

DILLON COUNTY SCHOOL DISTRICT NO. 3
LATTA, SOUTH CAROLINA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FISCAL YEAR ENDED JUNE 30, 2020

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Dillon County School District No. 3
Latta, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dillon County School District No. 3, Latta, South Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dillon County School District No. 3, Latta, South Carolina, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and supplementary pension and other postemployment benefits information on pages 4 through 12 and 61 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements, supplemental schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit

performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 5, 2020

DILLON COUNTY SCHOOL DISTRICT THREE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) FOR YEAR ENDED JUNE 30, 2020

This discussion and analysis of Dillon County School District Three's financial statements will provide readers with an overall review of the District's financial activities and performance for the fiscal year ended June 30, 2020. Readers are encouraged to consider this information in conjunction with the additional information in the District's financial statements and the accompanying notes to those financial statements.

Dillon County School District Three's audit reporting procedures assist in further explaining changes in its financial position and operational results by comparing data of the same content with the prior fiscal year.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the fiscal year ending June 30, 2020 by \$21,699,769 mainly as a reflection of the implementation of GASB Statement No. 68 requiring reporting of \$16,977,075 for the District's proportionate share of the net pension liability and GASB Statement No. 75 requiring reporting of \$13,652,405 for the District's proportionate share of the net OPEB liability.
- The District's total net position decreased \$259,046 which represents an approximate 1% decrease from the fiscal year ending June 30, 2019.
- Revenues totaled \$15,227,135.
- Expenses totaled \$15,486,181.
- In previous years, the District transferred capital assets related to the Ellis Performing Arts Center to the Foundation. The assets are leased back to the District at no cost. While the district is not a legal guarantor, the board adopted a resolution to provide for payment of the Foundation's debt service for the construction loan for the Ellis Performing Arts Center should resources not be available to do so. This amount is reported as an intergovernmental expenditure for year ending June 30, 2020.
- Our principal operating fund, the General Fund, had \$10,710,447 in fiscal year 2020 revenues, which primarily consisted of state aid and property taxes and \$10,882,779 in expenditures. The General Fund's fund balance increased from \$1,442,010 as of June 30, 2019 to \$1,567,397 as of June 30, 2020.
- As of the close of the year, 100% of the District's ending fund balances are available for spending at the District's discretion (unrestricted, unassigned fund balances).

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements (General, Special Revenue, Capital Projects, Proprietary, and Fiduciary), and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business and include the operations of the District and its discretely presented component unit – The Latta Schools Educational Foundation. These statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (government activities) and functions principally supported by user charges (business type activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. The business type activities of the District include Food Services. The government-wide financial statements are included on pages 13 and 14 of the report.

Statement of Net Position: The statement of net position presents information on all of the District's assets and liabilities except for those related to fiduciary funds, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities: The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Fund Financial 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental 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 inflows and outflows 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 the District'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 District'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 this comparison between governmental funds and governmental activities.

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, Special Projects, EIA, and School Building Funds, all of which are considered to be major funds.

Proprietary Funds: Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary fund statements are reported on the accrual basis and include the District's food service fund.

Fiduciary Funds: Fiduciary (Pupil Activity) funds are used to account for resources held for the benefit of students and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds.

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.

Other Information: In addition to the basic financial statements, this report also presents certain required supplementary information for the General Fund demonstrating compliance with the annual appropriated budget, pension related schedules related to GASB 68 implementation, and OPEB related schedules related to GASB 75 implementation.

The District maintains its accounting records in conformity with the South Carolina Department of Education's Financial Accounting Handbook. Combining and individual fund schedules mandated by the South Carolina Department of Education follow the basic financial statements and are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$21,699,769 as of June 30, 2020. This net position is due mainly to the District reporting \$16,977,075 for the proportionate share of the net pension liability as required by GASB No. 68 and also reporting \$13,652,405 for the proportionate share of the net OPEB liability as required by GASB No. 75. Reporting these liabilities may give an appearance of a weaker position on the financial statements.

The District's net investment in capital assets (\$6,255,366) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the District's net position for the fiscal year ended June 30, 2020 as compared to fiscal year ended June 30, 2019.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 2,131,661	3,121,034	\$ 253,823	343,810	\$ 2,385,484	3,464,844
Capital Assets, Net	6,585,536	6,159,836	93,116	98,125	6,678,652	6,257,961
Total Assets	8,717,197	9,280,870	346,939	441,935	9,064,136	9,722,805
Total Deferred Outflows	3,686,087	3,730,604	-0-	-0-	3,686,087	3,730,604
Current Liabilities	492,025	1,614,612	-0-	-0-	492,025	1,614,612
Long-term liabilities	31,678,089	31,814,250	5,304	3,453	31,683,393	31,817,703
Total Liabilities	32,170,114	33,428,862	5,304	3,453	32,175,418	33,432,315
Total Deferred Inflows	2,274,574	1,461,817	-0-	-0-	2,274,574	1,461,817
Net Position:						
Net Investment in Capital Assets	6,162,250	5,692,925	93,116	98,125	6,255,366	5,791,050
Unrestricted	(28,203,654)	(27,572,130)	248,519	340,357	(27,955,135)	(27,231,773)
Total Net Position	\$ (22,041,404)	(21,879,205)	\$ 341,635	438,482	\$ (21,699,769)	(21,440,723)

At the end of the current fiscal year, the District is reporting positive balances in Business-Type Activities of net position while ending with a negative balance in Governmental Activities, reflecting the implementation of GASB Statement No. 68 and GASB Statement No. 75. The District began the year with a negative net position of Governmental Activities of (\$21,879,205) and ended the fiscal year with net position of (\$22,041,404).

The following table presents a comparative summary of the changes in net position for the fiscal year ended June 30, 2020 and for the fiscal year ended June 30, 2019.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
REVENUES:						
Program Revenues:						
Charges for Services	\$ 311,784	320,975	\$ 96,666	120,310	\$ 408,450	441,285
Operating Grants & Contributions	10,176,837	10,171,105	720,799	795,783	10,897,636	10,966,888
Capital Grants & Contributions	780,876	883,262	-0-	-0-	780,876	883,262
General Revenues:						
Property Taxes Levied for Gen Purpose	2,114,384	2,080,929	-0-	-0-	2,114,384	2,080,929
Property Taxes Levied for Debt Service	-0-	113,501	-0-	-0-	-0-	113,501
State Aid	1,022,438	981,285	-0-	-0-	1,022,438	981,285
Unrestricted Investment Earnings	3,286	3,837	65	73	3,351	3,910
Total Revenues	14,409,605	14,554,894	817,530	916,166	15,227,135	15,471,060
EXPENSES:						
Instruction	8,540,104	8,182,939	-0-	-0-	8,540,104	8,182,939
Supporting Services	5,786,331	6,071,135	-0-	-0-	5,786,331	6,071,135
Intergovernmental	131,125	290,430	-0-	-0-	131,125	290,430
Interest & Other Charges	6,352	2,341	-0-	-0-	6,352	2,341
Depreciation – Unallocated	135,438	133,692	-0-	-0-	135,438	133,692
Food Service	-0-	-0-	886,831	892,761	886,831	892,761
Total Expenses	14,599,350	14,680,537	886,831	892,761	15,486,181	15,573,298
Excess before Transfers	(189,745)	(125,643)	(69,301)	23,405	(259,046)	(102,238)
Transfers	27,546	14,284	(27,546)	(14,284)	-0-	-0-
INCREASE/(DECREASE) in Net Position	(162,199)	(111,359)	(96,847)	9,121	(259,046)	(102,238)
Net Position, Beginning	(21,879,205)	(21,767,846)	438,482	429,361	(21,440,723)	(21,338,485)
Net Position, Ending	\$ (22,041,404)	(21,879,205)	\$ 341,635	438,482	\$ (21,699,769)	(21,440,723)

Governmental Activities: The following table presents the cost of the major functional activities: instruction, support services, intergovernmental and interest on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions:

	Total Expenses		Net (Expense) Revenue	
	2020	2019	2020	2019
Instruction	\$ 8,540,104	8,182,939	\$ (1,441,454)	(1,111,615)
Support Services	5,786,331	6,071,135	(1,668,336)	(1,893,698)
Intergovernmental	131,125	290,430	(78,273)	(163,849)
Interest and Other Charges	6,352	2,341	(6,352)	(2,341)
Depreciation (unallocated)	135,438	133,692	(135,438)	(133,692)
Totals	\$ 14,599,350	14,680,537	\$ (3,329,853)	(3,305,195)

- The cost of all governmental activities this year was \$14,599,350.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$11,269,497.
- Net cost of governmental activities (\$3,329,853), was financed by general revenues, which are made up of primarily property taxes \$2,114,384, state aid \$1,022,438 and transfers of \$27,546. Investment earnings accounted for \$3,286 of funding. All of these components contributed to an overall decrease in net position for Governmental activities of \$162,199.
- The net decrease in governmental activities net position of \$162,199 accounts for 63% of the total decrease in the District's net position.

Business-Type Activities: Net position of business-type activities decreased by \$96,847 for the current fiscal year. Operating revenues decreased by \$98,628 from the prior fiscal year as a result of school closures in response to the 2019 Novel Coronavirus (Covid-19) pandemic.

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: The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

In particular, unrestricted fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. Unrestricted, unassigned fund balance represents approximately 14% of total General Fund expenditures.

As of the end of the current fiscal year, the District's governmental funds reported total combined ending fund balances of \$1,567,397, an increase of \$125,387 in comparison with the prior year.

Proprietary Funds: The Proprietary Funds generally provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

The Food Service Fund showed a decrease in net position of \$96,847. The balance of net position on June 30, 2020 was \$341,635. The balance on June 30, 2019 was \$438,482. Other factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activities.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: As of June 30, 2020, the District has invested \$6,585,536 (net of accumulated depreciation) in capital assets, including land, school buildings and facilities, vehicles, and instructional and maintenance equipment of governmental activities. This represents a net \$425,700 increase from the prior year, primarily a result of school improvements and equipment. Total depreciation expense for the year was \$372,381.

In previous years, the District transferred capital assets related to the Ellis Performing Arts Center to its discretely presented component unit – The Latta Schools Educational Foundation. The assets are leased back to the District at no cost. While the district is not a legal guarantor, the board adopted a resolution to provide for payment of the Foundation’s debt service for the construction loan for the Ellis Performing Arts Center should resources not be available to do so. This amount is reported as an intergovernmental expenditure. During the current year, the district paid \$194,285 on the Foundation’s debt and does not expect to recover this amount.

The following schedule presents capital asset balances for governmental activities, net of depreciation, for the fiscal year ended June 30, 2020:

	Amount	
	2020	2019
Land	\$ 179,630	179,630
Construction in Progress	-0-	466,139
Buildings	3,238,076	2,727,720
Improvements	3,021,314	2,672,693
Vehicles	-0-	81
Equipment	146,516	113,573
Total Assets	\$ 6,585,536	6,159,836

The net capital assets ending balance for business-type activities is \$93,116 reflecting a decrease of \$5,009 from the prior year. Depreciation expense for the year was \$14,944. Additional information on the District’s capital assets and commitments can be found in Note 4 of this report.

Long-Term Debt: The following table presents a summary of the District’s total outstanding long-term debt for the fiscal year ended June 30, 2020:

	Beginning Balance	Addition	Reduction	Ending Balance	Due Within One Year
Notes Payable	\$ 466,911	-0-	(43,625)	\$ 423,286	\$ 44,280
Total Long-Term Debt	\$ 466,911	-0-	(43,625)	\$ 423,286	\$ 44,280

During the year ending June 2018, the District entered into an agreement for a ConserFund Revolving Loan/Grant Program to be used for energy improvements in the District. The agreement requires that 70% of the total project costs (\$466,911) be repaid by the District in the form of a loan. Annual installments of principal and interest began in the current year and continue through July 1, 2028. The outstanding balance of this loan at June 30, 2020 was \$423,286.

Under current state statutes, the District can issue general obligation debt without referendum whenever the new debt and outstanding balances of existing debt do not exceed 8% of taxable assessed values on property located within the district.

More detailed information about the District's debt obligations, future debt service requirements, and other long-term liabilities such as compensated absences, net pension and OPEB liabilities, and debt guarantee can be found in Note 5 of this report.

BUDGETARY HIGHLIGHTS

Our General Fund budget preparing process for fiscal year 2020 continues to include estimating local tax revenue using 135-day average daily student membership and state revenue based on the state proposed base student count. As in past years, efforts were maintained in striving to obtain local and state grants to compensate for many of the budgeted expenditure items.

During the current fiscal year, there were no changes made to the original adopted budget. Revenues exceeded budgetary estimates primarily due to the receipt of local and intergovernmental funding that were not anticipated in the original budget. Actual expenditures were \$123,828 less than budgetary appropriations primarily for decreased costs of various instructional and supporting service expenditures. A schedule showing the original General Fund budgeted and actual expenditure functions is provided in the report as required supplementary information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District presented a balanced budget for fiscal year 2020-21 to the County Board of Education. The 2020-21 budget again focuses on maintaining high educational standards and continuing to improve student achievement with continuation of the International Baccalaureate program and the Montessori program. With the declaration of the 2019 Novel Coronavirus (Covid-19) as a pandemic in March 2020, actions to mitigate the spread have resulted in economic challenges globally, nationally and locally. With the revenue forecast uncertain, the state government and public schools are operating on a continuing budget resolution and step increases for applicable employees are currently suspended.

While the full financial effect of the pandemic is unknown, the District is maintaining budgeted expenditure reductions in various supporting areas. As our growth in number of students has leveled off, use of the district reserve fund has aided in compensating for decreases in revenue along with raised tuition fees for out of district students. The District will continue in its efforts to obtain grants that can be utilized to compensate for certain budgeted expenditure items.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Office of the Finance Director, Dillon County School District Three, 205 King Street, Latta, South Carolina 29565.

BASIC FINANCIAL STATEMENTS

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	
ASSETS				
Cash	\$ -	\$ 386,828	\$ 386,828	\$ 294,751
Taxes Receivable (Net of Allowance)	275,820	-	275,820	-
Due From County Treasurer	1,117,020	-	1,117,020	-
Due From Other Governments	581,671	-	581,671	-
Pledges Receivable (Net of Allowance)	-	-	-	9,638
Due From Primary Government	-	-	-	4,600
Other Receivables	2,632	-	2,632	-
Internal Balances	154,518	(154,518)	-	-
Inventories	-	21,513	21,513	-
Capital Assets (Net of Accumulated Depreciation):				
Land (Non-Depreciable)	179,630	-	179,630	308,260
Buildings	3,238,076	-	3,238,076	3,312,081
Improvements	3,021,314	-	3,021,314	-
Equipment	146,516	93,116	239,632	144,215
TOTAL ASSETS	\$ 8,717,197	\$ 346,939	\$ 9,064,136	\$ 4,073,545
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension & OPEB	\$ 3,686,087	\$ -	\$ 3,686,087	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 3,686,087	\$ -	\$ 3,686,087	\$ -
LIABILITIES				
Accounts Payable	\$ 44,294	\$ -	\$ 44,294	\$ -
Accrued Payroll Liabilities	89,658	-	89,658	-
Accrued Interest Payable	6,332	-	6,332	7,323
Due To Component Unit	4,600	-	4,600	-
Due To State Department of Education	5,426	-	5,426	-
Unearned Grant Revenues	341,715	-	341,715	-
Noncurrent Liabilities:				
Due Within One Year	258,300	2,467	260,767	167,846
Due In More Than One Year	31,419,789	2,837	31,422,626	361,701
TOTAL LIABILITIES	\$ 32,170,114	\$ 5,304	\$ 32,175,418	\$ 536,870
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension & OPEB	\$ 2,274,574	\$ -	\$ 2,274,574	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,274,574	\$ -	\$ 2,274,574	\$ -
NET POSITION				
Net Investment in Capital Assets	\$ 6,162,250	\$ 93,116	\$ 6,255,366	\$ 3,445,722
Restricted for Capital Projects	-	-	-	30,122
Restricted for Scholarships	-	-	-	94,994
Restricted for Special Programs	-	-	-	5,051
Unrestricted	(28,203,654)	248,519	(27,955,135)	(39,214)
TOTAL NET POSITION	\$ (22,041,404)	\$ 341,635	\$ (21,699,769)	\$ 3,536,675

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Governmental Activities:								
Instruction	\$ 8,540,104	\$ 139,074	\$ 6,909,343	\$ 50,233	\$ (1,441,454)	\$ -	\$ (1,441,454)	\$ -
Supporting Services	5,786,331	139,858	3,257,494	720,643	(1,668,336)	-	(1,668,336)	-
Intergovernmental	131,125	32,852	10,000	10,000	(78,273)	-	(78,273)	-
Interest and Other Charges	6,352	-	-	-	(6,352)	-	(6,352)	-
Depreciation - Unallocated*	135,438	-	-	-	(135,438)	-	(135,438)	-
Total Governmental Activities	\$ 14,599,350	\$ 311,784	\$ 10,176,837	\$ 780,876	\$ (3,329,853)	\$ -	\$ (3,329,853)	\$ -
Business-Type Activities:								
Food Service	\$ 886,831	\$ 96,666	\$ 720,799	\$ -	\$ -	\$ (69,366)	\$ (69,366)	\$ -
Total Business-Type Activities	\$ 886,831	\$ 96,666	\$ 720,799	\$ -	\$ -	\$ (69,366)	\$ (69,366)	\$ -
TOTAL PRIMARY GOVERNMENT	\$ 15,486,181	\$ 408,450	\$ 10,897,636	\$ 780,876	\$ (3,329,853)	\$ (69,366)	\$ (3,399,219)	\$ -
COMPONENT UNIT								
Educational Foundation	\$ 225,849	\$ 229	\$ 48,000	\$ 197,785	\$ -	\$ -	\$ -	\$ 20,165
General Revenues:								
Property Taxes, Levied for General Purposes					\$ 2,114,384	\$ -	\$ 2,114,384	\$ -
State Aid Not Restricted to Specific Programs					1,022,438	-	1,022,438	-
Unrestricted Contributions					-	-	-	32,255
Unrestricted Investment Earnings					3,286	65	3,351	551
Transfers					27,546	(27,546)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					\$ 3,167,654	\$ (27,481)	\$ 3,140,173	\$ 32,806
CHANGE IN NET POSITION					\$ (162,199)	\$ (96,847)	\$ (259,046)	\$ 52,971
NET POSITION BEGINNING OF YEAR					(21,879,205)	438,482	(21,440,723)	3,483,704
NET POSITION END OF YEAR					\$ (22,041,404)	\$ 341,635	\$ (21,699,769)	\$ 3,536,675

* Excludes depreciation of \$236,943 that is included in the direct expenses of the various functions.

The accompanying notes are an integral part of these financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	GENERAL
ASSETS	
Taxes Receivable (Net of Allowance for Uncollectibles)	\$ 275,820
Due From County Treasurer	1,117,020
Due From Other Funds	375,277
Due From State Department of Education	16,403
Due From State Government	-
Other Receivables	-
	-
TOTAL ASSETS	\$ 1,784,520
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities	
Accounts Payable	\$ 44,294
Due To Component Unit	4,600
Due To Other Funds	-
Due To State Department of Education	-
Accrued Payroll Liabilities	89,658
Unearned Grant Revenues	-
	-
Total Liabilities	\$ 138,552
Deferred Inflows of Resources	
Unavailable Property Taxes	\$ 78,571
	78,571
Total Deferred Inflows of Resources	\$ 78,571
Fund Balances	
Unassigned	\$ 1,567,397
	1,567,397
Total Fund Balances	\$ 1,567,397
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,784,520

The accompanying notes are an integral part of these financial statements.

<u>SPECIAL PROJECTS</u>	<u>EDUCATION IMPROVEMENT ACT</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ -	\$ -	\$ -	\$ 275,820
-	-	-	1,117,020
-	-	-	375,277
481,373	40,835	-	538,611
-	-	43,060	43,060
-	2,632	-	2,632
<u>\$ 481,373</u>	<u>\$ 43,467</u>	<u>\$ 43,060</u>	<u>\$ 2,352,420</u>
\$ -	\$ -	\$ -	\$ 44,294
-	-	-	4,600
149,197	28,502	43,060	220,759
5,426	-	-	5,426
-	-	-	89,658
326,750	14,965	-	341,715
<u>\$ 481,373</u>	<u>\$ 43,467</u>	<u>\$ 43,060</u>	<u>\$ 706,452</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,571</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,571</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,567,397</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,567,397</u>
<u>\$ 481,373</u>	<u>\$ 43,467</u>	<u>\$ 43,060</u>	<u>\$ 2,352,420</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2020**

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

Ending fund balances - governmental funds balance sheet	\$	1,567,397
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,585,536
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recognized as revenues in the funds.		78,571
Long-term liabilities, including items such as general obligation bonds payable, notes payable, capital leases, net pension and OPEB liabilities, compensated absences, and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(30,272,908)</u>
Net position of governmental activities	\$	<u><u>(22,041,404)</u></u>

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2020

	<u>GENERAL</u>
REVENUES	
Local	\$ 2,289,182
State	7,906,322
Federal	-
Intergovernmental	<u>514,943</u>
TOTAL REVENUES	\$ <u>10,710,447</u>
EXPENDITURES	
Current	
Instruction	\$ 5,924,434
Supporting Services	4,642,564
Intergovernmental Expenditures	237,910
Debt Service	
Principal	43,625
Interest and Fiscal Agent Fees	7,004
Capital Outlay	<u>27,242</u>
TOTAL EXPENDITURES	\$ <u>10,882,779</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (172,332)</u>
OTHER FINANCING SOURCES (USES)	
Transfers From Other Funds	\$ 393,893
Transfers To Other Funds	<u>(96,174)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>297,719</u>
Net Change in Fund Balances	\$ 125,387
FUND BALANCES BEGINNING OF YEAR	<u>1,442,010</u>
FUND BALANCES END OF YEAR	\$ <u><u>1,567,397</u></u>

The accompanying notes are an integral part of these financial statements.

<u>SPECIAL PROJECTS</u>	<u>EDUCATION IMPROVEMENT ACT</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 142,321	\$ -	\$ -	\$ 2,431,503
635,361	1,564,282	1,018	10,106,983
1,349,825	-	-	1,349,825
-	-	-	514,943
<u>2,127,507</u>	<u>1,564,282</u>	<u>1,018</u>	<u>14,403,254</u>
\$ 1,219,970	\$ 562,999	\$ -	\$ 7,707,403
614,584	8,412	17,456	5,283,016
129,619	20,000	-	387,529
-	-	-	43,625
-	-	-	7,004
<u>163,334</u>	<u>606,524</u>	<u>79,736</u>	<u>876,836</u>
<u>2,127,507</u>	<u>1,197,935</u>	<u>97,192</u>	<u>14,305,413</u>
\$ -	\$ 366,347	\$ (96,174)	\$ 97,841
\$ -	\$ -	\$ 96,174	\$ 490,067
-	(366,347)	-	(462,521)
<u>-</u>	<u>(366,347)</u>	<u>96,174</u>	<u>27,546</u>
\$ -	\$ -	\$ -	\$ 125,387
-	-	-	1,442,010
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,567,397</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

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

Net change in fund balances - total governmental funds	\$	125,387
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		425,700
Revenues in the statement of activities that will not be collected for several months after year end and do not provide for current financial resources, are not reported as revenues in the funds.		7,175
The issuance of long-term debt (e.g. general obligation bonds, notes, and leases) provide 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. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		203,262
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(923,723)</u>
Change in net position of governmental activities	\$	<u><u>(162,199)</u></u>

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
ASSETS	
Current Assets:	
Cash	\$ 386,828
Inventories	21,513
Total Current Assets	<u>\$ 408,341</u>
Noncurrent Assets:	
Equipment	\$ 272,459
Less: Accumulated Depreciation	<u>(179,343)</u>
Total Noncurrent Assets	<u>\$ 93,116</u>
TOTAL ASSETS	<u>\$ 501,457</u>
LIABILITIES	
Current Liabilities:	
Compensated Absences	\$ 2,467
Due to Other Funds	154,518
Total Current Liabilities	<u>\$ 156,985</u>
Noncurrent Liabilities:	
Compensated Absences	\$ 2,837
Total Noncurrent Liabilities	<u>\$ 2,837</u>
TOTAL LIABILITIES	<u>\$ 159,822</u>
NET POSITION	
Investment in Capital Assets	\$ 93,116
Unrestricted	<u>248,519</u>
TOTAL NET POSITION	<u><u>\$ 341,635</u></u>

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
OPERATING REVENUES	
Proceeds from Sales of Meals	\$ <u>92,981</u>
TOTAL OPERATING REVENUES	\$ <u>92,981</u>
OPERATING EXPENSES	
Food Costs	\$ 444,481
Salaries and Employee Benefits	337,411
Utilities	2,108
Depreciation	14,944
Supplies and Materials	50,710
Other Operating Costs	<u>37,177</u>
TOTAL OPERATING EXPENSES	\$ <u>886,831</u>
Operating Income (Loss)	\$ <u>(793,850)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest	\$ 65
USDA Reimbursements	663,247
Commodities Received from USDA	57,552
Miscellaneous Revenues	<u>3,685</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ <u>724,549</u>
Income (Loss) Before Transfers	\$ (69,301)
TRANSFERS IN (OUT)	\$ <u>(27,546)</u>
Change in Net Position	\$ (96,847)
NET POSITION BEGINNING OF YEAR	<u>438,482</u>
NET POSITION END OF YEAR	<u><u>341,635</u></u>

The accompanying notes are an integral part of these financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Patrons	\$ 92,981
Payments to Suppliers for Goods and Services	(447,659)
Payments to Employees for Services	<u>(337,411)</u>
Net Cash Provided (Used) By Operating Activities	\$ <u>(692,089)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Federal Reimbursements	\$ 663,247
Other Miscellaneous Receipts	3,685
Transfers to Other Funds	<u>(27,546)</u>
Net Cash Provided (Used) By Non-Capital Financing Activities	\$ <u>639,386</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	\$ <u>(9,935)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	\$ <u>(9,935)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	\$ <u>65</u>
Net Cash Provided (Used) By Investing Activities	\$ <u>65</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (62,573)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>449,401</u>
CASH AND CASH EQUIVALENTS END OF YEAR	\$ <u><u>386,828</u></u>

The accompanying notes are an integral part of these financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (793,850)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Depreciation	14,944
Non-Cash Commodities Used	57,552
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventory	(14,488)
Increase (Decrease) in Due To/From Other Funds	41,902
Increase (Decrease) in Compensated Absences	1,851
Net Cash Provided (Used) By Operating Activities	\$ <u>(692,089)</u>
 Supplemental Non-Cash Financing and Investing Information:	
Non-Cash Commodities Received from USDA	\$ <u>57,552</u>

The accompanying notes are an integral part of these financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

		<u>AGENCY FUND</u>
ASSETS		
Cash and Cash Equivalents	\$	83,616
Accounts Receivable		16
		<u> </u>
TOTAL ASSETS	\$	<u>83,632</u>
LIABILITIES		
Accounts Payable	\$	383
Due To Third Parties		83,249
		<u> </u>
TOTAL LIABILITIES	\$	<u>83,632</u>
NET POSITION	\$	<u><u> </u></u>

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dillon County School District No. 3 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The District is a Local Education Agency empowered by State law with the responsibility to oversee and control activities related to public school education in a portion of Dillon County, South Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity. The District operates under the direction of a board of trustees appointed by the Dillon County Board of Trustees. Each trustee serves a term of three years. Upon completion of this term, the trustee continues to serve until a replacement is appointed by the Dillon County Board of Trustees. A Superintendent, hired by the Board, serves as the chief administrative officer of the District.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading.

Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the primary government. Disclosures in the notes to the financial statements are applicable to both the District and its component unit unless otherwise indicated.

Discretely Presented Component Unit: The Latta Schools Educational Foundation, Inc. (the Foundation) is a not-for-profit 501 (c) (3) organization incorporated for the purpose of cultivating resources to improve the educational environment in the District. Because the District is financially accountable for the Foundation and because the nature and significance of the relationship between the District and the Foundation is such that exclusion of the Foundation would cause the District's basic financial statements to be misleading, the financial statements of the Foundation are included with those of the District. Separate financial statements for the Foundation are not issued.

Government-Wide and Fund Financial Statements

The financial statement presentation for the District meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related amendments, pronouncements, and interpretations.

This financial statement presentation provides a comprehensive, entity-wide perspective of the District's net position, revenues, expenses and changes in net position and cash flows that replaces the fund-group perspective previously required and provides for the inclusion of Management's Discussion and Analysis as required supplementary information.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The South Carolina State Department of Education (SDE) regulations require that component units discretely presented in the basic financial statements be blended with the District balances in the supplementary schedules. If this presentation format were followed, the amounts reported as revenues, expenditures and changes in fund balances for the General Fund in the supplementary schedules would not agree to the amounts reported as revenues, expenditures and changes in fund balances for the General Fund in the basic financial statements. The District has not prepared the supplemental schedules in accordance with SDE requirements as the District does not believe that this presentation is consistent with generally accepted accounting principles. Separate schedules for the component unit have been provided in the supplementary information to assist in providing this information to the SDE.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District, as a whole, and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities.

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues.

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Each major fund is determined in accordance with criteria established by the Governmental Accounting Standards Board. All non-major funds are aggregated and reported in a single column of the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other items are considered to be measurable and available only when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for food sales and services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The focus of proprietary fund measurement focus is upon determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are similar to businesses operating in the private sector, where fees are charged to external users for goods and services provided.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to finance activities or obligations of the District, these funds are not incorporated into the government-wide statements. These funds are, however, reported in the fund financial statements.

The District utilizes the following governmental funds:

General Fund: The general fund is the primary operating fund of the District. The general fund accounts for all financial resources, except those that are required to be reported in another fund.

Special Revenue Fund - Special Projects Fund: Accounts for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes.

Special Revenue Fund - Education Improvement Act Fund: Accounts for the proceeds of the additional one percent sales and use tax that are restricted to expenditures for the Education Improvement Act strategies.

Capital Projects Fund - School Building Fund: Accounts for major capital expenditures other than the acquisition of machinery, furniture, and vehicles which is usually accounted for in the fund responsible for financing the expenditures.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District utilizes the following proprietary fund:

Enterprise Fund - Food Service Fund: Accounts for the operations of the breakfast and lunch food service programs within the District.

The District utilizes the following fiduciary fund:

Agency Fund - Pupil Activity Fund: Reports resources held by the District in a custodial capacity for students and student organizations.

The District reports the General Fund, Special Revenue - Special Projects Fund, Special Revenue - Education Improvement Act Fund, and Capital Projects - School Building Fund as major governmental funds. The District reports the Enterprise - Food Service Fund as a major proprietary fund.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues, expenditures/expenses, and other sources and uses recognized during the reporting period. Actual results could differ from those amounts.

Deposits and Investments

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

State statutes authorize the District to invest in obligations of the United States and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal depository insurance, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

Receivables

All receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Such allowances are estimated based upon such factors as length of delinquency, historical analysis, and available means for collection enforcement.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion) or "advances to/from other funds" (i.e., the non-current portion). All other outstanding balances between funds are reported as "due to/from other funds". Interfund receivables and payables are eliminated in the government-wide financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories and Prepaid Items

Inventory in the food service fund consists of food and supplies held for resale. Inventories are valued at cost using the first-in/first-out (FIFO) method except for commodities received from the United States Department of Agriculture which are stated at values assigned by the USDA.

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, including the discretely presented component unit, as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All assets of the Food Service fund are capitalized, regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant, and equipment of the District and the discretely presented component unit is depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings	10 - 50
Improvements	10 - 50
Vehicles	3 - 10
Equipment	3 - 12

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function. Depreciation for capital assets that serve essentially all functions is included in the statement of activities as a separate line item “depreciation - unallocated.”

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

It is the District's policy to permit employees hired prior to July 1, 2012 to accumulate earned but unused vacation. All vacation pay and salary related expenses are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service.

A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Employees can earn up to 45 vacation days. The portion of time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF) and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the plans. For this purpose, the SCRHITF and the SCLTDITF plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position/Fund Balances

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

Net Investment in Capital Assets: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included.

Restricted Net Position: This represents resources in which the District is legally or contractually obligated to spend in accordance with restrictions externally imposed by third parties or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Any remaining balance of net position is reported as unrestricted, including management designations.

In the governmental fund financial statements, equity is classified as fund balance. The following classifications describe the relative strength of spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance: Consists of amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance: Consists of amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance: Consists of amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned Fund Balance: Consists of amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance: Consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for a specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

Property taxes are assessed and collected under a joint billing and collection agreement with Dillon County. Property taxes are levied each October (except for vehicles which are annually assessed on the first day of the month the automobiles are registered) on the assessed value listed as of the prior January 1st for all real and personal property located in the County. The tax levy is considered due upon receipt by the taxpayer, however, the actual due date is January 15th. All unpaid taxes become delinquent on January 16th of the following year and are put into execution on March 15th. Vehicle taxes are levied monthly and are due within the period they are levied. Taxes collected by the County Treasurer are held for the Dillon County Board of Education. The County Board then distributes the funds for current operations to the three school districts in the county. Property taxes are recognized under the standards established by GASB Statement No. 33 for imposed nonexchange revenues.

Nonexchange Transactions

The standards established by GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*", provide accounting and reporting for the following four categories of nonexchange transactions: 1) Derived tax revenues, 2) Imposed nonexchange revenues, 3) Government-mandated nonexchange transactions, and 4) Voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from derived tax revenues are recognized when the underlying exchange has occurred or when the resources are received, whichever first. Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available.

Assets, liabilities, revenues, and expenditures from government-mandated and voluntary nonexchange transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as unearned revenues. Eligibility requirements can include one or more of the following:

1. The recipient has the characteristics specified by the provider.
2. Time requirements specified by the provider have been met.
3. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
4. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

NOTE 2 - DEPOSITS AND INVESTMENTS

Primary Government

At year end, the District's carrying amount of deposits was \$470,444 and the corresponding bank balance was \$497,178.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a formal policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2020, \$143,864 of the District's bank balances of \$497,178 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (continue)

Cash with Fiscal Agent - The County Treasurer's Office collects the District's taxes, as well as certain federal and state revenues. The County Treasurer holds the District's monies until the District submits a claim voucher. At year end the County Treasurer was responsible for \$1,117,020.

Component Unit

At year end, the Foundation's carrying amount of deposits was \$294,751 and the corresponding bank balance was \$264,751. None of the Foundation's bank balance at June 30, 2020 was exposed to custodial credit risk as defined above.

NOTE 3 – RECEIVABLES

Primary Government

Receivables as of the year end for individual major and nonmajor governmental funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Projects</u>	<u>EIA</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:					
Taxes	\$ 301,279	\$ -	\$ -	\$ -	\$ 301,279
State and Federal Grants	16,403	481,373	40,835	43,060	581,671
Other Receivables	<u>-</u>	<u>-</u>	<u>2,632</u>	<u>-</u>	<u>2,632</u>
Gross Receivables	\$ 317,682	\$ 481,373	\$ 43,467	\$ 43,060	\$ 885,582
Less: Allowance for Uncollectible Taxes	<u>(25,459)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,459)</u>
Net Receivables	<u>\$ 292,223</u>	<u>\$ 481,373</u>	<u>\$ 43,467</u>	<u>\$ 43,060</u>	<u>\$ 860,123</u>

Component Unit

Receivables for the Foundation at year end consisted primarily of pledges receivable. Receivables, including allowances for uncollectible amounts are as follows. Collections expected to be received beyond 60 days after year end have been recorded as deferred inflows of resources in the amount of \$9,317.

Pledges Receivable	\$ 25,050
Less: Allowance for Uncollectible Amounts	<u>(15,412)</u>
Totals	<u>\$ 9,638</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – RECEIVABLES (continued)

The following schedule lists pledges receivable by year.

Year Ended June 30	Pledges Receivable
2021	\$ 3,775
2022	3,213
2023	2,150
2024	500
Totals	\$ <u>9,638</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 179,630	\$ -	\$ -	\$ 179,630
Construction in Progress	466,139	704,445	(1,170,584)	-
Total Capital Assets, not Being Depreciated	\$ 645,769	\$ 704,445	\$ (1,170,584)	\$ 179,630
Capital Assets, Being Depreciated:				
Buildings	\$ 7,748,597	\$ -	\$ -	\$ 7,748,597
Improvements	5,033,620	1,198,184	-	6,231,804
Vehicles	280,949	-	-	280,949
Support Equipment	123,126	-	-	123,126
Instructional Equipment	483,950	51,058	-	535,008
Maintenance Equipment	129,700	14,978	-	144,678
Total Capital Assets, Being Depreciated	\$ 13,799,942	\$ 1,264,220	\$ -	\$ 15,064,162
Less Accumulated Depreciation for:				
Buildings	\$ (4,381,147)	\$ (129,374)	\$ -	\$ (4,510,521)
Improvements	(3,000,657)	(209,833)	-	(3,210,490)
Vehicles	(280,868)	(81)	-	(280,949)
Support Equipment	(88,032)	(8,288)	-	(96,320)
Instructional Equipment	(408,720)	(23,309)	-	(432,029)
Maintenance Equipment	(126,451)	(1,496)	-	(127,947)
Total Accumulated Depreciation	\$ (8,285,875)	\$ (372,381)	\$ -	\$ (8,658,256)
Total Capital Assets, Being Depreciated, Net	\$ 5,514,067	\$ 891,839	\$ -	\$ 6,405,906
Governmental Activities Capital Assets, Net	\$ 6,159,836	\$ 1,596,284	\$ (1,170,584)	\$ 6,585,536

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government:				
Business-Type Activies:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 262,523	\$ 9,935	\$ -	\$ 272,458
Total Capital Assets, Being Depreciated	<u>\$ 262,523</u>	<u>\$ 9,935</u>	<u>\$ -</u>	<u>\$ 272,458</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	\$ (164,398)	\$ (14,944)	\$ -	\$ (179,342)
Total Accumulated Depreciation	<u>\$ (164,398)</u>	<u>\$ (14,944)</u>	<u>\$ -</u>	<u>\$ (179,342)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 98,125</u>	<u>\$ (5,009)</u>	<u>\$ -</u>	<u>\$ 93,116</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 98,125</u></u>	<u><u>\$ (5,009)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 93,116</u></u>
Component Unit:				
Capital Assets, not Being Depreciated:				
Land	\$ 308,260	\$ -	\$ -	\$ 308,260
Total Capital Assets, not Being Depreciated	<u>\$ 308,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,260</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 3,830,539	\$ -	\$ -	\$ 3,830,539
Equipment and Furnishings	<u>391,611</u>	<u>-</u>	<u>-</u>	<u>391,611</u>
Total Capital Assets, Being Depreciated	<u>\$ 4,222,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,222,150</u>
Less Accumulated Depreciation for:				
Buildings	\$ (441,638)	\$ (76,820)	\$ -	\$ (518,458)
Equipment and Furnishings	<u>(208,127)</u>	<u>(39,269)</u>	<u>-</u>	<u>(247,396)</u>
Total Accumulated Depreciation	<u>\$ (649,765)</u>	<u>\$ (116,089)</u>	<u>\$ -</u>	<u>\$ (765,854)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 3,572,385</u>	<u>\$ (116,089)</u>	<u>\$ -</u>	<u>\$ 3,456,296</u>
Total Capital Assets, Net	<u><u>\$ 3,880,645</u></u>	<u><u>\$ (116,089)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,764,556</u></u>

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DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government:

Governmental Activities:

Instruction	\$ 195,548
Supporting Services	41,395
Unallocated	<u>135,438</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 372,381</u></u>

Business-Type Activities:

Food Service	\$ <u>14,944</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 14,944</u></u>

Component Unit:

Supporting Services	\$ <u>116,089</u>
Total Depreciation Expense - Component Unit	<u><u>\$ 116,089</u></u>

In previous years, the District transferred capital assets (construction costs) related to the Ellis Performing Arts Center to the Foundation. The assets are leased back to the District at no cost.

NOTE 5 - LONG-TERM LIABILITIES

Primary Government

Notes Payable

The District entered into a direct borrowing agreement during the year ended June 30, 2017 for a ConserFund Revolving Loan/Grant Program to be used for energy improvements in the District. Approved project costs per the agreement were \$667,016. The agreement requires that 70% of the maximum approved project costs (\$466,911) be repaid by the District in the form of a loan. Annual installments of principal and interest of \$50,629 are due beginning July 1, 2019 through July 1, 2028. The loan may be prepaid in whole or in part, based on the annual installment amount, at any time without penalty. In the event of default, the lender may require immediate payment of the entire unpaid balance, as well as all accrued interest, without presentment, demand, protest, or notice of any kind. Should the District fail to use the loan proceeds for the agreed upon purposes, they will be in default. In addition, upon default the entire principal remaining unpaid shall bear interest at a rate of the lesser of one (1%) percent per annum above the rate otherwise in effect or the highest applicable lawful rate.

Outstanding direct borrowing notes payable at June 30, 2020, are as follows:

Date of Issue	Interest Rate	Maturity	Original Issue	Outstanding June 30, 2020
2018	1.50%	July 1, 2028	\$ <u>466,911</u> \$	<u>423,286</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (continued)

Annual debt service requirements to maturity for the note payable are as follows:

Year Ended June 30	Direct Borrowings		
	Principal	Interest	Total
2021	\$ 44,280	\$ 6,349	\$ 50,629
2022	44,944	5,685	50,629
2023	45,618	5,011	50,629
2024	46,302	4,327	50,629
2025	46,997	3,632	50,629
2026-2029	195,145	7,372	202,517
Totals	\$ 423,286	\$ 32,376	\$ 455,662

The following is a summary of changes in long-term obligations and balances of the District for June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowing Notes Payable	\$ 466,911	\$ -	\$ (43,625)	\$ 423,286	\$ 44,280
Net Pension Liability	17,327,864	3,037,547	(3,388,336)	16,977,075	-
Net OPEB Liability	13,257,021	3,187,167	(2,791,783)	13,652,405	-
Debt Guarantee	689,184	-	(159,637)	529,547	167,846
Compensated Absences	73,270	57,903	(35,397)	95,776	46,174
Totals	\$ 31,814,250	\$ 6,282,617	\$ (6,418,778)	\$ 31,678,089	\$ 258,300
Business-Type Activities:					
Compensated Absences	\$ 3,453	\$ 4,317	\$ (2,466)	\$ 5,304	\$ 2,467
Totals	\$ 3,453	\$ 4,317	\$ (2,466)	\$ 5,304	\$ 2,467

For governmental activities, the general and special revenue funds typically liquidate other long-term liabilities.

Component Unit

Notes Payable

On March 20, 2013, the Foundation obtained a direct borrowing loan in the amount of \$1,500,000 to finance the completion of the Ellis Performing Arts Center. This building is pledged as collateral for the debt. Repayment of the loan is being made in annual installments of \$194,285 beginning March 20, 2014 through March 20, 2023. Outstanding direct borrowing notes payable of the Foundation at June 30, 2020, are as follows:

Date of Issue	Interest Rate	Maturity	Original Issue	Outstanding June 30, 2020
2013	5.00%	March 20, 2023	\$ 1,500,000	\$ 529,547

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (continued)

Annual debt service requirements to maturity for the note payable are as follows:

Year Ended June 30	Direct Borrowings		
	Principal	Interest	Total
2021	\$ 167,846	\$ 26,439	\$ 194,285
2022	176,238	18,047	194,285
2023	185,463	8,822	194,285
Totals	\$ 529,547	\$ 53,308	\$ 582,855

The following is a summary of changes in long-term obligations and balances of the Foundation for June 30, 2020:

Component Unit:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowing Notes Payable	\$ 689,184	\$ -	\$ (159,637)	\$ 529,547	\$ 167,846
Totals	\$ 689,184	\$ -	\$ (159,637)	\$ 529,547	\$ 167,846

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2020, interfund receivables and payables resulting from various interfund transactions were as follows. All balances are expected to be repaid within the following year.

	Due From Other Funds	Due To Other Funds
General Fund	\$ 375,277	\$ -
Special Projects	-	149,197
EIA	-	28,502
School Building Fund	-	43,060
Food Service Fund	-	154,518
Total	\$ 375,277	\$ 375,277

Transfers are used to move certain revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including indirect cost allocations. A schedule of transfers is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 393,893	\$ 96,174
EIA	-	366,347
School Building Fund	96,174	-
Food Service Fund	-	27,546
Total	\$ 490,067	\$ 490,067

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), which collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered through South Carolina Public Employment Benefit Authority (PEBA), Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorized the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local government entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2020 was 6.25%. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer’s active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer’s contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include mandatory transfers of accumulated PEBA, Insurance Benefits’ reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2020. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers recognize revenue in an amount equal to the employer’s proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers classify this revenue in the same manner as it classifies grants from other entities.

The District’s proportionate share of appropriated funds was \$96,767 and is reported as revenues from a contribution made by a non-employer contributing entity.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Contributions to the OPEB plans from the District were as follows for the year ended June 30, 2020:

SCRHITF	\$	503,022
SCLTDITF	\$	6,492

The District also recorded fringe benefit expenses for insurance benefits for active employees in the amount of \$1,335,778 for the year ended June 30, 2020.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the District reported a liability of \$13,652,405 for its proportionate share of the net OPEB liability, of which \$13,650,695 was for SCRHITF and \$1,710 was for SCLTDITF. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 that was projected forward to the measurement date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participants, actuarially determined. The District's proportionate share at June 30, 2020 was .090273% for SCRHITF which was a .003261% decrease from its proportionate share at June 30, 2019. The District's proportionate share at June 30, 2020 was .086864% for SCLTDITF which was a .001356% decrease from its proportionate share at June 30, 2019.

For the year ended June 30, 2020, the District recognized OPEB expense of \$825,658, of which \$818,556 was for SCRHITF and \$7,102 was for SCLTDITF.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the SCRHITF OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment experience	\$ 15,968	\$ -
Differences between expected and actual experience	160,740	443,721
Assumption changes	922,785	864,832
Changes in proportionate share and differences between employer contributions and proportionate share of total plan contributions	175,348	333,526
District contributions subsequent to the measurement date	503,022	-
Total	\$ 1,777,863	\$ 1,642,079

District contributions to the SCRHITF subsequent of the measurement date of \$503,022 reported as deferred outflows will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30:	
2021	\$ (92,569)
2022	(92,569)
2023	(96,156)
2024	(101,840)
2025	(3,219)
Thereafter	19,115
	\$ (367,238)

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the SCLTDITF OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment experience	\$ 46	\$ -
Differences between expected and actual experience	-	1,190
Assumption changes	2,027	1,217
Changes in the proportionate share and differences between employer contributions and proportionate share of total plan contributions	-	312
District contributions subsequent to the measurement date	6,492	-
Total	\$ 8,565	\$ 2,719

District contributions to the SCLTDITF subsequent of the measurement date of \$6,492 reported as deferred outflows will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30:		
2021	\$	85
2022		85
2023		(104)
2024		(348)
2025		(82)
Thereafter		(282)
	\$	(646)

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	2.75%, net of OPEB Plan investment expense; including inflation
Single discount rate	3.13% as of June 30, 2019
Demographic assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health care trend rate	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Retiree Participation	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for partial funded premiums 20% participation for retirees who are eligible for non-funded premiums
Notes	There were no benefit changes during the year; the discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019; minor updates were made to the healthcare trend rate assumption

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	3.00%, net of OPEB Plan investment expense; including inflation
Single discount rate	3.04% as of June 30, 2019
Salary, termination, and retirement rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability incidence	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability recovery	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets	40% were assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses:	Third party administrative expenses were included in the benefit projections
Notes	The discount rate changed from 3.91% as of June 30, 2018 to 3.04% as of June 30, 2019

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Roll Forward Disclosure

The actuarial valuation was performed as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to June 30, 2019.

Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB Statement No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2019:

<u>OPEB Trust</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net OPEB Liability(Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
SCRHITF	\$ 16,516,264,617	\$ 1,394,740,049	\$ 15,121,524,568	8.44%
SCLTDITF	\$ 40,743,755	\$ 38,775,500	\$ 1,968,255	95.17%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB Statement No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Statements No. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

Long-Term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

SCRHITF			
Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	0.60%	0.48%
Cash Equivalents	20.0%	0.10%	0.02%
Total	100.0%		0.50%
Expected Inflation			2.25%
Total Return			2.75%
Investment Return Assumption			2.75%
SCLTDITF			
Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.0%	0.95%	0.76%
Cash Equivalents	20.0%	0.51%	0.10%
Total	100.0%		0.86%
Expected Inflation			2.25%
Total Return			3.11%
Investment Return Assumption			3.00%

Single Discount Rate

The Single Discount Rate of 3.13% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 3.04% was used to measure the total OPEB liability for SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 3.13%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2039. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2039, and the municipal bond rate was applied to all benefit payments after that date.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.13%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease (2.13%)	Current Discount Rate (3.13%)	1.00% Increase (4.13%)
District's proportionate share of the SCRHITF net OPEB liability	\$ 16,182,732	\$ 13,650,695	\$ 11,618,630

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
District's proportionate share of the SCRHITF net OPEB liability	\$ 11,140,425	\$ 13,650,695	\$ 16,919,808

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 3.04%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease (2.04%)	Current Discount Rate (3.04%)	1.00% Increase (4.04%)
District's proportionate share of the SCLTDITF net OPEB liability	\$ 2,941	\$ 1,710	\$ 488

The SCLTDITF's net OPEB liability is not affected by changes in the healthcare cost trend rates due to the method used to calculate benefit payments. Therefore, the sensitivity to changes in the healthcare cost trend rates have not been calculated.

OPEB Plan Fiduciary Net Position

PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trusts. The information is publically available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Payables to the OPEB Plans

At June 30, 2020, the District had remitted all legally required contributions for the SCRHITF to the Dillon County Board of Education to remit to the plan on their behalf and all payments for the SCLTDITF to PEBA. Therefore, the District has reported no outstanding payables to the plan.

NOTE 8 – PENSION AND RETIREMENT PLAN

Plan Description

South Carolina Retirement System – District employees participate in the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, administered by the South Carolina Public Employee Benefit Authority (PEBA). The 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.

State Optional Retirement Program – Certain employees may elect to participate in the State Optional Retirement Program (State ORP), a defined contribution plan. It is offered as an alternative to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into a plan administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the one of the four third party service providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirement 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, certain newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

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 services 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 or 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.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, *SCRS* contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for *SCRS* employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for *SCRS*. The legislation also increased employer contribution rates beginning July 1, 2017 for *SCRS* by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of *SCRS* is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the board is prohibited from decreasing the *SCRS* contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

- Required employee contribution rates¹ for fiscal year 2019-2020 are as follows:

SCRS

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

State ORP Employee	9.00% of earnable compensation
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- Required employer contribution rates¹ for fiscal year 2019-2020 are as follows:

SCRS

Employer Class Two	15.41% of earnable compensation
Employer Class Three	15.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

State ORP

Employer Contribution ²	15.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

¹Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

²Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

In accordance with the South Carolina 2019-2020 Appropriation Act, Section 117.131, state funds were appropriated to PEBA for the Retirement System Trust Funds. PEBA issued credit invoices to certain eligible employers for their share of these appropriated funds. The District's share of appropriated funds were \$77,720 and will be reported as revenues from a contribution made by a non-employer contributing entity and a reduction of net pension liability as of the June 30, 2020 measurement period.

Contributions to the pension plan from the District were as follows for the year ended June 30, 2020:

SCRS	\$	1,153,284
ORP - Remitted to SCRS	\$	14,218
ORP - Remitted to Vendor	\$	7,100

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability of \$16,977,075 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 that was projected forward to the measurement date. The District's 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 participants, actuarially determined. The District's proportionate share at June 30, 2020 was .074350%, which was a .002983% decrease from its proportionate share at June 30, 2019.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

For the year ended June 30, 2020, the District recognized pension expense of \$1,927,910. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,670	\$ 121,960
Assumption changes	342,113	-
Net difference between projected and actual earnings on pension plan investments	150,304	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	228,070	507,816
District contributions subsequent to the measurement date	1,167,502	-
Total	\$ 1,899,659	\$ 629,776

District contributions subsequent of the measurement date of \$1,167,502 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2021	\$ (200,655)
2022	247,594
2023	99,623
2024	(44,181)
Thereafter	-
	\$ 102,381

Actuarial Assumptions and Methods

Actuarial valuations of the plan 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 regarding the net pension liability 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. An experience report on the System was most recently issued as of July 1, 2015.

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information were determined by the System's actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2019, using generally accepted actuarial principles.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019.

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return ¹	7.25%
Projected salary increases	3.0% to 12.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually

¹Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2019, TPL are as follows.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2019, for SCRS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability(Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB Statement No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Statements No. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding the expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return set in statute and used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity ^{1,2}	35.0%	7.29%	2.55%
Private Equity ^{2,3}	9.0%	7.67%	0.69%
Equity Options Strategies ¹	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private) ^{2,3}	8.0%	5.59%	0.45%
Real Estate (REITs) ²	1.0%	8.16%	0.08%
Infrastructure (Private) ^{2,3}	2.0%	5.03%	0.10%
Infrastructure (Public) ²	1.0%	6.12%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation ¹	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans ^{1,2}	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt ^{2,3}	7.0%	5.49%	0.38%
Rate Sensitive	14.0%		
Core Fixed Income ¹	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return ⁴	100.0%		5.41%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.66%

¹Portable Alpha Strategies will be capped at 12% of total assets; Hedge funds (including all hedge funds in portable alpha implementation) capped at 20% of total assets.

²The target weights to Private Equity, Private Debt, Private Infrastructure and Private Real Estate will be equal to their actual weights as of prior month end. Private Equity and Public Equity combine for 44 percent of entire portfolio. Private Debt and High Yield/Bank Loans combine for 11 percent of the entire portfolio. Private Infrastructure and Public Infrastructure combine for 3 percent of the entire portfolio. Private Real Estate and Real Estate (REITs) combine for 9 percent of entire portfolio.

³RSIC staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

⁴The expected return for each of the Portable Alpha asset classes includes the expected return attributed to the Overlay Program. For benchmarking purposes there is a 10% weight assigned to Portable Alpha Hedge Funds in the Policy Benchmark.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS will be made based on the actuarially determined rates based on provision in the South Carolina Code of Laws. Based on those assumptions, the 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 TPL.

Sensitivity Analysis

The following table presents the collective NPL of the District calculated using the discount rate of 7.25 percent, as well as what the Districts' NPL would be if it were calculated using a discount rate of 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 21,387,562	\$ 16,977,075	\$ 13,296,268

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for SCRS. The CAFR of the Pension Trust Funds is publically available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payables to the Pension Plan

At June 30, 2020, the District had remitted all legally required contributions to the Dillon County Board of Education to remit to the plan on their behalf. Therefore, the District has reported no outstanding payables to the plan.

NOTE 9 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The following is a summary of deferred outflows and inflows of resources reported in the government-wide statements of the District for June 30, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB - SCRHITF	\$ 1,777,863	\$ 1,642,079
OPEB - SCLTDTF	8,565	2,719
Pensions - SCRS Plan	1,899,659	629,776
Total	\$ 3,686,087	\$ 2,274,574

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 - DEFERRED COMPENSATION PLAN

The District offers a deferred compensation plan to all its employees under a plan administered by the South Carolina Deferred Compensation Commission, and established in accordance with Internal Revenue Code Section 457. Employees are permitted to defer portions of their salaries until future years. Only upon termination, retirement, disability, death or an approved hardship is the deferred compensation available to an employee.

In 1996, Congress passed new legislation to govern IRC section 457 plans. Specifically, the new legislation concludes that a plan shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. During the year ended June 30, 1999, the South Carolina Deferred Compensation Commission modified their plan to comply with the new legislative requirements.

GASB Statement No. 32 was issued to address the reporting ramifications of the new federal legislation and states that a fiduciary relationship must exist for a governmental entity to report the balances and transactions related to the plan in its financial statements. According to the provisions of the statement, it was determined that a fiduciary relationship did not exist for the District's IRC section 457 plan.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District pays an annual premium to the South Carolina School Board Insurance Trust for its general insurance. The South Carolina School Board Insurance Trust reinsures through commercial companies for certain claims. There were no significant reductions in insurance coverage from the previous year and no settlements have exceeded insurance coverage for the past three fiscal years ended June 30, 2020, 2019, and 2018.

The District also acquires insurance from the South Carolina School Board Insurance Trust for job related injury and illness (workers' compensation) for its employees. Workers' compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience.

NOTE 12 - CONTINGENCIES

The District is involved in various lawsuits arising in the ordinary course of operations. It is the opinion of management after giving consideration to the District's related insurance coverage and consultation with legal counsel that the final settlements of these matters will not result in a material adverse effect on the financial position of the District.

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

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 – RELATED ORGANIZATIONS

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, requires certain legally separate tax-exempt organizations for which the primary government is not financially accountable to be included in the financial reporting entity if certain criteria are met. The standard is directed principally toward fund-raising organizations, such as foundations, parent teacher organizations (PTOs), and booster clubs. The District reviewed its relationship with these related organizations and has included them in the reporting entity along with its fiduciary funds.

NOTE 14 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. The following explains certain elements of that reconciliation:

Long-Term Assets Not Available to Pay Current Period Expenditures:	
Property Taxes	\$ <u>78,571</u>
	\$ <u><u>78,571</u></u>
Long-Term Liabilities Not Reported in the Funds:	
Notes Payable	\$ (423,286)
Net Pension Liability	(16,977,075)
Deferred Outflows of Resources Related to Pension	1,899,659
Deferred Inflows of Resources Related to Pension	(629,776)
Net OPEB Liability	(13,652,405)
Deferred Outflows of Resources Related to OPEB	1,786,428
Deferred Inflows of Resources Related to OPEB	(1,644,798)
Debt Guarantee for Latta Schools Educational Foundation, Inc.	(529,547)
Accrued Interest Payable	(6,332)
Compensated Absences Payable	(95,776)
	\$ <u><u>(30,272,908)</u></u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. The following explains certain elements of that reconciliation:

Capital Outlays:	
Capital Outlay Expenditures	\$ 798,081
Depreciation Expense	<u>(372,381)</u>
	\$ <u><u>425,700</u></u>
Revenues Not Recognized in the Funds:	
Property Taxes	\$ <u>7,175</u>
	\$ <u><u>7,175</u></u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS
(continued)

Issuance and Repayment of Long-Term Debt:	
Principal Repayment on Guaranteed Debt	\$ 159,637
Principal Repayment on Notes Payable	<u>43,625</u>
	<u>\$ 203,262</u>
Expenses Not Recognized in the Funds:	
Compensated Absences	\$ (22,506)
Accrued Interest on Long-Term Debt	652
Pension Expense	(682,444)
OPEB Expense	<u>(219,425)</u>
	<u>\$ (923,723)</u>

NOTE 15 – DEBT GUARANTEE

In March of 2013 the Latta Schools Educational Foundation, Inc. (a legally separate discretely presented component unit) obtained a \$1,500,000 loan to finance the construction of the Ellis Performing Arts Center. The note payments are due in annual installments through March 20, 2023 at an interest rate of 5.00%. As of June 30, 2020, the outstanding principal of the debt is \$529,547.

The District’s Board of Trustees approved a resolution supporting the Foundation and guaranteed to make any loan repayments in full or in part on behalf of the Foundation in the event the Foundation’s resources are not sufficient and it is unable to make a required payment on the note. The Foundation is not required to repay the District for any payments the District makes pursuant to the guarantee.

The Foundation has experienced declining revenues and it has become unlikely that revenues will recover to previous levels. As a result, it has become more likely than not that the District will be required to pay the remaining portion of the Foundation’s debt service payments. During the year ended June 30, 2016, a liability and expense were recognized on the District’s financial statements for the discounted present value of the future outflows the District expects to incur as a result of the guarantee. The Foundation recognizes revenue to the extent each year it is legally released as an obligor on the debt and its guaranteed liabilities are reduced.

During the current year ended June 30, 2020, the District paid \$159,637 in principal and \$34,638 in interest on the guaranteed debt. The cumulative amount that has been paid by the District as of June 30, 2020 is \$971,144. The District does not expect to recover any payments it makes on the Foundation’s debt.

This is the only nonexchange financial guarantee extended by the District. The liability recognized for the nonexchange financial guarantee at June 30, 2020 is as follows:

Beginning Balance	Increases	Decreases	Ending Balance
\$ <u>689,184</u>	\$ <u>-</u>	\$ <u>(159,637)</u>	\$ <u>529,547</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 – TAX ABATEMENTS

The District is subject to tax abatements entered into by Dillon County. The County has the following two abatement programs which result in reduced property tax collections from certain taxpayers.

- The Fee in Lieu of Tax (FILOT) program is authorized under Title 12, Chapter 44 of the Code of Laws of South Carolina 1976, as amended. Property subject to a FILOT agreement is exempt from ad valorem tax and is instead subject to a fee in lieu of tax, equal to the product of the value of property, a negotiated assessment ratio that is equal to or lower than the normally applicable assessment rates, and a millage rate that is either fixed for the life of the agreement or is adjusted every five years based on the trailing five year average. In addition, the FILOT payments may be fixed over the life of the FILOT program based on a net present value method.

The majority of the FILOT agreements entered into by Dillon County provide companies a reduced assessment ratio, usually to the maximum allowed by the state statute, 6%, and a fixed millage rate for the life of the agreement. Agreements are for either a 20-40 year length.

According to the FILOT agreements in place with various companies and Dillon County, the minimum investment is \$109,000,000. The total number of jobs to be created by the companies to meet the agreements are 640. Dillon County is aware that one of the FILOT participants has not met their obligations and will use the remedies agreed to within the FILOT to correct the default.

- The Multi-County Industrial or Business Park program is authorized under Article VIII, Section 13(d) of the Constitution of South Carolina, as amended and South Carolina Title 4, Chapter 1. This program provides that a joint industrial or business park (referred to a multi-county industrial park) can be established by two or more counties pursuant to a written agreement between those counties. The agreement will establish how the counties will share the expenses and revenues generated by the multi-county industrial or business park. Dillon County has multi-county industrial park agreements with two South Carolina counties.

In 2019, the programs resulted in property tax abatements or tax revenue sharing between Dillon County and other South Carolina counties that resulted in the amount of \$3,836,026 for the Dillon County Schools Board of Education and \$927,148 for Dillon County School District No. 3.

Information was not available regarding the specific agreements and amounts abated under each program or if amounts were received or are receivable from other governments in association with the forgone tax revenues.

NOTE 17 – UNCERTANTIES AND CONTINGENCIES

On March 10, 2020 the World Health Organization declared the 2019 Novel Coronavirus (Covid-19) outbreak to be a pandemic. Actions were taken around the world to help mitigate the spread including restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The Coronavirus has adversely affected, and may continue to adversely affect, economic activity globally, nationally, and locally. While it is unknown how long these conditions will last and what the complete financial effect will be to the District, the District could experience declines in revenues due to adverse effects in the community and impacts on federal, state, and local revenue sources.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 84 *Fiduciary Activities*, to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result of the Statement, funds for student activities for which the school district has administrative involvement can no longer be accounted for as pupil activity funds (fiduciary funds) but should be accounted for as special revenue funds. This standard is applicable for periods beginning after December 15, 2019.

GASB has issued Statement No. 87 *Leases*, to provide guidance for lease contracts for nonfinancial assets – including vehicles, heavy equipment, and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). This guidance is intended to align the accounting and financial reporting of lease transactions more closely with their economic substance. The guidance is based on the underlying principle that leases are financings of the right to use an underlying asset for a period of time. It will eliminate the current distinction between operating and capital leases by treating all leases as financings. This standard is applicable for periods beginning after June 15, 2021. The District has not yet determined the impact of this statement on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**DILLON COUNTY SCHOOL DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local	\$ 2,331,166	\$ 2,331,166	\$ 2,289,182	\$ (41,984)
State	7,932,868	7,932,868	7,906,322	(26,546)
Intergovernmental	328,000	328,000	514,943	186,943
TOTAL REVENUES	\$ 10,592,034	\$ 10,592,034	\$ 10,710,447	\$ 118,413
EXPENDITURES				
Current				
Instruction	\$ 5,952,719	\$ 5,952,719	\$ 5,924,434	\$ 28,285
Supporting Services	4,725,949	4,725,949	4,642,564	83,385
Intergovernmental Expenditures	234,310	234,310	237,910	(3,600)
Debt Service				
Redemption of Principal	43,625	43,625	43,625	-
Interest	7,004	7,004	7,004	-
Capital Outlay	43,000	43,000	27,242	15,758
TOTAL EXPENDITURES	\$ 11,006,607	\$ 11,006,607	\$ 10,882,779	\$ 123,828
Excess Revenues Over (Under) Expenditures	\$ (414,573)	\$ (414,573)	\$ (172,332)	\$ 242,241
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	\$ 414,573	\$ 414,573	\$ 393,893	\$ (20,680)
Transfers To Other Funds	-	-	(96,174)	(96,174)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 414,573	\$ 414,573	\$ 297,719	\$ (116,854)
Net Change in Fund Balance	\$ -	\$ -	\$ 125,387	\$ 125,387
FUND BALANCE BEGINNING OF YEAR	1,442,010	1,442,010	1,442,010	-
FUND BALANCE END OF YEAR	\$ 1,442,010	\$ 1,442,010	\$ 1,567,397	\$ 125,387

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and legally adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governments for the general fund. Amounts presented in the “*Original*” budget column in the budgetary comparison schedule reflect amounts originally adopted. Amounts presented in the “*Final*” budget column include any amendments or supplemental appropriations formally authorized by the District’s Board of Trustees. All annual appropriations lapse at fiscal year-end.

The annual budget is prepared by the District and approved by the Board of Trustees. Prior to July 1, the budget is legally enacted through the passage of a resolution by the Board. The budget is prepared by function, object, and location as dictated by the S.C. State Department of Education. District administration has discretionary authority to make transfers of appropriations between and within functions; however, the total budget cannot be increased without approval by the Board. The legal level of control is at the fund level.

Formal budgetary accounting is employed as a management control for the District. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriations, is not utilized by the District.

NOTE 2 - PRESENTATION

The budgetary comparison schedule presents the general fund and each major individual special revenue fund for which an annual budget is legally adopted. Budgets are not legally adopted for the *Special Projects and Education Improvement Act* special revenue funds. As such, they have been excluded from the budgetary comparison presentation.

NOTE 3 - EXPENDITURES IN EXCESS OF BUDGET

For the fiscal year ended June 30, 2020, actual expenditures in the general fund did not exceed budgeted appropriations.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.074350%	0.077333%	0.075481%	0.074754%	0.074630%	0.078785%				
District's proportionate share of the net pension liability (asset)	\$ 16,977,075	\$ 17,327,864	\$ 16,991,911	\$ 15,967,256	\$ 14,153,883	\$ 13,564,156				
District's covered payroll	\$ 6,827,621	\$ 6,645,136	\$ 6,199,286	\$ 5,805,088	\$ 5,627,099	\$ 5,858,651				
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	248.65%	260.76%	274.09%	275.06%	251.53%	231.52%				
Plan fiduciary net position as a percentage of the total pension liability	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%				

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The District is retroactively reporting data back to the year of GASB Statement 68 implementation, which was fiscal year ending 2015. Information on the proportionate share of net pension liability is not available prior to that fiscal year.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT CONTRIBUTIONS - PENSION PLAN
SOUTH CAROLINA RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contributions	\$ 1,167,502	\$ 1,064,818	\$ 1,011,230	\$ 880,173	\$ 801,019	\$ 762,722	\$ 763,684	\$ 667,188	\$ 626,422	\$ 663,776
Contributions in relation to the contractually required contributions	(1,167,502)	(1,064,818)	(1,011,230)	(880,173)	(801,019)	(762,722)	(763,684)	(667,188)	(626,422)	(663,776)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 8,048,344	\$ 7,896,027	\$ 8,065,402	\$ 7,679,310	\$ 7,310,741	\$ 7,051,363	\$ 7,204,569	\$ 6,294,225	\$ 6,569,708	\$ 7,068,962
Contributions as a percentage of covered payroll	14.51%	13.49%	12.54%	11.46%	10.96%	10.82%	10.60%	10.60%	9.54%	9.39%

Notes: Contractually required contributions as presented above include employer contributions remitted to the SCRS for ORP participants and exclude employer ORP contributions remitted directly to the ORP vendor.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO THE PENSION PLAN SCHEDULES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Retirement System (SCRS). This information was obtained from the financial statements of the SCRS, which is administered by the retirement division of the South Carolina Public Employee Benefit Authority (PEBA) for the year ended June 30, 2019.

Summary of Actuarial Methods and Significant Assumptions	
Valuation date	07/01/18
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Amortization period	30 year maximum, closed period ¹
Asset Valuation method	5-Year smoothed
Actuarial Assumptions:	
Inflation rate	2.25%
Projected salary increases	3.0% plus step-rate increases for members with less than 21 years of service ²
Investment rate of return	7.25%
Benefit adjustments	lesser of 1% or \$500 annually

¹*Pension reform legislation enacted effective July 1, 2017 schedules the amortization period to be reduced one year for each of the next 10 years, to 20 years.*

²*Includes inflation at 2.25%.*

**DILLON COUNTY SCHOOL DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
South Carolina Retiree Health Insurance Trust Fund										
District's proportion of the net OPEB liability (asset)	0.090273%	0.093534%	0.091064%							
District's proportionate share of the net OPEB liability (asset)	\$ 13,650,695	\$ 13,254,320	\$ 12,334,530							
District's covered payroll	\$ 7,897,968	\$ 8,057,413	\$ 7,683,123							
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	172.84%	164.50%	160.54%							
Plan fiduciary net position as a percentage of the total OPEB liability	8.44%	7.91%	7.60%							
South Carolina Long-Term Disability Insurance Trust Fund										
District's proportion of the net OPEB liability (asset)	0.086864%	0.088220%	0.086966%							
District's proportionate share of the net OPEB liability (asset)	\$ 1,710	\$ 2,701	\$ 1,577							
District's covered payroll	\$ N/A	\$ N/A	\$ N/A							
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	N/A	N/A	N/A							
Plan fiduciary net position as a percentage of the total OPEB liability	95.17%	92.20%	95.29%							

Notes: The amounts presented above for each fiscal year were determined as of the measurement date of the plan's fiscal year end.

The District is retroactively reporting data back to the year of GASB Statement 75 implementation, which was fiscal year ending 2018. Information on the proportionate share of net OPEB liability is not available prior to that fiscal year.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT CONTRIBUTIONS - OPEB PLANS
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
South Carolina Retiree Health Insurance Trust Fund										
Contractually required contributions	\$ 503,022	\$ 477,710	\$ 443,597							
Contributions in relation to the contractually required contributions	(503,022)	(477,710)	(443,597)							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
District's covered payroll	\$ 8,048,344	\$ 7,896,027	\$ 8,065,402							
Contributions as a percentage of covered payroll	6.25%	6.05%	5.50%							
South Carolina Long-Term Disability Insurance Trust Fund										
Contractually required contributions	\$ 6,492	\$ 6,395	\$ 6,424							
Contributions in relation to the contractually required contributions	(6,492)	(6,395)	(6,424)							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
District's covered payroll	\$ N/A	\$ N/A	\$ N/A							
Contributions as a percentage of covered payroll	N/A	N/A	N/A							

Notes: The District is retroactively reporting data back to the year of GASB Statement 75 implementaion, which was fiscal year ending 2018. Information is not available prior to that fiscal year.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO THE OPEB PLANS SCHEDULES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED

The table below provides a summary of the actuarial methods and assumptions used in calculations of the actuarially determined contributions for the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF). This information was obtained from the financial statements of the South Carolina Public Employee Benefit Authority (PEBA), Insurance Benefits and Other Postemployment Benefits Trust Funds for the year ended June 30, 2019.

Summary of Actuarial Methods and Significant Assumptions

OPEB Plan:	SCRHITF
Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	2.75%, net of OPEB Plan investment expense, including inflation
Single discount rate	3.13% as of June 30, 2019
Demographic assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health care trend rate	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Retiree Participation	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for partial funded premiums 20% participation for retirees who are eligible for non-funded premiums
Notes	There were not benefit changes during the year; the discount rate changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019; minor updates were made to the healthcare trend rate assumption

**DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO THE OPEB PLANS SCHEDULES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED (continued)

Summary of Actuarial Methods and Significant Assumptions

OPEB Plan:	SCLTDITF
Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Inflation	2.25%
Investment rate of return	3.00%, net of OPEB Plan investment expense; including inflation
Single discount rate	3.04% as of June 30, 2019
Salary, termination, and retirement rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability incidence	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability recovery	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets	40% were assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Expenses	Third party administrative expenses were included in the benefit projections
Notes	The discount rate changed from 3.91% as of June 30, 2018 to 3.04% as of June 30, 2019

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020

REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
1000 Revenue from Local Sources			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes -			
Including Delinquent Taxes	\$ 1,601,000	\$ 1,687,253	\$ 86,253
1140 Penalties and Interest on Taxes	16,000	15,401	(599)
1190 Other Taxes	391,856	404,555	12,699
1500 Earnings on Investments:			
1510 Interest on Investments	3,000	3,286	286
1900 Other Revenue From Local Sources:			
1930 Special Needs Transportation - Medicaid	-	714	714
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	319,310	177,973	(141,337)
Total Local Sources	\$ 2,331,166	\$ 2,289,182	\$ (41,984)
2000 Intergovernmental Revenue			
2100 Payments from Other Governmental Units	\$ 328,000	\$ 514,943	\$ 186,943
Total Intergovernmental Revenues	\$ 328,000	\$ 514,943	\$ 186,943
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	\$ -	\$ 656	\$ 656
3160 School Bus Driver Salary	101,000	103,019	2,019
3162 Transportation Workers' Compensation	-	4,841	4,841
3180 Fringe Benefits Employer Contributions	2,094,686	2,043,645	(51,041)
3186 State Aid to Classrooms - Teacher Salary	236,559	255,810	19,251
3190 Miscellaneous Restricted State Grants:			
3199 Other Restricted State Grants	-	672	672
3300 State Aid to Classrooms - Education			
Finance Act (EFA):	* 4,578,007	-	(4,578,007)
3310 Full-Time Programs:			
3311 Kindergarten	* -	228,723	228,723
3312 Primary	* -	654,628	654,628
3313 Elementary	* -	1,115,068	1,115,068
3314 High School	* -	439,448	439,448
3315 Trainable Mentally Handicapped	* -	39,910	39,910
3316 Speech Handicapped	* -	191,269	191,269
3320 Part-Time Programs:			
3322 Educable Mentally Handicapped	* -	26,585	26,585
3323 Learning Disabilities	* -	306,327	306,327
3324 Hearing Handicapped	* -	5,587	5,587
3325 Visually Handicapped	* -	8,424	8,424
3326 Orthopedically Handicapped	* -	4,434	4,434
3327 Pre-Career and Career Technology	* -	577,112	577,112

* The District budgeted EFA programs (revenue account numbers 3311-3392) in total.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES (continued)			
3000 Revenue from State Sources (continued)			
3300 State Aid to Classrooms - Education Finance Act (EFA) (continued):			
3330 Miscellaneous EFA Programs:			
3331 Autism	*	101,906	101,906
3332 High Achieving Students	*	61,365	61,365
3334 Limited English Proficiency	*	3,739	3,739
3351 Academic Assistance	*	163,902	163,902
3352 Pupils in Poverty	*	466,185	466,185
3353 Dual Credit Enrollment	*	2,908	2,908
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	184,116	184,116	-
3820 Homestead Exemption (Tier 2)	-	119,957	119,957
3825 Reimbursement for Property Tax Relief (Tier 3)	650,000	634,967	(15,033)
3830 Merchant's Inventory Tax	19,500	19,099	(401)
3840 Manufacturers Depreciation Reimbursement	34,000	42,113	8,113
3890 Other State Property Tax Revenues	35,000	22,187	(12,813)
3900 Other State Revenue:			
3993 PEBA On-Behalf	-	77,720	77,720
Total State Sources	\$ 7,932,868	\$ 7,906,322	\$ (26,546)
TOTAL REVENUE ALL SOURCES	\$ 10,592,034	\$ 10,710,447	\$ 118,413

EXPENDITURES

100 Instruction

110 General Instruction

111 Kindergarten Programs:

100 Salaries	\$ 307,848	\$ 376,302	\$ (68,454)
200 Employee Benefits	164,315	178,693	(14,378)
400 Supplies and Materials	5,000	5,121	(121)

112 Primary Programs:

100 Salaries	813,701	763,102	50,599
200 Employee Benefits	404,431	340,721	63,710
400 Supplies and Materials	15,000	19,427	(4,427)

113 Elementary Programs:

100 Salaries	1,234,505	1,203,916	30,589
200 Employee Benefits	543,274	531,301	11,973
300 Purchased Services	9,000	9,000	-
400 Supplies and Materials	10,750	9,317	1,433
600 Other Objects	-	750	(750)

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES (continued)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
100 Instruction (continued)			
110 General Instruction (continued)			
114 High School Programs:			
100 Salaries	962,411	939,556	22,855
200 Employee Benefits	441,471	450,034	(8,563)
400 Supplies and Materials	20,000	17,099	2,901
600 Other Objects	-	3,000	(3,000)
115 Career and Technology Education Programs:			
100 Salaries	150,093	149,093	1,000
200 Employee Benefits	70,094	70,145	(51)
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	41,871	44,523	(2,652)
200 Employee Benefits	18,632	22,852	(4,220)
122 Trainable Mentally Handicapped:			
100 Salaries	70,379	67,983	2,396
200 Employee Benefits	36,890	33,195	3,695
126 Speech Handicapped:			
100 Salaries	105,095	105,095	-
200 Employee Benefits	42,830	43,097	(267)
127 Learning Disabilities:			
100 Salaries	118,760	128,596	(9,836)
200 Employee Benefits	51,322	50,035	1,287
130 Pre-School Programs			
139 Early Childhood Programs:			
100 Salaries	110,943	138,644	(27,701)
200 Employee Benefits	60,433	71,888	(11,455)
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	49,502	49,502	-
200 Employee Benefits	21,833	22,122	(289)
145 Homebound:			
100 Salaries	-	3,377	(3,377)
200 Employee Benefits	-	988	(988)
300 Purchased Services	5,000	-	5,000
149 Other Special Programs:			
300 Purchased Services	5,000	7,007	(2,007)

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES (continued)			
100 Instruction (continued)			
160 Other Exceptional Programs			
161 Autism:			
100 Salaries	43,139	45,571	(2,432)
200 Employee Benefits	19,197	23,382	(4,185)
Total Instruction	\$ 5,952,719	\$ 5,924,434	\$ 28,285
200 Supporting Services			
210 Pupil Services			
212 Guidance Services:			
100 Salaries	\$ 101,463	\$ 101,463	\$ -
200 Employee Benefits	36,937	36,846	91
300 Purchased Services	1,500	36	1,464
400 Supplies and Materials	1,500	1,955	(455)
213 Health Services:			
100 Salaries	83,475	83,406	69
200 Employee Benefits	39,022	39,031	(9)
300 Purchased Services	2,000	234	1,766
400 Supplies and Materials	17,025	20,436	(3,411)
214 Psychological Services:			
100 Salaries	54,228	54,228	-
200 Employee Benefits	23,190	23,638	(448)
300 Purchased Services	-	36,924	(36,924)
217 Career Specialist Services			
100 Salaries	31,209	31,209	-
200 Employee Benefits	11,478	18,742	(7,264)
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	91,885	106,601	(14,716)
200 Employee Benefits	33,261	37,713	(4,452)
300 Purchased Services	34,304	42,392	(8,088)
400 Supplies and Materials	14,000	2,347	11,653
222 Library and Media Services:			
100 Salaries	167,174	167,174	-
200 Employee Benefits	73,014	74,118	(1,104)
400 Supplies and Materials	9,490	9,122	368
223 Supervision of Special Programs:			
100 Salaries	139,798	136,698	3,100
200 Employee Benefits	48,991	49,662	(671)
400 Supplies and Materials	-	80	(80)

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES (continued)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
200 Supporting Services (continued)			
220 Instructional Staff Services (continued)			
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	4,000	8,270	(4,270)
200 Employee Benefits	1,148	2,141	(993)
300 Purchased Services	12,000	7,804	4,196
400 Supplies and Materials	900	2,906	(2,006)
600 Other Objects	450	740	(290)
230 General Administration Services			
231 Board of Education:			
200 Employee Benefits	-	38	(38)
300 Purchased Services	12,000	1,355	10,645
318 Audit Services	30,000	28,775	1,225
600 Other Objects	192,500	186,191	6,309
232 Office of the Superintendent:			
100 Salaries	184,586	186,186	(1,600)
200 Employee Benefits	91,152	98,766	(7,614)
300 Purchased Services	12,100	9,600	2,500
400 Supplies and Materials	5,350	6,455	(1,105)
500 Capital Outlay	1,500	-	1,500
600 Other Objects	3,000	6,070	(3,070)
233 School Administration:			
100 Salaries	581,436	593,413	(11,977)
200 Employee Benefits	253,912	253,429	483
300 Purchased Services	2,000	489	1,511
400 Supplies and Materials	6,843	13,255	(6,412)
600 Other Objects	2,250	744	1,506
250 Finance and Operations Services			
252 Fiscal Services:			
100 Salaries	101,615	106,615	(5,000)
200 Employee Benefits	43,987	46,035	(2,048)
300 Purchased Services	9,000	11,921	(2,921)
400 Supplies and Materials	2,000	915	1,085
254 Operation and Maintenance of Plant:			
100 Salaries	399,497	441,492	(41,995)
200 Employee Benefits	206,631	220,580	(13,949)
300 Purchased Services	228,985	159,189	69,796
321 Public Utilities	33,100	15,542	17,558
400 Supplies and Materials	85,000	102,847	(17,847)
470 Energy	276,500	221,014	55,486
500 Capital Outlay	13,000	16,426	(3,426)

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES (continued)			
200 Supporting Services (continued)			
250 Finance and Operations Services (continued)			
255 Student Transportation:			
100 Salaries	67,200	166,693	(99,493)
200 Employee Benefits	34,106	91,002	(56,896)
300 Purchased Services	213,800	3,469	210,331
400 Supplies and Materials	1,800	234	1,566
256 Food Services:			
100 Salaries	-	1,300	(1,300)
200 Employee Benefits	165,979	84,822	81,157
257 Internal Services:			
300 Purchased Services	25,000	16,423	8,577
258 Security:			
100 Salaries	-	5,000	(5,000)
200 Employee Benefits	-	2,033	(2,033)
300 Purchased Services	15,000	3,249	11,751
260 Central Support Services			
266 Technology and Data Processing Services:			
100 Salaries	141,360	141,360	-
200 Employee Benefits	50,658	51,717	(1,059)
300 Purchased Services	74,600	56,663	17,937
400 Supplies and Materials	-	36,719	(36,719)
500 Capital Outlay	28,500	10,816	17,684
270 Supporting Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries	92,429	121,459	(29,030)
200 Employee Benefits	25,631	32,085	(6,454)
400 Supplies and Materials	6,500	4,081	2,419
660 Pupil Activity	15,000	17,423	(2,423)
Total Supporting Services	\$ 4,768,949	\$ 4,669,806	\$ 99,143
400 Intergovernmental Expenditures			
412 Payments to Other Governmental Units			
720 Transits	\$ 40,000	\$ 43,625	\$ (3,625)
417 Payments to Nonprofit Entities			
720 Transits	194,310	194,285	25
Total Intergovernmental Expenditures	\$ 234,310	\$ 237,910	\$ (3,600)

**DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (continued)			
500 Debt Service			
610 Redemption of Principal	\$ 43,625	\$ 43,625	\$ -
620 Interest	7,004	7,004	-
	<u>50,629</u>	<u>50,629</u>	<u>-</u>
Total Debt Service	\$ 50,629	\$ 50,629	\$ -
TOTAL EXPENDITURES	\$ 11,006,607	\$ 10,882,779	\$ 123,828
Excess Revenues Over (Under) Expenditures	\$ (414,573)	\$ (172,332)	\$ 242,241
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 374,573	\$ 366,347	\$ (8,226)
5280 Transfer from Other Funds Indirect Costs	40,000	27,546	(12,454)
424 - 710 Transfer to School Building Fund	-	(96,174)	(96,174)
	<u>414,573</u>	<u>297,719</u>	<u>(116,854)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ 414,573	\$ 297,719	\$ (116,854)
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ <u>-</u>	\$ 125,387	\$ <u>125,387</u>
FUND BALANCE JULY 1, 2019		<u>1,442,010</u>	
FUND BALANCE JUNE 30, 2020		<u>\$ 1,567,397</u>	

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
REVENUES			
1000 Revenue From Local Sources			
1900 Other Revenue from Local Sources:			
1930 Special Needs Transportation - Medicaid	\$ -	\$ -	\$ -
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	-	-	-
	-	-	-
Total Local Sources	\$ -	\$ -	\$ -
3000 Revenue From State Sources			
3100 Restricted State Funding:			
3110 Occupational Education:			
3118 EEDA Career Specialists	\$ -	\$ -	\$ -
3120 General Education:			
3127 Student Health and Fitness - PE Teachers	-	-	-
3130 Special Programs:			
3135 Reading Coaches	-	-	-
3136 Student Health and Fitness - Nurses	-	-	-
3190 Miscellaneous Restricted State Grants:			
3193 Education License Plates	-	-	-
3300 State Aid to Classrooms - Education Finance Act:			
3393 Capital Improvement Plan - Additional	-	-	-
3900 Other State Revenue:			
3994 PEBA Nonemployer Contributions	-	-	-
	-	-	-
Total State Sources	\$ -	\$ -	\$ -
4000 Revenue From Federal Sources			
4200 Occupational Education:			
4210 Perkins Aid, Title I - Career and Technology Education	\$ -	\$ -	\$ -
4300 Elementary and Secondary Education Act of 1965 (ESEA):			
4310 Title I, Basic State Grant Programs	643,485	-	-
4312 Rural and Low-Income School Program, Title V	-	-	-
4351 Supporting Effective Instruction	-	-	-
4500 Programs for Children with Disabilities:			
4510 Individuals With Disabilities Education Act (IDEA)	-	493,716	-
4520 Pre-School Grants for Children with Disabilities (IDEA)	-	-	17,378
4990 Other Federal Revenue:			
4997 Title IV - SSAE	-	-	-
	-	-	-
Total Federal Sources	\$ 643,485	\$ 493,716	\$ 17,378
TOTAL REVENUE ALL SOURCES	\$ 643,485	\$ 493,716	\$ 17,378

<u>CATE (207/208)</u>	<u>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</u>	<u>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</u>	<u>TOTAL</u>
\$ -	\$ -	\$ 134,029	\$ 134,029
-	-	8,292	8,292
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,321</u>	<u>\$ 142,321</u>
\$ -	\$ 188,612	\$ -	\$ 188,612
-	11,043	-	11,043
-	117,655	-	117,655
-	57,950	-	57,950
-	233	-	233
-	163,101	-	163,101
-	96,767	-	96,767
<u>\$ -</u>	<u>\$ 635,361</u>	<u>\$ -</u>	<u>\$ 635,361</u>
\$ 35,518	\$ -	\$ -	\$ 35,518
-	-	-	643,485
-	-	35,162	35,162
-	-	70,652	70,652
-	-	-	493,716
-	-	-	17,378
-	-	53,914	53,914
<u>\$ 35,518</u>	<u>\$ -</u>	<u>\$ 159,728</u>	<u>\$ 1,349,825</u>
<u>\$ 35,518</u>	<u>\$ 635,361</u>	<u>\$ 302,049</u>	<u>\$ 2,127,507</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

EXPENDITURES	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
100 Instruction			
110 General Instruction			
112 Primary Programs:			
100 Salaries	\$ 404,195	\$ -	-
200 Employee Benefits	237,211	-	-
400 Supplies and Materials	505	-	-
113 Elementary Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
500 Capital Outlay	-	-	-
114 High School Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
115 Career and Technology Education Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
120 Exceptional Programs			
122 Trainable Mentally Handicapped:			
100 Salaries	-	71,559	-
200 Employee Benefits	-	29,913	-
300 Purchased Services	-	38	-
400 Supplies and Materials	-	6,355	-
126 Speech Handicapped:			
100 Salaries	-	-	13,075
200 Employee Benefits	-	-	4,303
300 Purchased Services	-	84	-
400 Supplies and Materials	-	1,256	-
127 Learning Disabilities:			
100 Salaries	-	137,814	-
200 Employee Benefits	-	58,952	-
400 Supplies and Materials	-	5,479	-
130 Preschool Programs			
138 Preschool Handicapped Homebased (3- & 4- Yr. Olds):			
100 Salaries	-	120	-
200 Employee Benefits	-	35	-
140 Special Programs			
149 Other Special Programs:			
300 Purchased Services	-	49,752	-

<u>CATE</u> <u>(207/208)</u>	<u>OTHER</u> <u>DESIGNATED</u> <u>RESTRICTED</u> <u>STATE</u> <u>GRANTS</u> <u>(900s)</u>	<u>OTHER</u> <u>SPECIAL</u> <u>REVENUE</u> <u>PROGRAMS</u> <u>(200s/800s)</u>	<u>TOTAL</u>
\$ -	\$ 7,476	\$ 20,902	\$ 432,573
-	3,567	8,913	249,691
-	-	-	505
-	-	48,741	48,741
-	-	15,022	15,022
-	233	-	233
35,518	-	46,421	81,939
-	-	2,345	2,345
-	-	5,883	5,883
-	-	2,409	2,409
-	-	-	71,559
-	-	-	29,913
-	-	-	38
-	-	-	6,355
-	-	-	13,075
-	-	-	4,303
-	-	-	84
-	-	-	1,256
-	-	-	137,814
-	-	-	58,952
-	-	-	5,479
-	-	-	120
-	-	-	35
-	-	-	49,752

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
EXPENDITURES (continued)			
100 Instruction (continued)			
160 Other Exceptional Programs			
161 Autism:			
100 Salaries	-	100	-
200 Employee Benefits	-	29	-
400 Supplies and Materials	-	1,998	-
	-	1,998	-
Total Instruction	\$ 641,911	\$ 363,484	\$ 17,378
200 Supporting Services			
210 Pupil Services			
212 Guidance Services:			
100 Salaries	\$ -	\$ -	-
200 Employee Benefits	-	-	-
213 Health Services:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	21,116	-
214 Psychological Services:			
400 Supplies and Materials	-	2,659	-
217 Career Specialist Services:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
223 Supervision of Special Programs:			
100 Salaries	-	37,355	-
200 Employee Benefits	-	20,438	-
300 Purchased Services	-	3,031	-
400 Supplies and Materials	1,574	723	-
600 Other Objects	-	872	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	-	23,950	-
200 Employee Benefits	-	6,991	-
300 Purchased Services	-	1,562	-

<u>CATE (207/208)</u>	<u>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</u>	<u>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</u>	<u>TOTAL</u>
-	-	-	100
-	-	-	29
-	-	-	1,998
<u>\$ 35,518</u>	<u>\$ 11,276</u>	<u>\$ 150,636</u>	<u>\$ 1,220,203</u>

\$ -	\$ 74,407	\$ -	\$ 74,407
-	29,072	-	29,072
-	47,818	67,263	115,081
-	10,133	33,893	44,026
-	-	-	21,116
-	-	-	2,659
-	65,487	-	65,487
-	19,646	-	19,646
-	93,842	-	93,842
-	23,812	-	23,812
-	-	-	37,355
-	-	-	20,438
-	-	-	3,031
-	-	21	2,318
-	-	-	872
-	-	1,125	25,075
-	-	266	7,257
-	-	7,511	9,073

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
EXPENDITURES (continued)			
200 Supporting Services (continued)			
250 Finance and Operations Services			
251 Student Transportation:			
300 Purchased Services	-	10,285	-
253 Facilities Acquisition and Construction:			
500 Capital Outlay			
520 Construction Services	-	-	-
258 Security:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
260 Central Support Services			
266 Technology and Data Processing Services			
300 Purchased Services	-	1,250	-
Total Supporting Services	\$ 1,574	\$ 130,232	\$ -
400 Intergovernmental Expenditures			
414 Medicaid Payments to SCDE			
720 Transits	\$ -	\$ -	\$ -
419 Payments from PEBA Nonemployer Contributions			
720 Transits	-	-	-
Total Intergovernmental Expenditures	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 643,485	\$ 493,716	\$ 17,378
Excess Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
FUND BALANCE JULY 1, 2019	-	-	-
FUND BALANCE JUNE 30, 2020	\$ -	\$ -	\$ -

<u>CATE (207/208)</u>	<u>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</u>	<u>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</u>	<u>TOTAL</u>
-	-	-	10,285
-	163,101	-	163,101
-	-	7,000	7,000
-	-	1,482	1,482
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250</u>
\$ -	\$ 527,318	\$ 118,561	\$ 777,685
\$ -	\$ -	\$ 32,852	\$ 32,852
<u>-</u>	<u>96,767</u>	<u>-</u>	<u>96,767</u>
\$ -	\$ 96,767	\$ 32,852	\$ 129,619
\$ 35,518	\$ 635,361	\$ 302,049	\$ 2,127,507
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

SUBFUND CODE	REVENUE CODE	PROGRAMS	REVENUES
919	3193	Education License Plates	\$ 233
928	3118	EEDA Career Specialists	188,612
935	3135	Reading Coaches	117,655
936	3136	Student Health and Fitness - Nurses	57,950
937	3127	Student Health and Fitness - PE Teachers	11,043
939	3393	Capital Improvement Plan - Additional	163,101
970	3670	School Safety - Facility and Infrastructure Safety Upgrades	-
994	3994	PEBA Nonemployer Contributions	96,767
TOTALS			\$ 635,361

<u>EXPENDITURES</u>	<u>SPECIAL PROJECTS INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>UNEARNED REVENUE</u>
\$ 233	\$ -	\$ -	\$ -
188,612	-	-	-
117,655	-	-	-
57,950	-	-	-
11,043	-	-	-
163,101	-	-	-
-	-	-	326,000
<u>96,767</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 635,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,000</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL PROGRAMS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	ACTUAL
REVENUES	
3000 Revenue from State Sources	
3500 Education Improvement Act:	
3502 ADEPT	\$ 529
3507 Aid to Districts - Technology	22,663
3519 Grade 10 Assessments	4,349
3526 Refurbishment of Science Kits	14,230
3528 Industry Certifications/Credentials	10,000
3529 Career and Technical Education	60,000
3532 National Board Salary Supplement	29,127
3533 Teacher of the Year Awards	1,076
3538 Students At Risk of School Failure	177,262
3541 Child Early Reading Development and Education Program (CERDEP) - Full Day 4K	264,756
3550 Teacher Salary Increase	282,535
3555 Teacher Salary Fringe	72,079
3557 Summer Reading Program	11,733
3577 Teacher Supplies	26,950
3593 Capital Improvement Plan	533,861
3595 EEDA - Supplies and Materials	3,534
3597 Aid to Districts	49,598
Total State Sources	\$ 1,564,282
TOTAL REVENUE ALL SOURCES	\$ 1,564,282
EXPENDITURES	
100 Instruction	
110 General Instruction	
112 Primary Programs:	
400 Supplies and Materials	\$ 18,846
113 Elementary Programs:	
100 Salaries	152,847
200 Employee Benefits	43,845
400 Supplies and Materials	14,633
114 High School Programs:	
100 Salaries	39,706
200 Employee Benefits	20,667
400 Supplies and Materials	7,700
115 Career and Technology Education Programs:	
500 Capital Outlay	50,000
140 Special Programs	
147 CERDEP:	
100 Salaries	161,025
200 Employee Benefits	103,730
Total Instruction	\$ 612,999

**DILLON COUNTY SCHOOL DISTRICT NO. 3
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL PROGRAMS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	ACTUAL
EXPENDITURES (continued)	
200 Supporting Services	
210 Pupil Services	
212 Guidance Services:	
400 Supplies and Materials	\$ 7,883
220 Instructional Staff Services	
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	529
250 Finance and Operations Services	
253 Facilities Acquisition and Construction:	
500 Capital Outlay	
520 Construction Services	533,861
260 Central Support Services	
266 Technology and Data Processing Services:	
500 Capital Outlay	22,663
Total Supporting Services	\$ 564,936
400 Intergovernmental Expenditures	
412 Payments to Other Governmental Units	
720 Transits	\$ 20,000
Total Intergovernmental Expenditures	\$ 20,000
TOTAL EXPENDITURES	\$ 1,197,935
Excess Revenues Over (Under) Expenditures	\$ 366,347
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds	
420-710 Transfer to General Fund	\$ (366,347)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (366,347)
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ -
FUND BALANCE JULY 1, 2019	-
FUND BALANCE JUNE 30, 2020	\$ -

**DILLON COUNTY SCHOOL DISTRICT NO. 3
 EDUCATION IMPROVEMENT ACT
 SUMMARY SCHEDULE BY PROGRAM
 FOR FISCAL YEAR ENDED JUNE 30, 2020**

PROGRAM	<u>REVENUES</u>
3500 Education Improvement Act:	
3502 ADEPT	\$ 529
3507 Aid to Districts - Technology	22,663
3519 Grade 10 Assessments	4,349
3526 Refurbishment of Science Kits	14,230
3528 Industry Certifications/Credentials	10,000
3529 Career and Technical Education	60,000
3532 National Board Salary Supplement	29,127
3533 Teacher of the Year Awards	1,076
3538 Students At Risk of School Failure	177,262
3541 Child Early Reading Development and Education Program (CERDEP) - Full Day 4K	264,756
3550 Teacher Salary Increase	282,535
3555 Teacher Salary Fringe	72,079
3557 Summer Reading Program	11,733
3577 Teacher Supplies	26,950
3593 Capital Improvement Plan	533,861
3595 EEDA Supplies and Materials	3,534
3597 Aid to Districts	<u>49,598</u>
TOTALS	\$ <u><u>1,564,282</u></u>

<u>EXPENDITURES</u>	<u>EIA INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>UNEARNED REVENUE</u>
\$ 529	\$ -	\$ -	\$ -
22,663	-	-	-
4,349	-	-	175
14,230	-	-	142
10,000	-	-	10,000
60,000	-	-	-
29,127	-	-	-
1,076	-	-	-
177,262	-	-	-
264,756	-	-	-
-	-	(282,535)	-
-	-	(72,079)	-
-	-	(11,733)	4,648
26,950	-	-	-
533,861	-	-	-
3,534	-	-	-
49,598	-	-	-
<u>\$ 1,197,935</u>	<u>\$ -</u>	<u>\$ (366,347)</u>	<u>\$ 14,965</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHOOL BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	ACTUAL
REVENUES	
3000 Revenue from State Sources	
3900 Other State Revenue:	
3999 Revenue from Other State Sources	\$ <u>1,018</u>
Total State Sources	\$ <u>1,018</u>
TOTAL REVENUE ALL SOURCES	\$ <u>1,018</u>
EXPENDITURES	
200 Supporting Services	
250 Finance and Operations	
253 Facilities Acquisition and Construction:	
300 Purchased Services	\$ 17,456
500 Capital Outlay	
520 Construction Services	7,483
530 Improvements Other Than Buildings	<u>72,253</u>
Total Supporting Services	\$ <u>97,192</u>
TOTAL EXPENDITURES	\$ <u>97,192</u>
Excess Revenues Over (Under) Expenditures	\$ <u>(96,174)</u>
OTHER FINANCING SOURCES	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund	\$ <u>96,174</u>
TOTAL OTHER FINANCING SOURCES	\$ <u>96,174</u>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ -
FUND BALANCE JULY 1, 2019	<u>-</u>
FUND BALANCE JUNE 30, 2020	<u><u>-</u></u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2020

	ACTUAL
REVENUES	
1000 Revenue From Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 65
1600 Food Service:	
1610 Lunch Sales to Pupils	73,216
1630 Special Sales to Pupils	2,258
1640 Lunch Sales to Adults	13,059
1650 Breakfast Sales to Adults	218
1660 Special Sales to Adults	4,230
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	3,685
Total Local Sources	\$ 96,731
4000 Revenue From Federal Sources	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program, and Special Milk Program	\$ 384,387
4830 School Breakfast Program	278,860
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	57,552
Total Federal Sources	\$ 720,799
TOTAL REVENUE ALL SOURCES	\$ 817,530
EXPENSES	
250 Finance and Operations	
256 Food Service:	
100 Salaries	\$ 293,711
200 Employee Benefits	22,934
221 Pension Expense	20,766
300 Purchased Services	23,196
400 Supplies and Materials	497,299
500 Capital Outlay	16,032
600 Other Objects	12,893
TOTAL EXPENSES	\$ 886,831
Operating Income (Loss) Before Other Financing Sources (Uses)	\$ (69,301)

**DILLON COUNTY SCHOOL DISTRICT NO. 3
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds	
432-791 Food Service Fund Indirect Costs	\$ <u>(27,546)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>(27,546)</u>
Net Income (Loss)	\$ (96,847)
NET POSITION JULY 1, 2019	<u>438,482</u>
NET POSITION JUNE 30, 2020	<u><u>\$ 341,635</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN AMOUNTS DUE TO THIRD PARTIES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts From Local Sources	
1700 Pupil Activities:	
1710 Admissions	\$ 59,935
1730 Pupil Organization Membership Dues and Fees	2,210
1790 Other Pupil Activity Income	<u>217,817</u>
Total Receipts From Local Sources	\$ <u>279,962</u>
TOTAL RECEIPTS ALL SOURCES	\$ <u>279,962</u>
DISBURSEMENTS	
270 Supporting Services Pupil Activity	
271 Pupil Service Activities:	
660 Pupil Activity	\$ 92,836
272 Enterprise Activities:	
660 Pupil Activity	92,334
273 Trust and Agency Activities:	
660 Enterprise Activities	<u>111,780</u>
Total Pupil Activity Expenditures	\$ <u>296,950</u>
TOTAL DISBURSEMENTS	\$ <u>296,950</u>
Excess Receipts Over (Under) Disbursements	\$ (16,988)
DUE TO THIRD PARTIES JULY 1, 2019	<u>100,237</u>
DUE TO THIRD PARTIES JUNE 30, 2020	\$ <u><u>83,249</u></u>

Note: This schedule is presented as prescribed by the S.C. Department of Education.

DISCRETELY PRESENTED COMPONENT UNIT

**DILLON COUNTY SCHOOL DISTRICT NO. 3
DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
JUNE 30, 2020**

		<u>LATTA SCHOOLS EDUCATIONAL FOUNDATION</u>
ASSETS		
Cash and Cash Equivalents	\$	294,751
Due from Primary Government		4,600
Pledges Receivable (Net of Allowance for Uncollectibles)		<u>9,638</u>
TOTAL ASSETS	\$	<u><u>308,989</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Deferred Inflows of Resources		
Unavailable Pledges	\$	<u>9,317</u>
Total Deferred Inflows of Resources	\$	<u>9,317</u>
Fund Balances		
Restricted for:		
Capital Projects	\$	21,419
Scholarships		94,994
Special Programs		4,437
Assigned for:		
Capital Projects and Debt Service		<u>178,822</u>
Total Fund Balances	\$	<u><u>299,672</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$	<u><u>308,989</u></u>

RECONCILIATION TO THE STATEMENT OF NET POSITION:

Amounts reported in the statement of net position presented on page 13 are different because:

Ending governmental fund balance	\$	299,672
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		3,764,556
Other long-term assets (pledges receivable) are not available to pay for current period expenditures and therefore, are not recognized as revenues in the fund.		9,317
Long-term liabilities, including notes payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the fund.		<u>(536,870)</u>
Net position (presented on page 13)	\$	<u><u>3,536,675</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
DISCRETELY PRESENTED COMPONENT UNIT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	<u>LATTA SCHOOLS EDUCATIONAL FOUNDATION</u>
REVENUES	
1000 Revenue from Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 551
1900 Other Revenue From Local Sources:	
1920 Contributions & Donations Private Sources	88,487
1999 Revenue from Other Local Sources	229
	89,267
Total Local Sources	\$ 89,267
2000 Intergovernmental Revenue	
2100 Payments from Other Governmental Units	\$ 194,285
Total Intergovernmental Revenue	\$ 194,285
TOTAL REVENUE ALL SOURCES	\$ 283,552
EXPENDITURES	
300 Community Services	
390 Other Community Services:	
100 Salaries	\$ 22,500
300 Purchased Services	6,469
400 Supplies and Materials	340
500 Capital Outlay	1,034
600 Other Objects	45,484
	75,827
Total Community Services	\$ 75,827
500 Debt Service	
610 Redemption of Principal	\$ 159,637
620 Interest	34,648
	194,285
Total Debt Service Expenditures	\$ 194,285
TOTAL EXPENDITURES	\$ 270,112
Excess Revenues Over (Under) Expenditures	\$ 13,440
FUND BALANCE JULY 1, 2019	286,232
FUND BALANCE JUNE 30, 2020	\$ 299,672

**DILLON COUNTY SCHOOL DISTRICT NO. 3
DISCRETELY PRESENTED COMPONENT UNIT
RECONCILIATION OF THE SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES:

Amounts reported in the statement of activities presented on page 14 are different because:

Net change in governmental fund balance	\$	13,440
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the amount by which depreciation expense exceeded capital outlays in the current period.		(116,089)
Revenues in the statement of activities that will not be collected for several months after year end (pledges receivable) and do not provide for current financial resources, are not reported as revenues in the governmental fund.		(6,229)
The issuance of long-term debt (e.g. notes payable) provides current financial resources to the governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Also, the governmental fund reports the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		159,637
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.		2,212
Change in net position (reported on page 14)	\$	52,971

**SUPPLEMENTAL SCHEDULES
REQUIRED BY
THE S.C. STATE DEPARTMENT OF EDUCATION**

**DILLON COUNTY SCHOOL DISTRICT NO. 3
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
 FOR FISCAL YEAR ENDED JUNE 30, 2020**

<u>PROGRAM</u>	<u>PROJECT/ GRANT NUMBER</u>	<u>REVENUE & SUBFUND CODE</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>AMOUNT DUE TO SDE OR FEDERAL GOV'T</u>
Medicaid	N/A	1930/270	Reimbursement	Recouped by SDE in July 2020	\$ <u>5,426</u>
TOTALS					\$ <u><u>5,426</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
LOCATION RECONCILIATION SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2020**

<u>LOCATION</u>	<u>LOCATION DESCRIPTION</u>	<u>EDUCATION LEVEL</u>	<u>COST TYPE</u>	<u>TOTAL EXPENDITURES</u>
30	District	Non-Schools	Central	\$ 1,759,462
31	Latta Elementary	Elementary Schools	School	5,737,069
32	Latta Middle	Middle Schools	School	3,073,022
33	Latta High	High Schools	School	4,725,356
35	Latta Educational Foundation	Non-Schools	Central	194,285
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				\$ <u>15,489,194</u>

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

General Fund (Subfunds 100s)	\$ 10,882,779
Special Revenue Fund (Subfunds 200s, 800s, 900s)	2,127,507
Special Revenue EIA Fund (Subfunds 300s)	1,197,935
Capital Projects Fund (School Building) (Subfunds 500s)	97,192
Proprietary Fund (Food Service) (Subfunds 600s)	886,831
Trust and Agency Fund (Pupil Activity) (Subfunds 700s)	296,950
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	\$ <u>15,489,194</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
SUBFUND CODE LIST
FOR FISCAL YEAR ENDED JUNE 30, 2020**

OTHER RESTRICTED STATE GRANTS

919	Education License Plates
928	EEDA Career Specialists
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
939	Capital Improvement Plan - Additional
970	School Safety - Facilities and Infrastructure Safety Upgrades
994	PEBA Nonemployer Contributions

OTHER SPECIAL REVENUE GRANTS

210	Title IV, SSAE
251	Title V, Rural and Low-Income School Program
267	Supporting Effective Instruction
270	Medicaid
274	12-Months Ag Program

SINGLE AUDIT SECTION



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**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Dillon County School District No. 3
Latta, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dillon County School District No. 3 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 5, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain

deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. This deficiency is listed as item 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Auditee's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the 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.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 5, 2020



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

To the Board of Trustees
Dillon County School District No. 3
Latta, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Dillon County School District No. 3's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
November 5, 2020

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. One significant deficiency was disclosed during the audit of the basic financial statements. This deficiency is not reported as a material weakness.
3. No instances of noncompliance were disclosed during the audit of the basic financial statements.
4. No control deficiencies were disclosed during the audit of major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs reported in Part C of this schedule.
7. The following programs were tested as major programs:
 - Special Education Cluster:
 - IDEA (CFDA No. 84.027)
 - Preschool Grant (CFDA No. 84.173)
8. The threshold for distinguishing types A and B programs was \$750,000.
9. The District was determined to be a low risk auditee.

B. Findings - Financial Statement Audit

2020-001 Financial Statement Preparation

Control Deficiency: The District's accounting staff does not prepare its financial statements and related note disclosures.

Criteria: Controls over the preparation of financial statements are necessary in preventing and detecting misstatements that could occur in the financial statements.

Cause: District personnel do not possess the technical skills necessary to prepare the financial statements and related note disclosures in accordance with generally accepted accounting principles.

Effect: Errors or misstatements could occur and not be detected by management.

Repeat Audit Finding: This finding was reported in the prior audit period as finding 2019-001.

Recommendation: Management should continue to consult with outside accountants on significant accounting matters and take steps toward gaining the experience needed to prepare financial statements that are presented in accordance with generally accepted accounting principles.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

B. Findings - Financial Statement Audit (continued)

2020-001 Financial Statement Preparation (continued)

Management's Response: Management will evaluate the cost/benefit of internal auditing necessary to prepare financial statements presented in accordance with generally accepted accounting principles. To mitigate the risk of material misstatement in the financial statements, management will ensure that all journal entries are reviewed prior to posting and the financial statements are approved prior to issuance.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

LEA SUBFUND CODE	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION:				
Passed Through State Department of Education:				
Title I Cluster:				
201	Title I Grants to LEAs	84.010	19 Title I	\$ 68,583
201	Title I Grants to LEAs	84.010	20 Title I	574,902
	Total Title I Cluster			<u>643,485</u>
Special Education Cluster:				
203	IDEA	84.027	19 IDEA	62,783
203	IDEA	84.027	20 IDEA	430,933
205	Preschool Grant	84.173	20 IDEA PS	17,378
	Total Special Education Cluster			<u>511,094</u> *
Vocational Education (CATE):				
207	Subprogram 01	84.048	20 CATE	35,518
210	Title IV Student Support & Academic Enrichment	84.424	19 SSAE	8,557
210	Title IV Student Support & Academic Enrichment	84.424	20 SSAE	45,357
	Total Title IV			<u>53,914</u>
251	Title VI Rural and Low-Income Schools	84.358	19 REAP	3,735
251	Title VI Rural and Low-Income Schools	84.358	20 REAP	31,427
	Total Title VI			<u>35,162</u>
267	Title II Improving Teacher Quality	84.367	19 Title II	13,403
267	Title II Improving Teacher Quality	84.367	20 Title II	57,249
	Total Title II			<u>70,652</u>
	Total U.S. Department of Education			<u>\$ 1,349,825</u>
U.S. DEPARTMENT OF AGRICULTURE:				
Passed Through State Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
600	School Lunch Program	10.555	N/A	\$ 57,552
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	278,860
600	School Lunch Program	10.555	N/A	384,387
	Total Child Nutrition Cluster			<u>720,799</u>
	Total U.S. Department of Agriculture		(See Disclosure)	<u>\$ 720,799</u> **
TOTAL FEDERAL AWARDS EXPENDED				<u><u>\$ 2,070,624</u></u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2020

Notes to Schedule of Expenditures of Federal Awards:

- * Denotes a major program
- ** The accounting system used by South Carolina LEAs does not allow for the segregation of expenditures by fund source in the Food Service Fund. The total amount displayed under "Total USDA" excludes \$96,731 of expenditures made from state and local revenue sources. A detailed schedule of the Food Service Fund is included in this audit report.
- 1. The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Dillon County School District No. 3 under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Dillon County School District No. 3, it is not intended to and does not present the financial position, changes, in net assets, or cash flows of Dillon County School District No. 3.
- 2. Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards made prior to December 26, 2014 are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.
- 3. Dillon County School District No. 3 has a restricted indirect cost rate that is used for its federal programs and did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance and covered in *2 CFR Part 200.414*.
- 4. Non-monetary assistance provided by the U.S. Department of Agriculture is reported in the schedule at the fair value of commodities received. Dillon County School District No. 3 received \$57,552 in the form of federal non-cash USDA food commodities for the year ended June 30, 2020. The School Breakfast Program, unlike the School Lunch Program, does not generate separate commodity entitlements; therefore, commodities used in the School Breakfast Program are deemed to be awarded under the School Lunch Program and reported as such in the Schedule of Expenditures of Federal Awards.
- 5. Dillon County School District No. 3 did not provide any federal awards to subrecipients for the year ended June 30, 2020.
- 6. During the year ended June 30, 2018, Dillon County School District No. 3 expended \$667,016 under the U.S. Department of Energy ConserFund PLUS Revolving Loan/Grant Program. Of this amount, \$466,911 was awarded to the District in the form of a federal loan that is to be repaid over a term of 10 years at 1.50% interest. Annual payments of \$50,629 began July 1, 2019. The loan balance outstanding at June 30, 2020 was \$423,286.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

Findings – Financial Statement Audit

Finding 2019-001: Financial Statement Preparation

Condition: This finding was a significant deficiency that the District's accounting staff does not prepare its financial statements and related note disclosures.

Recommendation: The auditor recommended that management continue to consult with outside accountants on significant accounting matters and consider gaining the experience needed to prepare financial statements that are presented in accordance with generally accepted accounting principles. Management concurred with the recommendation and agreed to evaluate the cost/benefit of taking the necessary steps to prepare the financial statements and related note disclosures.

Current Status: This finding was reported as a significant deficiency for the year ended June 30, 2020. Due to cost/benefit considerations, the District has not taken corrective action.

Findings – Major Federal Awards Program Audit

None.