	<u>10,396,439</u>	<u>(431,986)</u>
<b>400 Other Charges:</b>			
<b>410 Intergovernmental Expenditures</b>			
412 Payments to Other Governmental Units			
720 Transits	2,500	6,409	(3,909)
414 Medicaid Payments to SCDE			
720 Transits	-	103,190	(103,190)
<b>Total Intergovernmental Expenditures</b>	<u>2,500</u>	<u>109,599</u>	<u>(107,099)</u>
<b>Total Expenditures</b>	<u>\$ 26,872,192</u>	<u>\$ 26,907,621</u>	<u>\$ (35,429)</u>

**UNION COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Other Financing Sources (Uses)</b>			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	764,673	751,055	(13,618)
5260 Transfer from Food Service Fund (Excludes Indirect Costs)	100,000	155,754	55,754
5280 Transfer from Other Funds Indirect Costs	105,000	132,179	27,179
423-710 Transfer to Debt Service Fund	(8,695)	(28,589)	(19,894)
426-710 Transfer to Pupil Activity Fund	<u>(149,000)</u>	<u>(149,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>811,978</u>	<u>861,399</u>	<u>49,421</u>
<b>Excess/(Deficiency) of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ 444,756</u>	<u>\$ 444,756</u>
<b>Fund Balance, Beginning of Year</b>		<u>1,450,303</u>	
<b>Fund Balance, Ending of Year</b>		<u><u>\$ 1,895,059</u></u>	

# SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The School District has the following Special Revenue Funds.

1. The Special Projects Fund consists of multiple special revenue subfunds used to account for all federal, state and local projects and grants except for those subject to EIA.
2. The Education Improvement Act (EIA) Fund was passed in 1984 by the South Carolina State Legislature to upgrade the quality of education in South Carolina. The fund accounts for the proceeds of the additional one percent Sales and Use Tax which is restricted to expenditures for the Education Improvement Act standards. Because of the categorical nature of the funding, the state requires that revenues and expenditures be accounted for in a separate fund. Accordingly, the EIA Fund is reported as a Special Revenue
3. School Food Services Fund's purpose is to provide balanced nutritious meals to the School District's students, some of which are free and reduced meals under the United States Department of Agriculture (USDA) school breakfast and lunch programs

The following schedules for the Special Revenue Funds have been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on the schedules are also mandated by the South Carolina Department of Education.

UNION COUNTY SCHOOLS  
SPECIAL REVENUE - SPECIAL PROJECTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
<b>Revenues</b>								
<b>1000 Revenue from Local Sources</b>								
1900 Other Revenue from Local Sources:								
1990 Miscellaneous Local Revenue:								
1999 Revenue from Other Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,073	\$ 126,073
<b>Total Local Sources</b>	-	-	-	-	-	-	126,073	126,073
<b>2000 Intergovernmental Revenue:</b>								
2300 Payments from Nonprofit Entities (for First Steps)	-	-	-	-	-	126,177	-	126,177
<b>Total Intergovernmental Revenues</b>	-	-	-	-	-	126,177	-	126,177
<b>3000 Revenue from State Sources</b>								
3100 Restricted State Funding:								
3113 12-Month Agriculture Program	-	-	-	-	-	-	11,751	11,751
3118 EEDA Career Specialists	-	-	-	-	-	127,155	-	127,155
3127 Student Health and Fitness - PE Teachers	-	-	-	-	-	30,825	-	30,825
3130 Special Programs:								
3135 Reading Coaches	-	-	-	-	-	282,285	-	282,285
3155 DDS SNAP & E&T Program	-	-	-	-	-	23,189	-	23,189
3177 Summer Reading Camp	-	-	-	-	-	13,065	-	13,065
3193 Education License Plates	-	-	-	-	-	1,510	-	1,510
3194 Digital Instruction Materials	-	-	-	-	-	46,257	-	46,257
3199 Other Restricted State Grants	-	-	-	-	-	-	601	601
3600 Education Lottery								
3607 6-8 Enhancement	-	-	-	-	-	15,554	-	15,554
3610 K-5 Enhancement	-	-	-	-	-	152,502	-	152,502
3620 Digital Instructional Materials	-	-	-	-	-	6,416	-	6,416
3630 K-12 Technology Initiative	-	-	-	-	-	205,590	-	205,590
<b>Total State Sources</b>	-	-	-	-	-	904,348	12,352	916,700
<b>4000 Revenue from Federal Sources</b>								
4200 Occupational Education:								
4210 Vocational Aid, Title I	-	-	-	66,022	-	-	-	66,022
4300 Elementary and Secondary Education Act of 1965 (ESEA):								
4310 Title I, Basic State Grant Programs (Carryover Provision)	1,245,289	-	-	-	-	-	-	1,245,289
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	-	-	-	-	-	-	58,495	58,495
4351 Improving Teacher Quality (Carryover Provision)	-	-	-	-	-	-	193,914	193,914

**UNION COUNTY SCHOOLS**  
**SPECIAL REVENUE - SPECIAL PROJECTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	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
4400 Adult Education:	-	-	-	-	48,709	-	-	48,709
4410 Basic, Adult Education	-	-	-	-	48,709	-	-	48,709
4500 Programs for Children with Disabilities	-	1,161,997	-	-	-	-	-	1,161,997
4510 Individuals With Disabilities Education Act (IDEA) (Carryover Provision)	-	1,161,997	-	-	-	-	-	1,161,997
4520 Preschool Grants (Carryover Provision)	-	-	54,298	-	-	-	-	54,298
4900 Other Federal Sources:	-	-	-	-	-	-	181,467	181,467
4924 21st Century Community Learning Centers Program, (Title IV, 21st Century Schools)	-	-	-	-	-	-	181,467	181,467
4990 Other Federal Revenue:	-	-	-	-	-	-	57,731	57,731
4999 Revenue from Other Federal Sources	-	-	-	-	-	-	57,731	57,731
<b>Total Federal Sources</b>	<b>1,245,289</b>	<b>1,161,997</b>	<b>54,298</b>	<b>66,022</b>	<b>48,709</b>	<b>-</b>	<b>491,607</b>	<b>3,067,922</b>
<b>Total Revenues All Sources</b>	<b>\$ 1,245,289</b>	<b>\$ 1,161,997</b>	<b>\$ 54,298</b>	<b>\$ 66,022</b>	<b>\$ 48,709</b>	<b>\$ 1,030,525</b>	<b>\$ 630,032</b>	<b>\$ 4,236,872</b>

**Expenditures**

**100 Instruction**

110 General Instruction

111 Kindergarten Programs:  
400 Supplies and Materials

112 Primary Programs:

100 Salaries

200 Employee Benefits

400 Supplies and Materials

113 Elementary Programs:

100 Salaries

200 Employee Benefits

400 Supplies and Materials

600 Other Objects

114 High School Programs:

100 Salaries

400 Supplies and Materials

115 Career and Technology Education Programs:

100 Salaries

200 Employee Benefits

300 Purchased Services - Other Than Tuition

370 Tuition (Purchased Services)

400 Supplies and Materials

120 Exceptional Programs

121 Educable Mentally Handicapped:

100 Salaries

200 Employee Benefits

400 Supplies and Materials

11,636	-	-	-	-	-	-	-	11,636
141,344	-	-	-	-	384,040	-	138,394	663,778
71,513	-	-	-	-	73,007	-	49,507	194,027
117,663	-	-	-	-	4,650	-	-	122,313
-	-	-	-	-	106,685	-	3,300	109,985
109,062	-	-	-	-	27,485	-	745	28,230
-	-	-	-	-	1,007	-	63,539	173,608
-	-	-	-	-	-	-	750	750
-	-	-	-	-	-	-	57,731	57,731
-	-	-	-	-	503	-	15,088	15,591
-	-	-	-	-	-	-	11,750	11,750
-	-	-	-	-	-	-	116	116
-	-	-	3,205	-	-	-	-	3,205
-	-	-	-	-	-	-	12,518	12,518
-	-	-	406	-	-	-	1,262	1,668
-	-	-	-	-	-	-	-	-
-	34,306	-	-	-	-	-	-	34,306
-	13,641	-	-	-	-	-	-	13,641
-	987	-	-	-	-	-	-	987



UNION COUNTY SCHOOLS  
SPECIAL REVENUE - SPECIAL PROJECTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015

	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
122 Trainable Mentally Handicapped:								
100 Salaries	-	26,212	-	-	-	-	-	26,212
200 Employee Benefits	-	10,998	-	-	-	-	-	10,998
400 Supplies and Materials	-	1,890	-	-	-	-	601	2,491
123 Orthopedically Handicapped:								
400 Supplies and Materials	-	139	-	-	-	-	-	139
125 Hearing Handicapped:								
300 Purchased Services	-	440	-	-	-	-	-	440
126 Speech Handicapped:								
100 Salaries	-	137,610	-	-	-	-	-	137,610
200 Employee Benefits	-	49,312	-	-	-	-	-	49,312
300 Purchased Services	-	2,268	-	-	-	-	-	2,268
400 Supplies and Materials	-	3,988	-	-	-	-	-	3,988
127 Learning Disabilities:								
100 Salaries	-	159,003	-	-	-	-	-	159,003
200 Employee Benefits	-	59,357	-	-	-	-	-	59,357
300 Purchased Services	-	1,559	-	-	-	-	-	1,559
400 Supplies and Materials	-	12,756	-	-	-	-	-	12,756
128 Emotionally Handicapped:								
100 Salaries	-	14,379	-	-	-	-	-	14,379
200 Employee Benefits	-	4,811	-	-	-	-	-	4,811
130 Pre-School Programs								
133 Pre-School Handicapped-Self-Contained (5 year olds):								
100 Salaries	-	10,524	31,711	-	-	-	-	42,235
200 Employee Benefits	-	6,939	19,628	-	-	-	-	26,567
139 Early Childhood Programs:								
100 Salaries	273,223	-	-	-	-	42,550	-	315,773
200 Employee Benefits	108,731	-	-	-	-	17,979	-	126,710
300 Purchased Services	-	-	-	-	-	2,682	-	2,682
400 Supplies and Materials	670	-	-	-	-	6,490	-	7,160
600 Other Objects	-	-	-	-	-	265	-	265
140 Special Programs								
149 Other Special Programs:								
100 Salaries	-	3,475	-	-	-	-	-	3,475
160 Other Exceptional Programs								
161 Autism:								
100 Salaries	-	13,089	-	-	-	-	-	13,089
200 Employee Benefits	-	6,264	-	-	-	-	-	6,264
300 Purchased Services	-	24,146	-	-	-	-	-	24,146
400 Supplies and Materials	-	213	-	-	-	-	-	213

**UNION COUNTY SCHOOLS**  
**SPECIAL REVENUE - SPECIAL PROJECTS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	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
170 Summer School Program								
175 Instructional Programs Beyond Regular School Day:								
100 Salaries	10,300	-	-	-	-	-	24,650	34,950
200 Employee Benefits	2,425	-	-	-	-	-	5,378	7,803
400 Supplies and Materials	480	-	-	-	-	-	15,368	15,848
180 Adult/Continuing Educational Programs								
181 Adult Basic Education Programs:								
100 Salaries	-	-	-	-	21,565	-	-	21,565
200 Employee Benefits	-	-	-	-	7,880	-	-	7,880
182 Adult Secondary Education Programs:								
100 Salaries	-	-	-	-	13,083	19,120	-	32,203
200 Employee Benefits	-	-	-	-	3,770	4,069	-	7,839
188 Parenting/Family Literacy:								
100 Salaries	11,463	-	-	-	-	41,250	53,078	105,791
200 Employee Benefits	2,789	-	-	-	-	14,961	11,546	29,296
300 Purchased Services	-	-	-	-	-	-	9,060	9,060
400 Supplies and Materials	43,874	-	-	-	-	-	23,315	67,189
<b>Total Instruction</b>	<b>905,173</b>	<b>598,306</b>	<b>51,339</b>	<b>3,611</b>	<b>46,298</b>	<b>746,743</b>	<b>497,696</b>	<b>2,849,166</b>
<b>200 Support Services</b>								
210 Pupil Services								
212 Guidance Services:								
100 Salaries	-	-	-	-	-	34,894	-	34,894
200 Employee Benefits	-	-	-	-	-	14,827	-	14,827
300 Purchased Services	-	1,990	-	-	-	-	-	1,990
213 Health Services:								
100 Salaries	-	33,787	-	-	-	-	-	33,787
200 Employee Benefits	-	11,464	-	-	-	-	-	11,464
300 Purchased Services	-	98,279	-	-	-	-	-	98,279
400 Supplies and Materials	-	1,449	-	-	-	-	-	1,449
214 Psychological Services:								
100 Salaries	-	119,278	-	-	-	-	-	119,278
200 Employee Benefits	-	37,693	-	-	-	-	-	37,693
300 Purchased Services	-	1,500	-	-	-	-	-	1,500
400 Supplies and Materials	-	5,026	-	-	-	-	-	5,026
216 Vocational Placement Services:								
100 Salaries	-	-	-	38,169	-	-	-	38,169
200 Employee Benefits	-	-	-	17,922	-	-	-	17,922
217 Career Specialist Services:								
100 Salaries	-	-	-	-	-	52,378	-	52,378
200 Employee Benefits	-	-	-	-	-	25,056	-	25,056

**UNION COUNTY SCHOOLS  
SPECIAL REVENUE - SPECIAL PROJECTS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	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
220 Instructional Staff Services								
221 Improvement of Instruction Curriculum Development:								
100 Salaries	86,187	-	-	-	-	-	-	86,187
200 Employee Benefits	29,614	-	-	-	-	-	-	29,614
300 Purchased Services	1,946	-	-	3,176	-	-	4,910	10,032
400 Supplies and Materials	38,416	-	-	-	-	-	305	38,721
223 Supervision of Special Programs:								
100 Salaries	55,880	118,289	-	-	-	-	54,567	228,736
200 Employee Benefits	33,376	51,555	-	-	-	-	20,978	105,909
300 Purchased Services	-	5,659	-	-	-	-	421	6,080
400 Supplies and Materials	16,218	11,000	-	-	-	-	2,914	30,132
224 Improvement of Instruction Inservice and Staff Training:								
300 Purchased Services	7,983	-	-	-	-	-	14,697	22,680
250 Finance and Operations Services								
251 Student Transportation (Federal/District Mandated):								
100 Salaries	-	-	-	-	-	-	4,908	4,908
200 Employee Benefits	-	-	-	-	-	-	790	790
300 Purchased Services	-	12,000	-	-	-	-	17,747	29,747
254 Operation and Maintenance of Plant:								
300 Purchased Services	9,448	-	-	-	-	-	110	9,558
255 Student Transportation (State Mandated):								
100 Salaries	-	-	-	-	-	-	231	231
200 Employee Benefits	-	-	-	-	-	-	18	18
260 Central Support Services								
266 Technology and Data Processing Services:								
300 Purchased Services	-	-	-	-	-	11,061	-	11,061
400 Supplies and Materials	-	-	-	-	-	247,201	-	247,201
270 Support Services Pupil Activity								
271 Pupil Services Activities:								
300 Purchased Services (optional)	-	-	-	-	-	-	345	345
660 Pupil Activity	1,423	-	-	-	-	-	-	1,423
<b>Total Support Services</b>	<b>280,491</b>	<b>508,969</b>	<b>-</b>	<b>59,267</b>	<b>-</b>	<b>385,417</b>	<b>122,941</b>	<b>1,357,085</b>
<b>Total Expenditures</b>	<b>\$ 1,185,664</b>	<b>\$ 1,107,275</b>	<b>\$ 51,339</b>	<b>\$ 62,878</b>	<b>\$ 46,298</b>	<b>\$ 1,132,160</b>	<b>\$ 620,637</b>	<b>\$ 4,206,251</b>

UNION COUNTY SCHOOLS  
 SPECIAL REVENUE - SPECIAL PROJECTS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2015

	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
-	-	-	-	-	-	15,554	-	15,554
-	-	-	-	-	-	101,635	-	101,635
-	-	-	-	-	-	(15,554)	-	(15,554)
(59,625)	(54,722)	(2,959)	(3,144)	(2,411)	-	(9,318)	(9,318)	(132,179)
(59,625)	(54,722)	(2,959)	(3,144)	(2,411)	101,635	(9,318)	(9,318)	(30,544)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77	\$ -	\$ 77
-	-	-	-	-	-	(77)	(77)	(77)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

- 5220 Transfer from Special Revenue Fund (Excludes Indirect Cost)
- 5230 Transfer from Special Revenue EIA Fund
- 421-710 Transfer to Special Revenue Fund
- 431-791 Special Revenue Fund Indirect Costs

**Total Other Financing Sources (Uses)**

**Excess/Deficiency of Revenues over Expenditures**

**Fund Balance, Beginning of Year**

**Fund Balance, Ending of Year**

UNION COUNTY SCHOOLS  
SPECIAL REVENUE - SPECIAL PROJECTS  
SUMMARY SCHEDULE OF DESIGNATED STATE RESTRICTED GRANTS  
FOR THE YEAR ENDED JUNE 30, 2015

District Subfund Code	District Revenue Code	Program	Revenues		Expenditures		Interfund Transfers		Other Fund Transfers		Unearned Revenue
							In/(Out)	In/(Out)	In/(Out)	In/(Out)	
914	3194	Digital Instruction Materials	\$ 46,257	\$ 46,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,300
919	3193	Education License Plates	1,510	1,510	-	-	-	-	-	-	765
926	3177	Summer Reading Camp	13,065	13,065	-	-	-	-	-	-	12,754
928	3118	EEDA Career Specialists	127,155	127,155	-	-	-	-	-	-	-
935	3135	Reading Coaches	282,285	282,285	-	-	-	-	-	-	-
937	3127	Student Health and Fitness - PE Teachers	30,825	30,825	-	-	-	-	-	-	-
955	3155	DSS SNAP & E&T Program	23,189	23,189	-	-	-	-	-	-	41,992
960	3610	Education Lottery - K-5 Enhancement	152,502	269,691	15,554	101,635	-	-	-	-	(885)
963	3630	K-12 Technology Initiative	205,590	205,590	-	-	-	-	-	-	1,769
965	3620	Digital Instruction Materials	6,416	6,416	-	-	-	-	-	-	-
967	3607	Education Lottery - 6-8 Enhancement	15,554	-	(15,554)	-	-	-	-	-	164
990	2300	First Steps	126,177	126,177	-	-	-	-	-	-	-
			<u>\$ 1,030,525</u>	<u>\$ 1,132,160</u>	<u>\$ -</u>	<u>\$ 101,635</u>	<u>\$ -</u>	<u>\$ 101,635</u>	<u>\$ -</u>	<u>\$ 77,859</u>	

**UNION COUNTY SCHOOLS  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**Revenues**

**3000 Revenue from State Sources**

3500 Education Improvement Act:	
3502 ADEPT	\$ 3,439
3504 Level Data Revenue	5,868
3505 Technology Support	4,640
3509 Arts in Education	3,508
3511 Professional Development	23,330
3518 Formative Assessment	26,600
3525 Career and Technology Education Equipment	46,048
3526 Refurbishment of K-8 Science Kits	22,274
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	138,627
3533 Teacher of the Year Awards	1,077
3538 Students At Risk of School Failure	520,122
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	187,070
3550 Teacher Salary Increase (No Carryover Provision)	640,282
3555 School Employer Contributions (No Carryover Provision)	110,773
3556 Adult Education	151,794
3558 Reading	18,607
3577 Teacher Supplies (No Carryover Provision)	72,500
3578 High Schools That Work/Making Middle Grades Work	5,637
3581 Student Health and Fitness - Nurses	168,514
3592 Work-Based Learning	82,648
3594 EEDA Supplemental Programs	48,723
3595 EEDA - Supplies and Materials - Career Awareness	13,183
3597 Aid to Districts	212,050

<b>Total State Sources</b>	<u>2,507,314</u>
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<b>Total Revenues All Sources</b>	<u>\$ 2,507,314</u>
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**Expenditures**

**100 Instruction**

110 General Instruction

111 Kindergarten Programs:	
100 Salaries	7,500
200 Employee Benefits	1,746
400 Supplies and Materials	5,000
112 Primary Programs:	
100 Salaries	37,500
200 Employee Benefits	8,774
300 Purchased Services	21,036
400 Supplies and Materials	29,398
113 Elementary Programs:	
100 Salaries	326,072
200 Employee Benefits	104,464
300 Purchased Services	67,284
400 Supplies and Materials	33,619
600 Other Objects	200
114 High School Programs:	
100 Salaries	100,811
200 Employee Benefits	25,955
300 Purchased Services	79,500
400 Supplies and Materials	18,510

**UNION COUNTY SCHOOLS  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

600 Other objects	200
115 Career and Technology Education Programs:	
400 Supplies and Materials	49,798
120 Exceptional Programs	
121 Educable Mentally Handicapped:	
100 Salaries	4,549
200 Employee Benefits	4,003
400 Supplies and Materials	1,500
122 Trainable Mentally Handicapped:	
100 Salaries	28,991
200 Employee Benefits	16,720
400 Supplies and Materials	250
126 Speech Handicapped:	
400 Supplies and Materials	1,250
127 Learning Disabilities:	
100 Salaries	35,011
200 Employee Benefits	23,596
400 Supplies and Materials	3,250
128 Emotionally Handicapped:	
100 Salaries	390
200 Employee Benefits	343
130 Pre-School Programs	
131 Pre-School Handicapped-Speech (5 year olds):	
400 Supplies and Materials	250
132 Pre-School Handicapped-Itinerant (5 year olds):	
100 Salaries	5,899
200 Employee Benefits	1,439
133 Pre-School Handicapped-Self-Contained (5 year olds):	
100 Salaries	12,540
200 Employee Benefits	8,142
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):	
400 Supplies and Materials	250
139 Early Childhood Programs:	
400 Supplies and Materials	750
140 Special Programs	
141 Gifted and Talented - Academic:	
400 Supplies and Materials	500
160 Other Exceptional Programs	
161 Autism:	
100 Salaries	21,716
200 Employee Benefits	11,845
170 Summer School Program	
172 Elementary Summer School:	
100 Salaries	1,050
200 Employee Benefits	247
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	7,313
200 Employee Benefits	1,722

**UNION COUNTY SCHOOLS  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

180 Adult/Continuing Educational Programs	
181 Adult Basic Education Programs:	
400 Supplies and Materials	988
182 Adult Secondary Education Programs:	
100 Salaries	33,501
200 Employee Benefits	7,995
400 Supplies and Materials	1,921
	<hr/>
<b>Total Instruction</b>	<b>1,155,288</b>
	<hr/>
<b>200 Support Services</b>	
210 Pupil Services	
212 Guidance Services:	
300 Purchased Services	63
400 Supplies and Materials	8,402
213 Health Services:	
100 Salaries	142,982
200 Employee Benefits	45,907
220 Instructional Staff Services	
221 Improvement of Instruction Curriculum Development:	
100 Salaries	45,300
200 Employee Benefits	14,797
300 Purchased Services	15,460
400 Supplies and Materials	2,109
222 Library and Media Services:	
400 Supplies and Materials	1,500
223 Supervision of Special Programs:	
100 Salaries	103,905
200 Employee Benefits	28,480
300 Purchased Services	108
400 Supplies and Materials	876
224 Improvement of Instruction Inservice and Staff Training:	
100 Salaries	2,700
200 Employee Benefits	636
300 Purchased Services	1,566
230 General Administration Services	
233 School Administration:	
100 Salaries	52,605
200 Employee Benefits	20,741
400 Supplies and Materials	69
260 Central Support Services	
266 Technology and Data Processing Services:	
300 Purchased Services	6,932
400 Supplies and Materials	3,576



**UNION COUNTY SCHOOLS  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

270 Support Services Pupil Activity	
271 Pupil Services Activities:	
660 Pupil Activity	622
<b>Total Support Services</b>	<b>499,336</b>
<b>Total Expenditures</b>	<b>\$ 1,654,624</b>
<b>Other Financing Sources (Uses)</b>	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	129,693
420-710 Transfer to General Fund (Exclude Indirect Costs)	(751,055)
421-710 Transfer to Special Revenue Fund	(101,635)
422-710 Transfer to Special Revenue EIA Fund	(129,693)
<b>Total Other Financing Sources (Uses)</b>	<b>(852,690)</b>
<b>Excess/Deficiency of Revenues over Expenditures</b>	<b>\$ -</b>
<b>Fund Balance, Beginning of Year</b>	<b>-</b>
<b>Fund Balance, Ending of Year</b>	<b>\$ -</b>

**UNION COUNTY SCHOOLS  
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT  
SUMMARY SCHEDULE BY PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2015**

Program	Revenues	Expenditures	Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 3,439	\$ 3,336	(103)	-	\$ 3,796
3504 Level Data Revenue	5,868	5,868	-	-	3,000
3505 Technology Support	4,640	4,640	-	-	-
3509 Arts in Education	3,508	3,508	-	-	22
3511 Professional Development	23,330	5,500	(17,830)	-	1,692
3518 Formative Assessment	26,600	26,600	-	-	-
3525 Career and Technology Education Equipment	46,048	46,048	-	-	-
3526 Refurbishment of K-8 Science Kits	22,274	22,274	-	-	4,075
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	138,627	138,627	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Students At Risk of School Failure	520,122	578,307	58,185	-	-
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	187,070	-	(104,041)	(83,029)	-
3550 Teacher Salary Increase (No Carryover Provision)	640,282	-	-	(640,282)	-
3555 School Employer Contributions (No Carryover Provision)	110,773	-	-	(110,773)	-
3556 Adult Education	151,794	151,794	-	-	7,118
3558 Reading	18,607	1	-	(18,606)	-
3577 Teacher Supplies (No Carryover Provision)	72,500	72,500	-	-	-
3578 High Schools That Work/Making Middle Grades Work	5,637	5,637	-	-	7,884
3581 Student Health and Fitness - Nurses	168,514	168,514	-	-	-
3592 Work-Based Learning	82,648	82,648	-	-	21,256
3594 EEDA Supplemental Programs	48,723	48,723	-	-	-
3595 EEDA - Supplies and Materials - Career Awareness	13,183	5,464	(7,719)	-	-
3597 Aid to Districts	212,050	283,558	71,508	-	-
<b>Total</b>	<b>\$ 2,507,314</b>	<b>\$ 1,654,624</b>	<b>-</b>	<b>\$ (852,690)</b>	<b>\$ 48,843</b>

**UNION COUNTY SCHOOLS  
SPECIAL REVENUE - FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**Revenues**

**1000 Revenue from Local Sources**

1500 Earnings on Investments:		
1510 Interest on Investments		\$ 288
1600 Food Service:		
1610 Lunch Sales to Pupils	132,958	
1620 Breakfast Sales to Pupils	1,815	
1630 Special Sales to Pupils	16,469	
1640 Lunch Sales to Adults	40,512	
1650 Breakfast Sales to Adults	90	
1660 Special Sales to Adults	12,356	
1900 Other Revenue from Local Sources:		
1990 Miscellaneous Local Revenue:		
1999 Revenue from Other Local Sources		<u>2,812</u>

**Total Local Sources** 207,300

**3000 Revenue from State Sources**

3100 Restricted State Funding:		
3130 Special Programs:		
3142 Program Aid		<u>161</u>

**Total State Sources** 161

**4000 Revenue from Federal Sources**

4800 USDA Reimbursement:		
4810 School Lunch and After School Snacks Program	1,186,718	
4830 School Breakfast Program	411,281	
4870 School Food Service (Equipment)	6,371	
4900 Other Federal Sources:		
4990 Other Federal Revenue:		
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	140,300	
4999 Revenue from Other Federal Sources	<u>1,424</u>	

**Total Federal Sources** 1,746,094

**Total Revenues All Sources** \$ 1,953,555

**Expenditures**

**200 Support Services**

250 Finance and Operations Services

256 Food Service:		
100 Salaries	678,645	
200 Employee Benefits	73,377	
300 Purchased Services (Excludes gas, oil, electricity, and other heating fuels.)	49,632	
400 Supplies and Materials (Includes gas, oil, electricity, and other heating fuels.)	916,691	
500 Capital Outlay	12,084	
600 Other Objects	<u>13,348</u>	

**UNION COUNTY SCHOOLS**  
**SPECIAL REVENUE - FOOD SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<b>Total Support Services</b>	<u>1,743,777</u>
<b>Total Expenditures</b>	<u>\$ 1,743,777</u>
<b>Other Financing Sources (Uses)</b>	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	<u>(155,754)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(155,754)</u>
<b>Excess/Deficiency of Revenues over Expenditures</b>	<u>\$ 54,024</u>
<b>Fund Balance, Beginning of Year</b>	<u>384,562</u>
<b>Fund Balance, Ending of Year</b>	<u>\$ 438,586</u>

## DEBT SERVICE FUND

The Debt Service Funds account for the accumulation of resources for, and the payment of the District's general long-term debt principal and interest.. The School District has the following Debt Service Funds:

1. The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest, and related costs. The resources of this fund are generated by a tax levy based upon property values.
2. The Educational Facilities Corp Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest, and related costs of the Educational Facilities Corporation for Union County School District.

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

**UNION COUNTY SCHOOLS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**Revenues**

**1000 Revenue from Local Sources**

1100 Taxes Levied/Assessed by the LEA:

1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 2,954,056
1140 Penalties & Interest on Taxes (Independent)	<u>204,408</u>

<b>Total Local Sources</b>	<u><u>3,158,464</u></u>
----------------------------	-------------------------

**3000 Revenue from State Sources**

3800 State Revenue in Lieu of Taxes:

3820 Homestead Exemption (Tier 2)	283,223
3830 Merchant's Inventory Tax	21,365
3840 Manufacturers Depreciation Reimbursement	90,462
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	<u>25,644</u>

<b>Total State Sources</b>	<u>420,694</u>
----------------------------	----------------

<b>Total Revenues All Sources</b>	<u><u>\$ 3,579,158</u></u>
-----------------------------------	----------------------------

**Expenditures**

**500 Debt Service**

610 Redemption of Principal	28,590
620 Interest	<u>22,132</u>

<b>Total Debt Service</b>	<u>50,722</u>
---------------------------	---------------

<b>Total Expenditures</b>	<u><u>\$ 50,722</u></u>
---------------------------	-------------------------

**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)	28,589
424-710 Transfer to School Building Fund Capital Projects Fund	<u>(3,320,000)</u>

<b>Total Other Financing Sources (Uses)</b>	<u>(3,291,411)</u>
---	--------------------

<b>Excess/Deficiency of Revenues over Expenditures</b>	<u><u>\$ 237,025</u></u>
--	--------------------------

<b>Fund Balance, Beginning of Year</b>	<u>1,016,741</u>
--	------------------

<b>Fund Balance, Ending of Year</b>	<u><u>\$ 1,253,766</u></u>
-------------------------------------	----------------------------

**UNION COUNTY SCHOOLS  
DEBT SERVICE FUND - EDUCATIONAL FACILITIES CORPORATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**Revenues**

**1000 Revenue from Local Sources**

1500 Earnings on Investments:  
1510 Interest on Investments

\$ 161,008

**Total Local Sources**

161,008

**Total Revenues All Sources**

\$ 161,008

**Expenditures**

**500 Debt Service**

395 Other Professional and Technical Services  
610 Redemption of Principal  
620 Interest

4,000

1,350,000

1,707,775

**Total Debt Service**

3,061,775

**Total Expenditures**

\$ 3,061,775

**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

5250 Transfer from School Building Fund Capital Projects Fund

2,930,959

**Total Other Financing Sources (Uses)**

2,930,959

**Excess/Deficiency of Revenues over Expenditures**

\$ 30,192

**Fund Balance, Beginning of Year**

3,272,441

**Fund Balance, Ending of Year**

\$ 3,302,633

# CAPITAL PROJECTS FUND

The Capital Projects Funds, also referred to as the "School Building Fund", are used to record proceeds from the sale of long-term general obligation bonds and other revenues used to acquire or construct major capital facilities (other than those of proprietary and trust funds). The School District has the following Capital Projects Funds:

1. The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities.
2. The Educational Facilities Corp Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities for the Educational Facilities Corporation for Union County School District.

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



**UNION COUNTY SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**Revenues**

**1000 Revenue from Local Sources**

1990 Miscellaneous Local Revenue:	
1993 Receipt of Insurance Proceeds	\$ 218,515

<b>Total Local Sources</b>	218,515
----------------------------	---------

<b>Total Revenues All Sources</b>	\$ 218,515
-----------------------------------	------------

**Expenditures**

**200 Support Services**

250 Finance and Operations Services

253 Facilities Acquisition and Construction:

300 Purchased Services	102,429
400 Supplies and Materials	12,160
500 Capital Outlay	
520 Construction Services	179,439
530 Improvements Other Than Buildings	78,838
540 Equipment	5,244
545 Technology Equipment and Software	25,263

<b>Total Support Services</b>	403,373
-------------------------------	---------

**500 Debt Service**

690 Other Objects (Includes Fees For Servicing Bonds)	18,847
---	--------

<b>Total Debt Service</b>	18,847
---------------------------	--------

<b>Total Expenditures</b>	\$ 422,220
---------------------------	------------

**Other Financing Sources (Uses)**

5110 Premium on Bonds Sold	21,858
----------------------------	--------

Interfund Transfers, From (To) Other Funds:

5240 Transfer from Debt Service Fund	3,320,000
423-710 Transfer to Debt Service Fund	(2,930,959)

<b>Total Other Financing Sources (Uses)</b>	410,899
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<b>Excess/Deficiency of Revenues over Expenditures</b>	\$ 207,194
--	------------

<b>Fund Balance, Beginning of Year</b>	(713,591)
--	-----------

<b>Fund Balance, Ending of Year</b>	\$ (506,397)
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**UNION COUNTY SCHOOLS  
 CAPITAL PROJECTS FUND - EDUCATIONAL FACILITIES CORPORATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2015**

**Revenues**

**1000 Revenue from Local Sources**

1500 Earnings on Investments:

1510 Interest on Investments

\$ 2

**Total Local Sources**

\$ 2

**Total Revenues All Sources**

\$ 2

**Expenditures**

**200 Support Services**

250 Finance and Operations Services

253 Facilities Acquisition and Construction:

600 Other Objects

5,750

**Total Support Services**

5,750

**Total Expenditures**

\$ 5,750

**Excess/Deficiency of Revenues over Expenditures**

\$ (5,748)

**Fund Balance, Beginning of Year**

77,975

**Fund Balance, Ending of Year**

\$ 72,227

## FIDUCIARY FUND

The Agency Fund accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are purely custodial and do not involve measurement of results and operations.

The Pupil Activity Fund, an agency fund, is used to record the receipts and disbursements of monies from various student activities organizations. These organizations exist with the explicit approval of the Board of Education. The approval may be revoked. The fund accounting reflects the School District's agency relationship with student activities organizations.

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

**UNION COUNTY SCHOOLS  
 FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS DUE TO PUPIL ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2015**

**Receipts**

**1000 Receipts from Local Sources**

1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,091
1700 Pupil Activities:	
1710 Admissions	156,938
1720 Bookstore Sales	237,495
1730 Pupil Organization Membership Dues and Fees	24,705
1740 Student Fees	18,282
1900 Other Receipts from Local Sources:	
1920 Contributions & Donations Private Sources	31,734
1990 Miscellaneous Local Receipts:	
1999 Receipts from Other Local Sources	482,924

**Total Local Sources** 953,169

**Total Receipts All Sources** \$ 953,169

**Disbursements**

**100 Instruction**

190 Instructional Pupil Activity:	
300 Purchased Services (optional)	7,078
400 Supplies and Materials (optional)	4,759
600 Other Objects	7,218

**Total Instruction** 19,055

**200 Support Services**

270 Support Services Pupil Activity	
271 Pupil Services Activities:	
300 Purchased Services (optional)	414,886
400 Supplies and Materials (optional)	248,081
600 Other Objects (optional)	401,239

**Total Support Services** 1,064,206

**Total Disbursements** \$ 1,083,261

**UNION COUNTY SCHOOLS  
 FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND  
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS DUE TO PUPIL ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2015**

**Other Financing Sources (Uses)**

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)	149,000
--	---------

<b>Total Other Financing Sources (Uses)</b>	149,000
---	---------

<b>Excess/Deficiency of Receipts over Disbursements</b>	\$ 18,908
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<b>Due to Pupil Activities, Beginning of Year</b>	345,415
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<b>Due to Pupil Activities, Ending of Year</b>	\$ 364,323
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**SUPPLEMENTARY SCHEDULES**  
REQUIRED BY THE  
SOUTH CAROLINA STATE  
DEPARTMENT OF EDUCATION

**UNION COUNTY SCHOOLS  
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/ FEDERAL GOVERNMENT  
 JUNE 30, 2015**

<u>Program</u>	<u>Project/Grant Number</u>	<u>Revenue &amp; Subfund Code</u>	<u>Description</u>	<u>Amount Due to SDE or Federal Government</u>	<u>Status of Amounts Due To Grantors</u>
National Board Certification (NBC) Salary Supplement	N/A	332 / 3532	Unspent Funds	\$ 367	Outstanding
Work Based Learning	N/A	392 / 3592	Unspent Funds	1,100	Outstanding
EEDA Supplemental Programs	N/A	394 / 3594	Unspent Funds	<u>7,255</u>	Outstanding
				<u>\$ 8,722</u>	

**UNION COUNTY SCHOOLS  
LOCATION RECONCILIATION SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>Location ID</b>	<b>Location Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
003	Union High School	High School	School	\$ 6,089,196
004	Union Vocational School	Other School	School	1,505,833
005	Sims Middle School	Middle School	School	5,072,084
006	Jonesville Elementary/Middle School	Elementary/Middle School	School	3,287,807
008	Buffalo Elementary School	Elementary School	School	4,094,077
009	Lockhart Elementary/Middle School	Elementary/Middle School	School	2,003,363
011	Foster Park Elementary School	Elementary School	School	3,667,056
014	Monarch Elementary School	Elementary School	School	2,923,706
020	Adult Education	Non-School	Central	315,725
021	Achievement Academy	Non-School	Central	181,177
031	District Wide	Non-School	Central	9,701,069
036	Food Service	Non-School	Central	294,907
<b>Total Expenditures/Disbursements for All Funds</b>				<b>\$ 39,136,000</b>

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

General Fund (Subfund 100s)	\$ 26,907,621
Special Revenue Fund - Special Projects (Subfund 200s, 800s, 900s)	4,206,251
Special Revenue Fund - EIA Fund (Subfund 300s)	1,654,624
Special Revenue Fund - Food Service (Subfund 600s)	1,743,777
Debt Service Fund (Subfund 400s)	50,722
Debt Service Fund - EFC (Subfund 405s)	3,061,775
Capital Projects Fund (Subfund 500s)	422,220
Capital Projects Fund - EFC (Subfund 505s)	5,750
Agency Fund - Pupil Activity (Subfund 700s)	1,083,261
<b>Total Expenditures/Disbursements for All Funds</b>	<b>\$ 39,136,001</b>



**UNION COUNTY SCHOOLS  
SPECIAL REVENUE - SPECIAL PROJECTS  
SUBFUND CODE LIST  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>District Subfund Code</b>	<b>Other Special Revenue Programs Program Name</b>	<b>District Subfund Code</b>	<b>Other Restricted State Grants</b>
202	MEDICAID	914	DIGITAL INSTRUCTION MATERIALS
218	TITLE VI CARRYOVER FROM 12-13	918	COST SAVINGS ALLOCATIONS
224	21ST CENTURY LEARNING	919	APPLE TAGS
251	RURAL & LOW INCOME SCHOOL PROGRAM	926	SUMMER READING CAMP
263	CRSD MODERN RED SCHOOLHOUSE	928	CAREER SPECIALIST
267	IMPROVING TEACHER QUALITY	934	EXCELLENCE IN MIDDLE SCHOOL
282	ROTC	935	READING COACHES
811	PROF MENTALLY DISABLED	936	STUDENT HEALTH & FIT NURSES
812	AGRICULTURE	937	STUDENT HEALTH/FITNESS
813	PPG LOCKHART	955	SNAP-ADULT ED.
820	WALMART GRANT	960	K-5 ENHANCEMENT
821	HANDICAP TRANSPORTATION	963	K-12 TECHNOLOGY INITIATIVE
836	DOLLAR GENERAL EMS	965	DIGITAL INSTR. MATERIALS PROVISO 1.82
846	2011-12 WELDING GRANT-SCC	967	6-8 MIDDLE SCHOOL INITIATIVE
847	WELDING SCC GRANT	990	FIRST STEPS
850	BOEING LEAD THE WAY		
856	NETLEAD MINI-GRANT		
991	SAVE THE CHILDREN		
992	SAVE-THE-CHILDREN FPES		
			<b>Adult Education</b>
		243	ADULT FEDERAL

## SINGLE AUDIT SECTION

The following information is related to the annual single audit including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on internal control and compliance with applicable laws and regulations.

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

## INDEPENDENT AUDITORS' 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 Union County Schools  
Union, 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, each major fund, and the aggregate remaining fund information of Union County Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Union County Schools' basic financial statements, and have issued our report thereon dated October 30, 2015.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union County Schools' 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 Union County Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Union County Schools' 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 Union County Schools' 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  
October 30, 2015

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

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Chairman and Members of  
The Board of Trustees of Union County Schools  
Union, South Carolina

### Report on Compliance for Each Major Federal Program

We have audited Union County Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Union County Schools' major federal programs for the year ended June 30, 2015. Union County Schools' 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Union County Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Example 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 Union County Schools' compliance.

#### Opinion on Each Major Federal Program

In our opinion, Union County Schools 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, 2015.

## Report on Internal Control over Compliance

Management of Union County Schools 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 Union County Schools' 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Union County Schools' 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Columbia, South Carolina  
October 30, 2015

**UNION COUNTY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

LEA Subfund Code	Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Total Expenditures
<b>U.S. Department of Education</b>				
Pass-Through S.C. Department of Education				
201	* Title I Grants to Local Educational Agencies	84.010	H63010100115	\$ 1,245,289
203	* Special Education - Grants to States	84.027A	H463010100914	1,058,799
203	* Special Education - Grants to States	84.027A	H463010100914	1,762
203	* Special Education - Grants to States	84.027	H463010100914	98,160
203	* Special Education - Grants to States	84.027A	H463010100914	276
203	* Special Education - Grants to States	84.027	H463010100914	3,000
205	* Special Education - Preschool Grants	84.173	H63010100815	54,298
207	Career and Technical Education - Basic Grants to States	84.048	H63010107115	66,022
224	Twenty-First Century Community Learning Centers	84.287C	H63010006914	181,467
251	Rural Education	84.358B	H63010007014	58,495
243	Adult Education - Basic Grants to States	84.002	H63010101014	44,222
243	Adult Education - Basic Grants to States	84.002	H63010101014	4,487
263	Improving Teacher Quality State Grants	84.367	H6301000815	21,196
267	Improving Teacher Quality State Grants	84.367	H63010006815	<u>172,718</u>
<b>Total U.S. Department of Education</b>				<u>3,010,191</u>
<b>U.S. Department of Agriculture - Food and Nutrition Services</b>				
Pass-Through S.C. Department of Education				
Food Distribution Cluster:				
600	Commodity Supplemental Food Program	10.565	N/A	140,300
Child Nutrition Cluster:				
600	School Breakfast Program	10.553	N/A	411,281
600	School Lunch Program	10.555	N/A	1,186,718
836	Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	<u>6,371</u>
<b>Total U.S. Department of Agriculture - Food and Nutrition Services</b>				<u>1,744,670</u>
<b>U.S. Department of Agriculture - Forest Services</b>				
Pass-Through S.C. Forestry Commission				
100	Cooperative Forestry Assistance	10.664	N/A	<u>104,568</u>
<b>Total U.S. Department of Agriculture - Forest Services</b>				<u>104,568</u>
<b>U.S. Department of Defense</b>				
Direct Program				
282	ROTC	12.000	N/A	<u>57,731</u>
<b>Total U.S. Department of Defense</b>				<u>57,731</u>
<b>Total Federal Awards Expended</b>				<u>\$ 4,917,160</u>

\*\*Denotes Major Program

**UNION COUNTY SCHOOLS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. BASIS OF PRESENTATION**

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



**UNION COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Part I Summary of Auditors' Results:**

**Financial Statements**

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified?  Yes  No

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

Noncompliance Material to Financial Statements Noted  Yes  No

**Federal Awards**

Internal Control Over Major Federal Programs:

Material Weakness(es) Identified?  Yes  No

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

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

Programs Tested as Major Programs:

<u>Program:</u>	<u>CFDA #:</u>
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster (IDEA)	84.027, 84.173

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \$300,000

Auditee Qualify as Low-Risk Auditee?  Yes  No

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

**UNION COUNTY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

**Part II Findings Related to the Financial Statements**

None

**Findings Related to Federal Awards**

None

**UNION COUNTY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

**2014-1**

*Condition/Effect* - The District's unadjusted financial statements reported material misstatements in certain receivable and liability accounts for the period under audit.

*Current Status* – This condition was not found during the current year audit testing.

**2014-2**

*Condition/Effect* – The District's unadjusted financial statements reported material misstatements in certain cash and investment accounts for the period under audit.

*Current Status* – This condition was not found during the current year audit testing.

**UNION COUNTY SCHOOLS  
CORRECTIVE ACTION PLAN  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

None Noted