

DILLON COUNTY SCHOOL DISTRICT NO. 3
LATTA, SOUTH CAROLINA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FISCAL YEAR ENDED JUNE 30, 2021

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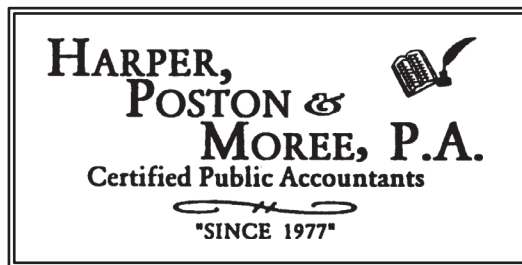
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FINANCIAL SECTION

Robert D. Harper, Jr. CPA
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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, and each major fund of Dillon County School District No. 3, Latta, South Carolina, as of and for the year ended June 30, 2021, 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 an opinion on these basic 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, and each major fund of Dillon County School District No. 3, Latta, South Carolina, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and supplementary pension and other postemployment benefits information on pages 4 through 12 and 60 through 68 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 2, 2021 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 2, 2021

DILLON COUNTY SCHOOL DISTRICT THREE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) FOR YEAR ENDED JUNE 30, 2021

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, 2021. 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, 2021 by \$22,265,428. This is due mainly as a result of the implementation of GASB Statement No. 68 requiring reporting of \$18,316,294 for the District's proportionate share of the net pension liability and GASB Statement No. 75 requiring reporting of \$15,761,474 for the District's proportionate share of the net OPEB liability.
- The District's total net position decreased \$648,908 representing an approximate 3% decrease from the restated (Note 15) fiscal year ending June 30, 2020.
- Revenues totaled \$16,982,460.
- Expenses totaled \$17,631,368.
- 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, 2021.
- Our principal operating fund, the General Fund, had \$10,894,904 in fiscal year 2021 revenues, which primarily consisted of state aid and property taxes and \$11,060,309 in expenditures. The General Fund's fund balance increased from \$1,567,397 as of June 30, 2020 to \$1,739,167 as of June 30, 2021.
- As of the close of the year, 94% 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, and Proprietary), 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, 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 two categories: governmental funds and proprietary 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.

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 \$22,265,428 as of June 30, 2021. This net position is due mainly to the District reporting \$18,316,294 for the proportionate share of the net pension liability as required by GASB No. 68 and reporting \$15,761,474 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 (\$6,405,328) 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, 2021 as compared to fiscal year ended June 30, 2020.

As more fully described in Note 1 of the financial statements, the District implemented GASB Statement No. 84, *Fiduciary Activities*, during the current year. As a result, the District's Pupil Activity Funds are no longer reported as Fiduciary Funds and have been included along with the District's Special Revenue Funds. GASB Statement No. 84 was implemented by retroactively restating beginning net position of 2021. Comparative amounts presented below for 2020 have not been restated.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 2,155,829	2,131,661	\$ 295,547	253,823	\$ 2,451,376	2,385,484
Capital Assets, Net	6,704,502	6,585,536	79,832	93,116	6,784,334	6,678,652
Total Assets	8,860,331	8,717,197	375,379	346,939	9,235,710	9,064,136
Total Deferred Outflows	6,159,525	3,686,087	-0-	-0-	6,159,525	3,686,087
Current Liabilities	268,813	492,025	-0-	-0-	268,813	492,025
Long-term liabilities	34,923,612	31,678,089	7,024	5,304	34,930,636	31,683,393
Total Liabilities	35,192,425	32,170,114	7,024	5,304	35,199,449	32,175,418
Total Deferred Inflows	2,461,214	2,274,574	-0-	-0-	2,461,214	2,274,574
Net Position:						
Net Investment in Capital Assets	6,325,496	6,162,250	79,832	93,116	6,405,328	6,255,366
Unrestricted	(28,959,279)	(28,203,654)	288,523	248,519	(28,670,756)	(27,955,135)
Total Net Position	\$ (22,633,783)	(22,041,404)	\$ 368,355	341,635	\$ (22,265,428)	(21,699,769)

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 (\$22,041,404) before restatement and ended the fiscal year with net position of (\$22,633,783).

The following table presents a comparative summary of the changes in net position for the fiscal year ended June 30, 2021 and for the fiscal year ended June 30, 2020. As noted above, amounts presented for 2020 have not been restated.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES:						
Program Revenues:						
Charges for Services	\$ 409,951	311,784	\$ 12,895	96,666	\$ 422,846	408,450
Operating Grants & Contributions	11,801,952	10,176,837	926,280	720,799	12,728,232	10,897,636
Capital Grants & Contributions	471,373	780,876	-0-	-0-	471,373	780,876
General Revenues:						
Property Taxes Levied for Gen Purpose	2,219,533	2,114,384	-0-	-0-	2,219,533	2,114,384
State Aid	1,139,506	1,022,438	-0-	-0-	1,139,506	1,022,438
Unrestricted Investment Earnings	914	3,286	56	65	970	3,351
Total Revenues	16,043,229	14,409,605	939,231	817,530	16,982,460	15,227,135
EXPENSES:						
Instruction	9,837,401	8,540,104	-0-	-0-	9,837,401	8,540,104
Supporting Services	6,514,063	5,786,331	-0-	-0-	6,514,063	5,786,331
Community Services	510	-0-	-0-	-0-	510	-0-
Intergovernmental	245,676	131,125	-0-	-0-	245,676	131,125
Interest & Other Charges	5,687	6,352	-0-	-0-	5,687	6,352
Depreciation – Unallocated	133,116	135,438	-0-	-0-	133,116	135,438
Food Service	-0-	-0-	894,915	886,831	894,915	886,831
Total Expenses	16,736,453	14,599,350	894,915	886,831	17,631,368	15,486,181
Excess before Transfers	(693,224)	(189,745)	44,316	(69,301)	(648,908)	(259,046)
Transfers	17,596	27,546	(17,596)	(27,546)	-0-	-0-
INCREASE/(DECREASE) in Net Position	(675,628)	(162,199)	26,720	(96,847)	(648,908)	(259,046)
Net Position, Beginning	(22,041,404)	(21,879,205)	341,635	438,482	(21,699,769)	(21,440,723)
Prior Period Adjustment – GASB 84	83,249	-0-	-0-	-0-	83,249	-0-
Net Position, Ending	\$ (22,633,783)	(22,041,404)	\$ 368,355	341,635	\$ (22,265,428)	(21,699,769)

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	
	2021	2020	2021	2020
Instruction	\$ 9,837,401	8,540,104	\$ (1,625,628)	(1,441,454)
Support Services	6,514,063	5,786,331	(2,137,764)	(1,668,336)
Community Services	510	-0-	-0-	-0-
Intergovernmental	245,676	131,125	(150,982)	(78,273)
Interest and Other Charges	5,687	6,352	(5,687)	(6,352)
Depreciation (unallocated)	133,116	135,438	(133,116)	(135,438)
Totals	\$ 16,736,453	14,599,350	\$ (4,053,177)	(3,329,853)

- The cost of all governmental activities this year was \$16,736,453.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$12,683,276.
- Net cost of governmental activities (\$4,053,177), was financed by general revenues, which are made up of primarily property taxes \$2,219,533, state aid \$1,139,506 and transfers of \$17,596. Investment earnings accounted for \$914 of funding. All of these components contributed to an overall decrease in net position for Governmental activities of \$675,628.
- The net decrease in governmental activities net position of \$675,628 accounts for the majority of the total decrease in the District's net position. This decrease is primarily a result of pension and OPEB related expenses.

Business-Type Activities: Net position of business-type activities increased by \$26,720 for the current fiscal year. Operating revenues decreased by \$82,043, while USDA reimbursements increased \$187,621 from the prior fiscal year. Both are a result of the USDA offering free meals to all students for the 2020-2021 school year as a response to the 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 of the General Fund amounted to \$1,739,167 at June 30, 2021 and represents approximately 15% 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 \$1,833,065, an increase of \$182,419 from the restated prior year. General Fund accounted for \$171,770 of this increase, as a result of the District's efforts in maintaining budgeted expenditure reductions in various supporting areas.

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 an increase in net position of \$26,720. The balance of net position on June 30, 2021 was \$368,355. The balance on June 30, 2020 was \$341,635. 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, 2021, the District has invested \$6,704,502 (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 \$118,966 increase from the prior year, primarily a result of school improvements and equipment. Total depreciation expense for the year was \$422,411.

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.

Major capital improvements of governmental activities during the current fiscal year included security and safety upgrades at Latta Middle School. Construction in progress for this project totaled \$364,198 at June 30, 2021. The project is being financed by state and federal grants received by the District.

The following schedule presents capital asset balances for governmental activities, net of depreciation, for the fiscal year ended June 30, 2021:

		Amount	
		2021	2020
Land	\$	179,630	179,630
Construction in Progress		364,198	-0-
Buildings		3,110,795	3,238,076
Improvements		2,859,447	3,021,314
Equipment		190,432	146,516
Total Assets	\$	<u>6,704,502</u>	<u>6,585,536</u>

The net capital assets ending balance for business-type activities is \$79,832 reflecting a decrease of \$13,284 from the prior year. Depreciation expense for the year was \$13,284.

Additional information on the District’s capital assets and construction commitments can be found in Note 4 and Note 18 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, 2021:

	Beginning Balance	Addition	Reduction	Ending Balance	Due Within One Year
Notes Payable	\$ 423,286	-0-	(44,280)	\$ 379,006	\$ 44,944
Total Long-Term Debt	\$ 423,286	-0-	(44,280)	\$ 379,006	\$ 44,944

During the year ending June 2017, 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 continue through July 1, 2028. The outstanding balance of this loan at June 30, 2021 was \$379,006.

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. As of June 30, 2021, there was no outstanding bonded debt of 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 2021 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 state funding that were not anticipated in the original budget. Actual expenditures were \$494 more than budgetary appropriations primarily for increased 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 2021-22 to the County Board of Education. The 2021-22 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. Since the declaration of the 2019 Novel Coronavirus (Covid-19) as a pandemic in March 2020, economic challenges continue globally, nationally and locally. While the full financial effect of the pandemic is still 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, 2021

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	
ASSETS				
Cash	\$ 96,250	\$ 303,619	\$ 399,869	\$ 532,324
Taxes Receivable (Net of Allowance)	201,425	-	201,425	-
Due From County Treasurer	995,226	-	995,226	-
Due From Other Governments	842,128	-	842,128	-
Pledges Receivable (Net of Allowance)	-	-	-	8,723
Due From Primary Government	-	-	-	43,966
Internal Balances	20,800	(20,800)	-	-
Inventories	-	12,728	12,728	-
Capital Assets (Net of Accumulated Depreciation):				
Land (Non-Depreciable)	179,630	-	179,630	308,260
Construction in Progress (Non-Depreciable)	364,198	-	364,198	135,800
Buildings	3,110,795	-	3,110,795	3,235,470
Improvements	2,859,447	-	2,859,447	-
Equipment	190,432	79,832	270,264	105,054
TOTAL ASSETS	\$ 8,860,331	\$ 375,379	\$ 9,235,710	\$ 4,369,597
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension & OPEB	\$ 6,159,525	\$ -	\$ 6,159,525	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 6,159,525	\$ -	\$ 6,159,525	\$ -
LIABILITIES				
Accounts Payable	\$ 120,118	\$ -	\$ 120,118	\$ 73,700
Accrued Payroll Liabilities	84,340	-	84,340	-
Accrued Interest Payable	5,670	-	5,670	5,004
Due To Component Unit	43,966	-	43,966	-
Due To State Department of Education	7,355	-	7,355	-
Unearned Grant Revenues	7,364	-	7,364	-
Noncurrent Liabilities:				
Due Within One Year	264,441	2,601	267,042	176,238
Due In More Than One Year	34,659,171	4,423	34,663,594	185,429
TOTAL LIABILITIES	\$ 35,192,425	\$ 7,024	\$ 35,199,449	\$ 440,371
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension & OPEB	\$ 2,461,214	\$ -	\$ 2,461,214	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,461,214	\$ -	\$ 2,461,214	\$ -
NET POSITION				
Net Investment in Capital Assets	\$ 6,325,496	\$ 79,832	\$ 6,405,328	\$ 3,566,829
Restricted for Capital Projects	-	-	-	216,072
Restricted for Scholarships	-	-	-	57,116
Restricted for Special Programs	-	-	-	18,768
Unrestricted	(28,959,279)	288,523	(28,670,756)	70,441
TOTAL NET POSITION	\$ (22,633,783)	\$ 368,355	\$ (22,265,428)	\$ 3,929,226

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, 2021

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	\$ 9,837,401	\$ 133,501	\$ 8,028,037	\$ 50,235	\$ (1,625,628)	\$ -	\$ (1,625,628)	\$ -
Supporting Services	6,514,063	261,122	3,694,039	421,138	(2,137,764)	-	(2,137,764)	-
Community Services	510	-	510	-	-	-	-	-
Intergovernmental	245,676	15,328	79,366	-	(150,982)	-	(150,982)	-
Interest and Other Charges	5,687	-	-	-	(5,687)	-	(5,687)	-
Depreciation - Unallocated*	133,116	-	-	-	(133,116)	-	(133,116)	-
Total Governmental Activities	\$ 16,736,453	\$ 409,951	\$ 11,801,952	\$ 471,373	\$ (4,053,177)	\$ -	\$ (4,053,177)	\$ -
Business-Type Activities:								
Food Service	\$ 894,915	\$ 12,895	\$ 926,280	\$ -	\$ -	\$ 44,260	\$ 44,260	\$ -
Total Business-Type Activities	\$ 894,915	\$ 12,895	\$ 926,280	\$ -	\$ -	\$ 44,260	\$ 44,260	\$ -
TOTAL PRIMARY GOVERNMENT	\$ 17,631,368	\$ 422,846	\$ 12,728,232	\$ 471,373	\$ (4,053,177)	\$ 44,260	\$ (4,008,917)	\$ -
COMPONENT UNIT								
Educational Foundation	\$ 233,748	\$ -	\$ 38,625	\$ 556,549	\$ -	\$ -	\$ -	\$ 361,426
General Revenues:								
Property Taxes, Levied for General Purposes					\$ 2,219,533	\$ -	\$ 2,219,533	\$ -
State Aid Not Restricted to Specific Programs					1,139,506	-	1,139,506	-
Unrestricted Contributions					-	-	-	30,000
Unrestricted Investment Earnings					914	56	970	1,125
Transfers					17,596	(17,596)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					\$ 3,377,549	\$ (17,540)	\$ 3,360,009	\$ 31,125
CHANGE IN NET POSITION					\$ (675,628)	\$ 26,720	\$ (648,908)	\$ 392,551
NET POSITION BEGINNING OF YEAR (As Restated, Note 15)					(21,958,155)	341,635	(21,616,520)	3,536,675
NET POSITION END OF YEAR					\$ (22,633,783)	\$ 368,355	\$ (22,265,428)	\$ 3,929,226

* Excludes depreciation of \$289,295 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, 2021**

	<u>GENERAL</u>
ASSETS	
Cash and Cash Equivalents	\$ -
Taxes Receivable (Net of Allowance for Uncollectibles)	201,425
Due From County Treasurer	995,226
Due From Other Funds	803,496
Due From State Department of Education	<u>15,001</u>
TOTAL ASSETS	\$ <u><u>2,015,148</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities	
Accounts Payable	\$ 88,054
Due To Component Unit	43,966
Due To Other Funds	-
Due To State Department of Education	-
Accrued Payroll Liabilities	84,340
Unearned Grant Revenues	<u>-</u>
Total Liabilities	\$ <u>216,360</u>
Deferred Inflows of Resources	
Unavailable Property Taxes	\$ <u>59,621</u>
Total Deferred Inflows of Resources	\$ <u>59,621</u>
Fund Balances	
Unassigned	\$ 1,739,167
Assigned for Pupil Activities	<u>-</u>
Total Fund Balances	\$ <u>1,739,167</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u><u>2,015,148</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>
\$ 96,250	\$ -	\$ -	\$ 96,250
-	-	-	201,425
-	-	-	995,226
-	2,323	-	805,819
<u>822,086</u>	<u>5,041</u>	<u>-</u>	<u>842,128</u>
<u>\$ 918,336</u>	<u>\$ 7,364</u>	<u>\$ -</u>	<u>\$ 2,940,848</u>
\$ 32,064	\$ -	\$ -	\$ 120,118
-	-	-	43,966
785,019	-	-	785,019
7,355	-	-	7,355
-	-	-	84,340
<u>-</u>	<u>7,364</u>	<u>-</u>	<u>7,364</u>
<u>\$ 824,438</u>	<u>\$ 7,364</u>	<u>\$ -</u>	<u>\$ 1,048,162</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,621</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,621</u>
\$ -	\$ -	\$ -	\$ 1,739,167
<u>93,898</u>	<u>-</u>	<u>-</u>	<u>93,898</u>
<u>\$ 93,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,833,065</u>
<u>\$ 918,336</u>	<u>\$ 7,364</u>	<u>\$ -</u>	<u>\$ 2,940,848</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2021**

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

Ending fund balances - governmental funds balance sheet	\$	1,833,065
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,704,502
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recognized as revenues in the funds.		59,621
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>(31,230,971)</u>
Net position of governmental activities	\$	<u><u>(22,633,783)</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, 2021

	GENERAL
REVENUES	
Local	\$ 2,402,883
State	8,058,937
Federal	-
Intergovernmental	433,084
TOTAL REVENUES	\$ 10,894,904
EXPENDITURES	
Current	
Instruction	\$ 5,907,080
Supporting Services	4,745,906
Community Services	-
Intergovernmental Expenditures	318,862
Debt Service	
Principal	44,280
Interest and Fiscal Agent Fees	6,349
Capital Outlay	37,832
TOTAL EXPENDITURES	\$ 11,060,309
Excess Revenues Over (Under) Expenditures	\$ (165,405)
OTHER FINANCING SOURCES (USES)	
Transfers From Other Funds	\$ 373,084
Transfers To Other Funds	(35,909)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 337,175
Net Change in Fund Balances	\$ 171,770
FUND BALANCES BEGINNING OF YEAR	1,567,397
Adjustment to Beginning Fund Balance (Note 15)	-
FUND BALANCES END OF YEAR	\$ 1,739,167

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>
\$ 317,653	\$ -	\$ -	\$ 2,720,536
1,365,142	930,542	56,940	10,411,561
2,497,028	-	-	2,497,028
-	-	-	433,084
<u>4,179,823</u>	<u>930,542</u>	<u>56,940</u>	<u>16,062,209</u>
\$ 2,388,250	\$ 495,740	\$ -	\$ 8,791,070
1,230,610	9,314	-	5,985,830
510	-	-	510
185,371	20,000	-	524,233
-	-	-	44,280
-	-	-	6,349
<u>364,433</u>	<u>50,000</u>	<u>92,849</u>	<u>545,114</u>
<u>4,169,174</u>	<u>575,054</u>	<u>92,849</u>	<u>15,897,386</u>
\$ 10,649	\$ 355,488	\$ (35,909)	\$ 164,823
\$ -	\$ -	\$ 35,909	\$ 408,993
-	(355,488)	-	(391,397)
<u>-</u>	<u>(355,488)</u>	<u>35,909</u>	<u>17,596</u>
\$ 10,649	\$ -	\$ -	\$ 182,419
-	-	-	1,567,397
<u>83,249</u>	<u>-</u>	<u>-</u>	<u>83,249</u>
<u>93,898</u>	<u>-</u>	<u>-</u>	<u>1,833,065</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, 2021**

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

Net change in fund balances - total governmental funds	\$	182,419
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.		118,966
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.		(18,950)
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.		212,160
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>(1,170,223)</u>
Change in net position of governmental activities	\$	<u><u>(675,628)</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, 2021

		BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
ASSETS		
Current Assets:		
Cash	\$	303,619
Inventories		12,728
Total Current Assets	\$	<u>316,347</u>
Noncurrent Assets:		
Equipment	\$	272,459
Less: Accumulated Depreciation		<u>(192,627)</u>
Total Noncurrent Assets	\$	<u>79,832</u>
TOTAL ASSETS	\$	<u>396,179</u>
LIABILITIES		
Current Liabilities:		
Compensated Absences	\$	2,601
Due to Other Funds		20,800
Total Current Liabilities	\$	<u>23,401</u>
Noncurrent Liabilities:		
Compensated Absences	\$	4,423
Total Noncurrent Liabilities	\$	<u>4,423</u>
TOTAL LIABILITIES	\$	<u>27,824</u>
NET POSITION		
Net Investment in Capital Assets	\$	79,832
Unrestricted		<u>288,523</u>
TOTAL NET POSITION	\$	<u><u>368,355</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, 2021

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
OPERATING REVENUES	
Proceeds from Sales of Meals	\$ <u>10,848</u>
TOTAL OPERATING REVENUES	\$ <u>10,848</u>
OPERATING EXPENSES	
Food Costs	\$ 501,997
Salaries and Employee Benefits	320,469
Utilities	2,780
Depreciation	13,284
Supplies and Materials	33,085
Other Operating Costs	<u>23,300</u>
TOTAL OPERATING EXPENSES	\$ <u>894,915</u>
Operating Income (Loss)	\$ <u>(884,067)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest	\$ 56
USDA Reimbursements	850,868
Commodities Received from USDA	54,201
Other State Aid	21,211
Miscellaneous Revenues	<u>2,047</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ <u>928,383</u>
Income (Loss) Before Transfers	\$ 44,316
TRANSFERS IN (OUT)	\$ <u>(17,596)</u>
Change in Net Position	\$ 26,720
NET POSITION BEGINNING OF YEAR	<u>341,635</u>
NET POSITION END OF YEAR	<u><u>368,355</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, 2021**

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Patrons	\$ 10,848
Payments to Suppliers for Goods and Services	(630,174)
Payments to Employees for Services	<u>(320,469)</u>
Net Cash Provided (Used) By Operating Activities	\$ <u>(939,795)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Federal Reimbursements	\$ 850,868
Other State Aid	21,211
Other Miscellaneous Receipts	2,047
Transfers to Other Funds	<u>(17,596)</u>
Net Cash Provided (Used) By Non-Capital Financing Activities	\$ <u>856,530</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	\$ <u>56</u>
Net Cash Provided (Used) By Investing Activities	\$ <u>56</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (83,209)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>386,828</u>
CASH AND CASH EQUIVALENTS END OF YEAR	\$ <u><u>303,619</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, 2021**

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (884,067)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Depreciation	13,284
Non-Cash Commodities Used	54,201
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventory	8,784
Increase (Decrease) in Due To/From Other Funds	(133,717)
Increase (Decrease) in Compensated Absences	1,720
Net Cash Provided (Used) By Operating Activities	\$ <u>(939,795)</u>
 Supplemental Non-Cash Financing and Investing Information:	
Non-Cash Commodities Received from USDA	\$ <u>54,201</u>

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

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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. Blended component units, although legally separate entities, are in substance part of the governments operations and data is combined with that of the primary government. 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.

During the current year, the District implemented the provisions of GASB Statement No. 84 *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result of implementation of this Statement, funds for student activities for which the District has administrative involvement are no longer accounted for as fiduciary funds, but are now accounted for as special revenue funds. This Statement was implemented retroactively by restating beginning net position of governmental activities and beginning fund balance of special revenue funds.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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.

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.

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, and 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, and 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.

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$399,869 and the corresponding bank balance was \$477,913.

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, 2021, \$93,945 of the District's bank balances of \$477,913 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.

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 \$995,226.

Component Unit

At year end, the Foundation's carrying amount of deposits was \$532,324 and the corresponding bank balance was \$504,199. Of the Foundation's bank balance at June 30, 2021, \$254,199 was exposed to custodial credit risk (as defined above) because it was uninsured and uncollateralized.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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>Total</u>
Receivables:				
Taxes	\$ 220,609	\$ -	\$ -	\$ 220,609
State and Federal Grants	<u>15,001</u>	<u>822,086</u>	<u>5,041</u>	<u>842,128</u>
Gross Receivables	\$ 235,610	\$ 822,086	\$ 5,041	\$ 1,062,737
Less: Allowance for Uncollectible Taxes	<u>(19,184)</u>	<u>-</u>	<u>-</u>	<u>(19,184)</u>
Net Receivables	<u>\$ 216,426</u>	<u>\$ 822,086</u>	<u>\$ 5,041</u>	<u>\$ 1,043,553</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 \$7,876.

Pledges Receivable	\$ 16,101
Less: Allowance for Uncollectible Amounts	<u>(7,378)</u>
Totals	<u>\$ 8,723</u>

The following schedule lists pledges receivable by year.

<u>Year Ended June 30</u>	<u>Pledges Receivable</u>
2022	\$ 3,823
2023	2,550
2024	900
2025	300
2026	300
Thereafter	<u>850</u>
Totals	<u>\$ 8,723</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 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	-	364,198	-	364,198
Total Capital Assets, not Being Depreciated	<u>\$ 179,630</u>	<u>\$ 364,198</u>	<u>\$ -</u>	<u>\$ 543,828</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 7,748,597	\$ -	\$ -	\$ 7,748,597
Improvements	6,231,804	92,849	-	6,324,653
Vehicles	280,949	-	-	280,949
Support Equipment	123,126	-	-	123,126
Instructional Equipment	535,008	46,611	-	581,619
Maintenance Equipment	144,678	37,719	-	182,397
Total Capital Assets, Being Depreciated	<u>\$ 15,064,162</u>	<u>\$ 177,179</u>	<u>\$ -</u>	<u>\$ 15,241,341</u>
Less Accumulated Depreciation for:				
Buildings	\$ (4,510,521)	\$ (127,281)	\$ -	\$ (4,637,802)
Improvements	(3,210,490)	(254,716)	-	(3,465,206)
Vehicles	(280,949)	-	-	(280,949)
Support Equipment	(96,320)	(8,266)	-	(104,586)
Instructional Equipment	(432,029)	(28,617)	-	(460,646)
Maintenance Equipment	(127,947)	(3,531)	-	(131,478)
Total Accumulated Depreciation	<u>\$ (8,658,256)</u>	<u>\$ (422,411)</u>	<u>\$ -</u>	<u>\$ (9,080,667)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 6,405,906</u>	<u>\$ (245,232)</u>	<u>\$ -</u>	<u>\$ 6,160,674</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,585,536</u>	<u>\$ 118,966</u>	<u>\$ -</u>	<u>\$ 6,704,502</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 272,459	\$ -	\$ -	\$ 272,459
Total Capital Assets, Being Depreciated	<u>\$ 272,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,459</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	\$ (179,343)	\$ (13,284)	\$ -	\$ (192,627)
Total Accumulated Depreciation	<u>\$ (179,343)</u>	<u>\$ (13,284)</u>	<u>\$ -</u>	<u>\$ (192,627)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 93,116</u>	<u>\$ (13,284)</u>	<u>\$ -</u>	<u>\$ 79,832</u>
Business-Type Activities Capital Assets, Net	<u>\$ 93,116</u>	<u>\$ (13,284)</u>	<u>\$ -</u>	<u>\$ 79,832</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit:				
Capital Assets, not Being Depreciated:				
Land	\$ 308,260	\$ -	\$ -	\$ 308,260
Construction in Progress	-	135,800	-	135,800
Total Capital Assets, not Being Depreciated	<u>\$ 308,260</u>	<u>\$ 135,800</u>	<u>\$ -</u>	<u>\$ 444,060</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 3,830,539	\$ -	\$ -	\$ 3,830,539
Equipment and Furnishings	391,611	-	-	391,611
Total Capital Assets, Being Depreciated	<u>\$ 4,222,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,222,150</u>
Less Accumulated Depreciation for:				
Buildings	\$ (518,458)	\$ (76,611)	\$ -	\$ (595,069)
Equipment and Furnishings	(247,396)	(39,161)	-	(286,557)
Total Accumulated Depreciation	<u>\$ (765,854)</u>	<u>\$ (115,772)</u>	<u>\$ -</u>	<u>\$ (881,626)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 3,456,296</u>	<u>\$ (115,772)</u>	<u>\$ -</u>	<u>\$ 3,340,524</u>
Total Capital Assets, Net	<u><u>\$ 3,764,556</u></u>	<u><u>\$ 20,028</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,784,584</u></u>

Depreciation expense was charged to functions/programs as follows:

Primary Government:

Governmental Activities:

Instruction	\$ 245,975
Supporting Services	43,320
Unallocated	<u>133,116</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 422,411</u></u>

Business-Type Activities:

Food Service	\$ <u>13,284</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 13,284</u></u>

Component Unit:

Supporting Services	\$ <u>115,772</u>
Total Depreciation Expense - Component Unit	<u><u>\$ 115,772</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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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. The loan was issued during the year ended June 30, 2018. 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, 2021, are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2021</u>
2018	1.50%	July 1, 2028	\$ 466,911	\$ 379,006

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

<u>Year Ended June 30</u>	<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	47,702	2,927	50,629
2027-2029	147,443	4,445	151,888
Totals	\$ 379,006	\$ 26,027	\$ 405,033

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (continued)

The following is a summary of changes in long-term obligations and balances of the District for June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct Borrowing Notes Payable	\$ 423,286	\$ -	\$ (44,280)	\$ 379,006	\$ 44,944
Net Pension Liability	16,977,075	4,193,175	(2,853,956)	18,316,294	-
Net OPEB Liability	13,652,405	5,590,802	(3,481,733)	15,761,474	-
Debt Guarantee	529,547	-	(167,880)	361,667	176,238
Compensated Absences	<u>95,776</u>	<u>55,569</u>	<u>(46,174)</u>	<u>105,171</u>	<u>43,259</u>
Totals	<u>\$ 31,678,089</u>	<u>\$ 9,839,546</u>	<u>\$ (6,594,023)</u>	<u>\$ 34,923,612</u>	<u>\$ 264,441</u>
Business-Type Activities:					
Compensated Absences	<u>\$ 5,304</u>	<u>\$ 4,187</u>	<u>\$ (2,467)</u>	<u>\$ 7,024</u>	<u>\$ 2,601</u>
Totals	<u>\$ 5,304</u>	<u>\$ 4,187</u>	<u>\$ (2,467)</u>	<u>\$ 7,024</u>	<u>\$ 2,601</u>

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. In the event of default, the lender may repossess the property and apply what is received from the disposition of the property towards any debt that is still owed. Outstanding direct borrowing notes payable of the Foundation at June 30, 2021, are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2021</u>
2013	5.00%	March 20, 2023	\$ <u>1,500,000</u>	\$ <u>361,667</u>

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

<u>Year Ended June 30</u>	<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 176,238	\$ 18,047	\$ 194,285
2023	<u>185,429</u>	<u>8,856</u>	<u>194,285</u>
Totals	<u>\$ 361,667</u>	<u>\$ 26,903</u>	<u>\$ 388,570</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - LONG-TERM LIABILITIES (continued)

The following is a summary of changes in long-term obligations and balances of the Foundation for June 30, 2021:

Component Unit:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowing Notes Payable	\$ 529,547	\$ -	\$ (167,880)	\$ 361,667	\$ 176,238
Totals	<u>\$ 529,547</u>	<u>\$ -</u>	<u>\$ (167,880)</u>	<u>\$ 361,667</u>	<u>\$ 176,238</u>

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, 2021, interfund receivables and payables resulting from various interfund transactions were as follows. All balances are expected to be repaid within the following year.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 803,496	\$ -
Special Projects	-	785,019
EIA	2,323	-
Food Service Fund	-	20,800
Total	<u>\$ 805,819</u>	<u>\$ 805,819</u>

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:

	<u>Transfers From Other Funds</u>	<u>Tranfers To Other Funds</u>
General Fund	\$ 373,084	\$ 35,909
EIA	-	355,488
School Building Fund	35,909	-
Food Service Fund	-	17,596
Total	<u>\$ 408,993</u>	<u>\$ 408,993</u>

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

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 OPEB 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 governmental 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 the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the 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, 2021 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.

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 the mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

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, 2021. 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 should 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 \$110,677 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, 2021:

SCRHITF	\$	526,201
SCLTDITF	\$	6,446

The District also recorded fringe benefit expenses for insurance benefits for active employees in the amount of \$1,325,989 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$15,761,474 for its proportionate share of the net OPEB liability, of which \$15,761,214 was for SCRHITF and \$260 was for SCLTDITF. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 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, 2021 was .087313% for SCRHITF which was a .00296% decrease from its proportionate share of .090273% at June 30, 2020. The District’s proportionate share at June 30, 2021 was .085762% for SCLTDITF which was a .001102% decrease from its proportionate share of .086864% at June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,124,647, of which \$1,117,674 was for SCRHITF and \$6,973 was for SCLTDITF.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the SCRHITF OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual investment experience	\$ -	\$ 36,762
Differences between projected and actual experience	450,785	358,939
Assumption changes	2,345,465	627,692
Changes in proportionate share and differences between employer contributions and proportionate share of total plan contributions	24,017	557,567
District contributions subsequent to the measurement date	<u>526,201</u>	<u>-</u>
Total	<u>\$ 3,346,468</u>	<u>\$ 1,580,960</u>

District contributions to the SCRHITF subsequent of the measurement date of \$526,201 reported as deferred outflows will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	
2022	\$ 128,938
2023	123,774
2024	115,591
2025	257,592
2026	298,043
Thereafter	<u>315,369</u>
	<u>\$ 1,239,307</u>

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the SCLTDITF OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual investment experience	\$ -	\$ 2,167
Differences between projected and actual experience	-	1,080
Assumption changes	1,090	130
Changes in the proportionate share and differences between employer contributions and proportionate share of total plan contributions	-	300
District contributions subsequent to the measurement date	<u>6,446</u>	<u>-</u>
Total	<u>\$ 7,536</u>	<u>\$ 3,677</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

District contributions to the SCLTDITF subsequent of the measurement date of \$6,446 reported as deferred outflows will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>		
2022	\$	(409)
2023		(596)
2024		(837)
2025		(574)
2026		(62)
Thereafter		<u>(109)</u>
	\$	<u><u>(2,587)</u></u>

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.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation date	June 30, 2019
Actuarial cost method	Individual Entry - Age Normal
Inflation	2.25%
Investment rate of return	2.75%, net of Plan investment expense; including inflation
Single discount rate	2.45% as of June 30, 2020
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 4.00% over a period of 15 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	The discount rate changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020; updates were also made to the healthcare trend rate assumption, including an adjustment to reflect the repeal of the "Cadillac Tax".

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation date	June 30, 2019
Actuarial cost method	Individual Entry - Age Normal
Inflation	2.25%
Investment rate of return	3.00%, net of Plan investment expense; including inflation
Single discount rate	2.83% as of June 30, 2020
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 disability 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 3.04% as of June 30, 2019 to 2.83% as of June 30, 2020

Roll Forward Disclosure

The actuarial valuations were performed as of June 30, 2019. Update procedures were used to roll forward the total OPEB liability to June 30, 2020.

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, 2020:

<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	\$ 19,703,745,672	\$ 1,652,299,185	\$ 18,051,446,487	8.39%
SCLTDITF	\$ 42,782,316	\$ 42,479,106	\$ 303,210	99.29%

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

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:

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%	0.35%	0.07%
Total	100.0%		0.55%
Expected Inflation			2.25%
Total Return			2.80%
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%	0.35%	0.07%
Total	100.0%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			3.00%

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

Single Discount Rate

The Single Discount Rate of 2.45% 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 2.83% 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 2.45%. 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 2041. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2041, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 2.45%, 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 (1.45%)	Current Discount Rate (2.45%)	1.00% Increase (3.45%)
District's proportionate share of the SCRHITF net OPEB liability	\$ 18,806,292	\$ 15,761,214	\$ 13,327,969

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	\$ 12,757,190	\$ 15,761,214	\$ 19,706,363

The following table presents the SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 2.83%, 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 (1.83%)	Current Discount Rate (2.83%)	1.00% Increase (3.83%)
District's proportionate share of the SCLTDITF net OPEB liability	\$ 1,532	\$ 260	\$ (1,003)

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS (continued)

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.

Payables to the OPEB Plans

At June 30, 2021, 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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 an account 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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

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 first elected to the S.C. General Assembly 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.

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.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

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 in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rate that was scheduled to go into effect beginning July 1, 2020. 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.

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 2020-2021 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 2020-2021 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 service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

In accordance with the South Carolina 2020-2021 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 \$77,721 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, 2021 measurement period.

Contributions to the pension plan from the District were as follows for the year ended June 30, 2021:

SCRS	\$	1,208,528
ORP - Remitted to SCRS	\$	15,890
ORP - Remitted to Vendor	\$	7,891

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

At June 30, 2021, the District reported a liability of \$18,316,294 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 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, 2021 was .071683%, which was a .002667% decrease from its proportionate share of .074350% at June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$1,982,296. At June 30, 2021, 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	\$ 211,346	\$ 69,262
Assumption changes	22,440	-
Net difference between projected and actual earnings on pension plan investments	1,347,317	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	807,315
District contributions subsequent to the measurement date	1,224,418	-
Total	\$ 2,805,521	\$ 876,577

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

District contributions subsequent of the measurement date of \$1,224,418 reported as deferred outflows will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	
2022	\$ 11,228
2023	146,849
2024	281,106
2025	265,343
Thereafter	<u>-</u>
	<u>\$ 704,526</u>

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 for the period ending June 30, 2019 for first use in the July 1, 2021 actuarial valuation.

The June 30, 2020, 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, 2019. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020.

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

¹*Includes 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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

Assumptions used in the determination of the June 30, 2020, 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, 2020, 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	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%

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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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 and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

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%	7.81%	2.73%
Private Equity ^{2,3}	9.0%	8.91%	0.80%
Equity Options Strategies ¹	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private) ^{2,3}	8.0%	5.55%	0.44%
Real Estate (REITs) ²	1.0%	7.78%	0.08%
Infrastructure (Private) ^{2,3}	2.0%	4.88%	0.10%
Infrastructure (Public) ²	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation ¹	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans ^{1,2}	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt ^{2,3}	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income ¹	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Return ⁴	<u>100.0%</u>		<u>5.80%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
			<u><u>8.05%</u></u>

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.

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - PENSION AND RETIREMENT PLAN (continued)

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	\$ 22,700,801	\$ 18,316,294	\$ 14,655,178

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, 2021, 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, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB - SCRHITF	\$ 3,346,468	\$ 1,580,960
OPEB - SCLTDTF	7,536	3,677
Pensions - SCRS Plan	<u>2,805,521</u>	<u>876,577</u>
Total	<u>\$ 6,159,525</u>	<u>\$ 2,461,214</u>

NOTE 10 – 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, 2021, 2020, and 2019.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 – RISK MANAGEMENT (continued)

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 11 – 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 also 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.

NOTE 12 – 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 determined that their resources are not material to the reporting entity.

NOTE 13 – 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>59,621</u>
	\$ <u><u>59,621</u></u>
Long-Term Liabilities Not Reported in the Funds:	
Notes Payable	\$ (379,006)
Net Pension Liability	(18,316,294)
Deferred Outflows of Resources Related to Pension	2,805,521
Deferred Inflows of Resources Related to Pension	(876,577)
Net OPEB Liability	(15,761,474)
Deferred Outflows of Resources Related to OPEB	3,354,004
Deferred Inflows of Resources Related to OPEB	(1,584,637)
Debt Guarantee for Latta Schools Educational Foundation, Inc.	(361,667)
Accrued Interest Payable	(5,670)
Compensated Absences Payable	<u>(105,171)</u>
	\$ <u><u>(31,230,971)</u></u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS
(continued)

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	\$ 541,377
Depreciation Expense	<u>(422,411)</u>
	<u>\$ 118,966</u>
Revenues Not Recognized in the Funds:	
Property Taxes	\$ <u>(18,950)</u>
	<u>\$ (18,950)</u>
Issuance and Repayment of Long-Term Debt:	
Principal Repayment on Guaranteed Debt	\$ 167,880
Principal Repayment on Notes Payable	<u>44,280</u>
	<u>\$ 212,160</u>
Expenses Not Recognized in the Funds:	
Compensated Absences	\$ (9,395)
Accrued Interest on Long-Term Debt	662
Pension Expense	(680,158)
OPEB Expense	<u>(481,332)</u>
	<u>\$ (1,170,223)</u>

NOTE 14 – 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, 2021, the outstanding principal of the debt is \$361,667.

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 – DEBT GUARANTEE (continue)

During the current year ended June 30, 2021, the District paid \$167,880 in principal and \$26,405 in interest on the guaranteed debt. The cumulative amount that has been paid by the District as of June 30, 2021 is \$1,165,429. 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, 2021 is as follows:

Beginning Balance	Increases	Decreases	Ending Balance
\$ <u>529,547</u>	\$ <u>-</u>	\$ <u>(167,880)</u>	\$ <u>361,667</u>

NOTE 15 – NET POSITION AND FUND BALANCE RESTATEMENT

The District retroactively implemented the provisions of GASB Statement No. 84 by restating beginning net position and beginning fund balance as of June 30, 2020 as follows:

	Governmental Activities	Special Revenue Funds
As Originally Reported	\$ (22,041,404)	\$ -
Pupil Activities	<u>83,249</u>	<u>83,249</u>
As Restated	\$ <u>(21,958,155)</u>	\$ <u>83,249</u>

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.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16 – TAX ABATEMENTS

- 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.

As of the date of this report, information was not available from Dillon County related to the amount of tax abatements under the aforementioned programs for the year ended June 30, 2021. However, in the year ended June 30, 2020 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.

NOTE 18 – COMMITMENTS

At June 30, 2021, the District and its component unit had outstanding contracts related to its construction projects. The commitments are as follows:

	<u>Completion Date</u>	<u>Commitment</u>	<u>Expenditures Incurred</u>	<u>Remaining Commitment June 30, 2021</u>
<i>Primary Government:</i>				
Latta Middle School - Security & Safety Additions	October 2021	\$ 712,000	\$ 320,640	\$ 391,360
Total		<u>\$ 712,000</u>	<u>\$ 320,640</u>	<u>\$ 391,360</u>
<i>Component Unit:</i>				
Teacherage Housing (Two Units)	December 2021	\$ 444,000	\$ 135,800	\$ 308,200
Total		<u>\$ 444,000</u>	<u>\$ 135,800</u>	<u>\$ 308,200</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest costs be recognized as an expense as incurred. As a result, interest cost incurred during construction will not be included in the historical cost of a capital asset. The requirements of this statement are effective for reporting periods beginning after December 15, 2020 and will be implemented prospectively.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This statement provides guidance on the accounting and financial reporting for government users and establishes that SBITAs result in right-to-use intangible assets with a corresponding subscription liability. This standard is applicable for the periods beginning after June 15, 2022. The District has not yet determined the impact of this statement on the financial statements.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent to year end, the District entered into a design-build agreement for expansion of the Latta Early Childhood Center and Latta High School. The project and scope of work thereof is ultimately dependent upon and to be determined based on estimated construction costs.

REQUIRED SUPPLEMENTARY INFORMATION

**DILLON COUNTY SCHOOL DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local	\$ 2,331,166	\$ 2,331,166	\$ 2,402,883	\$ 71,717
State	7,986,076	7,986,076	8,058,937	72,861
Intergovernmental	328,000	328,000	433,084	105,084
TOTAL REVENUES	\$ 10,645,242	\$ 10,645,242	\$ 10,894,904	\$ 249,662
EXPENDITURES				
Current				
Instruction	\$ 5,877,514	\$ 5,877,514	\$ 5,907,080	\$ (29,566)
Supporting Services	4,854,362	4,854,362	4,745,906	108,456
Intergovernmental Expenditures	234,310	234,310	318,862	(84,552)
Debt Service				
Redemption of Principal	44,280	44,280	44,280	-
Interest	6,349	6,349	6,349	-
Capital Outlay	43,000	43,000	37,832	5,168
TOTAL EXPENDITURES	\$ 11,059,815	\$ 11,059,815	\$ 11,060,309	\$ (494)
Excess Revenues Over (Under) Expenditures	\$ (414,573)	\$ (414,573)	\$ (165,405)	\$ 249,168
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	\$ 414,573	\$ 414,573	\$ 373,084	\$ (41,489)
Transfers To Other Funds	-	-	(35,909)	(35,909)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 414,573	\$ 414,573	\$ 337,175	\$ (77,398)
Net Change in Fund Balance	\$ -	\$ -	\$ 171,770	\$ 171,770
FUND BALANCE BEGINNING OF YEAR	1,567,397	1,567,397	1,567,397	-
FUND BALANCE END OF YEAR	\$ 1,567,397	\$ 1,567,397	\$ 1,739,167	\$ 171,770

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021

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, 2021, actual expenditures in the general fund exceed budgeted appropriations by \$494.

**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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.071683%	0.074350%	0.077333%	0.075481%	0.074754%	0.074630%	0.078785%			
District's proportionate share of the net pension liability (asset)	\$ 18,316,294	\$ 16,977,075	\$ 17,327,864	\$ 16,991,911	\$ 15,967,256	\$ 14,153,883	\$ 13,564,156			
District's covered payroll	\$ 6,646,454	\$ 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	275.58%	248.65%	260.76%	274.09%	275.06%	251.53%	231.52%			
Plan fiduciary net position as a percentage of the total pension liability	50.70%	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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contributions	\$ 1,224,418	\$ 1,167,502	\$ 1,064,818	\$ 1,011,230	\$ 880,173	\$ 801,019	\$ 762,722	\$ 763,684	\$ 667,188	\$ 626,422
Contributions in relation to the contractually required contributions	(1,224,418)	(1,167,502)	(1,064,818)	(1,011,230)	(880,173)	(801,019)	(762,722)	(763,684)	(667,188)	(626,422)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 8,419,220	\$ 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
Contributions as a percentage of covered payroll	14.54%	14.51%	13.49%	12.54%	11.46%	10.96%	10.82%	10.60%	10.60%	9.54%

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, 2021**

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, 2020.

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	29 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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
South Carolina Retiree Health Insurance Trust Fund (SCRHITF)										
District's proportion of the net OPEB liability (asset)	0.087313%	0.090273%	0.093534%	0.091064%						
District's proportionate share of the net OPEB liability (asset)	\$ 15,761,214	\$ 13,650,695	\$ 13,254,320	\$ 12,334,530						
District's covered payroll	\$ 8,086,426	\$ 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	194.91%	172.84%	164.50%	160.54%						
Plan fiduciary net position as a percentage of the total OPEB liability	8.39%	8.44%	7.91%	7.60%						
South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)										
District's proportion of the net OPEB liability (asset)	0.085762%	0.086864%	0.088220%	0.086966%						
District's proportionate share of the net OPEB liability (asset)	\$ 260	\$ 1,710	\$ 2,701	\$ 1,577						
District's covered payroll	\$ N/A	\$ 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	N/A						
Plan fiduciary net position as a percentage of the total OPEB liability	99.29%	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 implemented GASB Statement 75 in the fiscal year ending 2018. Information on OPEB contributions are not available prior to that date.

Contributions to the SCLTDITF Plan are not based on a measure of pay; therefore, covered payroll for the measurement period is not presented.

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
South Carolina Retiree Health Insurance Trust Fund (SCRHITF)										
Contractually required contributions	\$ 526,201	\$ 503,022	\$ 477,710	\$ 443,597						
Contributions in relation to the contractually required contributions	(526,201)	(503,022)	(477,710)	(443,597)						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
District's covered payroll	\$ 8,419,220	\$ 8,048,344	\$ 7,896,027	\$ 8,065,402						
Contributions as a percentage of covered payroll	6.25%	6.25%	6.05%	5.50%						
South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)										
Contractually required contributions	\$ 6,446	\$ 6,492	\$ 6,395	\$ 6,424						
Contributions in relation to the contractually required contributions	(6,446)	(6,492)	(6,395)	(6,424)						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
District's covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A						
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A						

Notes: The District implemented GASB Statement 75 in the fiscal year ending 2018. Information on OPEB contributions are not available prior to that date.

Contributions to the SCLTDITF Plan are not based on a measure of pay; therefore, covered payroll for the measurement period is not presented.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO THE OPEB PLANS SCHEDULES
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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, 2020.

Summary of Actuarial Methods and Significant Assumptions

OPEB Plan:	SCRHITF
Valuation date	June 30, 2019
Actuarial cost method	Individual Entry - Age Normal
Inflation	2.25%
Investment rate of return	2.75%, net of OPEB Plan investment expense, including inflation
Single discount rate	2.45% as of June 30, 2020
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 4.00% over a period of 15 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	The discount rate changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020; updates were also made to the healthcare trend rate assumption, including an adjustment to reflect the repeal of the "Cadillac Tax".

**DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO THE OPEB PLANS SCHEDULES
FOR FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 - ACTUARIAL METHODS & ASSUMPTIONS USED (continued)

Summary of Actuarial Methods and Significant Assumptions

OPEB Plan:	SCLTDITF
Valuation date	June 30, 2019
Actuarial cost method	Individual Entry - Age Normal
Inflation	2.25%
Investment rate of return	3.00%, net of Plan investment expense; including inflation
Single discount rate	2.83% as of June 30, 2020
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 disability 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 3.04% as of June 30, 2019 to 2.83% as of June 30, 2020

**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, 2021

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	\$ 1,756,639	\$ 155,639
1140 Penalties and Interest on Taxes	16,000	25,348	9,348
1190 Other Taxes	391,856	456,496	64,640
1500 Earnings on Investments:			
1510 Interest on Investments	3,000	914	(2,086)
1900 Other Revenue From Local Sources:			
1930 Special Needs Transportation - Medicaid	-	186	186
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	319,310	163,300	(156,010)
Total Local Sources	\$ 2,331,166	\$ 2,402,883	\$ 71,717
2000 Intergovernmental Revenue			
2100 Payments from Other Governmental Units	\$ 328,000	\$ 433,084	\$ 105,084
Total Intergovernmental Revenues	\$ 328,000	\$ 433,084	\$ 105,084
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	\$ -	\$ 656	\$ 656
3160 School Bus Driver Salary	101,000	105,085	4,085
3162 Transportation Workers' Compensation	-	4,868	4,868
3180 Fringe Benefits Employer Contributions	2,094,686	2,059,196	(35,490)
3186 State Aid to Classrooms - Teacher Salary	236,559	256,441	19,882
3189 Teacher Step	-	51,643	51,643
3300 State Aid to Classrooms - Education			
Finance Act (EFA):	* 4,578,007	-	(4,578,007)
3310 Full-Time Programs:			
3311 Kindergarten	* -	204,281	204,281
3312 Primary	* -	644,540	644,540
3313 Elementary	* -	1,129,534	1,129,534
3314 High School	* -	458,925	458,925
3315 Trainable Mentally Handicapped	* -	33,254	33,254
3316 Speech Handicapped	* -	167,740	167,740
3320 Part-Time Programs:			
3322 Educable Mentally Handicapped	* -	21,228	21,228
3323 Learning Disabilities	* -	351,713	351,713
3324 Hearing Handicapped	* -	5,805	5,805
3325 Visually Handicapped	* -	16,890	16,890
3326 Orthopedically Handicapped	* -	4,425	4,425
3327 Pre-Career and Career Technology	* -	540,045	540,045

* 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, 2021

REVENUES (continued)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
3000 Revenue from State Sources (continued)			
3300 State Aid to Classrooms - Education Finance Act (EFA) (continued):			
3330 Miscellaneous EFA Programs:			
3331 Autism	*	81,975	81,975
3332 High Achieving Students	*	60,704	60,704
3334 Limited English Proficiency	*	5,258	5,258
3351 Academic Assistance	*	163,928	163,928
3352 Pupils in Poverty	*	458,706	458,706
3353 Dual Credit Enrollment	*	1,906	1,906
3392 NBC Excess EFA Formula	*	12,935	12,935
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)	-	106,332	106,332
3825 Reimbursement for Property Tax Relief (Tier 3)	703,208	717,653	14,445
3830 Merchant's Inventory Tax	19,500	19,172	(328)
3840 Manufacturers Depreciation Reimbursement	34,000	44,017	10,017
3890 Other State Property Tax Revenues	35,000	68,216	33,216
3900 Other State Revenue:			
3993 PEBA On-Behalf	-	77,750	77,750
Total State Sources	\$ 7,986,076	\$ 8,058,937	\$ 72,861
TOTAL REVENUE ALL SOURCES	\$ 10,645,242	\$ 10,894,904	\$ 249,662

EXPENDITURES

100 Instruction

110 General Instruction

111 Kindergarten Programs:

100 Salaries	\$ 322,009	\$ 338,141	\$ (16,132)
200 Employee Benefits	173,588	262,576	(88,988)
400 Supplies and Materials	5,000	5,000	-

112 Primary Programs:

100 Salaries	742,042	758,923	(16,881)
200 Employee Benefits	340,566	341,217	(651)
400 Supplies and Materials	15,000	27,847	(12,847)

113 Elementary Programs:

100 Salaries	1,218,122	1,193,940	24,182
200 Employee Benefits	534,455	531,023	3,432
300 Purchased Services	9,000	-	9,000
400 Supplies and Materials	10,750	10,914	(164)
600 Other Objects	-	950	(950)

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES (continued)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
100 Instruction (continued)			
110 General Instruction (continued)			
114 High School Programs:			
100 Salaries	985,619	889,685	95,934
200 Employee Benefits	446,580	434,831	11,749
400 Supplies and Materials	20,000	17,274	2,726
600 Other Objects	-	3,200	(3,200)
115 Career and Technology Education Programs:			
100 Salaries	152,093	148,299	3,794
200 Employee Benefits	70,668	72,845	(2,177)
500 Capital Outlay	-	114	(114)
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	43,216	42,102	1,114
200 Employee Benefits	19,017	20,377	(1,360)
122 Trainable Mentally Handicapped:			
100 Salaries	74,439	81,080	(6,641)
200 Employee Benefits	38,055	43,198	(5,143)
400 Supplies and Materials	-	47	(47)
126 Speech Handicapped:			
100 Salaries	105,095	108,351	(3,256)
200 Employee Benefits	42,830	43,879	(1,049)
127 Learning Disabilities:			
100 Salaries	118,760	129,053	(10,293)
200 Employee Benefits	51,322	48,595	2,727
130 Pre-School Programs			
139 Early Childhood Programs:			
100 Salaries	124,427	141,567	(17,140)
200 Employee Benefits	69,407	76,018	(6,611)
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	49,502	50,451	(949)
200 Employee Benefits	21,833	22,364	(531)
145 Homebound:			
300 Purchased Services	5,000	-	5,000
149 Other Special Programs:			
300 Purchased Services	5,000	202	4,798

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2021

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES (continued)			
100 Instruction (continued)			
160 Other Exceptional Programs			
161 Autism:			
100 Salaries	44,524	41,184	3,340
200 Employee Benefits	19,595	20,351	(756)
170 Summer School Programs			
171 Primary Summer School:			
400 Supplies and Materials	-	1,524	(1,524)
175 Instructional Programs Beyond Regular School Day:			
400 Supplies and Materials	-	72	(72)
Total Instruction	\$ 5,877,514	\$ 5,907,194	\$ (29,680)
200 Supporting Services			
210 Pupil Services			
212 Guidance Services:			
100 Salaries	\$ 99,153	\$ 93,200	\$ 5,953
200 Employee Benefits	43,174	46,757	(3,583)
300 Purchased Services	1,500	-	1,500
400 Supplies and Materials	1,500	3,145	(1,645)
213 Health Services:			
100 Salaries	83,475	90,717	(7,242)
200 Employee Benefits	39,022	56,415	(17,393)
300 Purchased Services	2,000	463	1,537
400 Supplies and Materials	17,025	17,419	(394)
214 Psychological Services:			
100 Salaries	48,243	51,132	(2,889)
200 Employee Benefits	21,472	21,322	150
300 Purchased Services	-	44,620	(44,620)
217 Career Specialist Services			
100 Salaries	40,669	40,577	92
200 Employee Benefits	15,487	14,210	1,277
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	104,210	104,976	(766)
200 Employee Benefits	34,513	34,032	481
300 Purchased Services	34,304	41,236	(6,932)
400 Supplies and Materials	14,000	3,023	10,977

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES (continued)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
200 Supporting Services (continued)			
220 Instructional Staff Services (continued)			
222 Library and Media Services:			
100 Salaries	167,174	168,707	(1,533)
200 Employee Benefits	73,014	73,571	(557)
400 Supplies and Materials	9,490	8,983	507
223 Supervision of Special Programs:			
100 Salaries	139,798	141,743	(1,945)
200 Employee Benefits	48,991	51,125	(2,134)
300 Purchased Services	-	125	(125)
400 Supplies and Materials	-	30	(30)
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	4,000	12,543	(8,543)
200 Employee Benefits	6,186	4,068	2,118
300 Purchased Services	12,000	4,219	7,781
400 Supplies and Materials	900	48	852
600 Other Objects	450	740	(290)
230 General Administration Services			
231 Board of Education:			
300 Purchased Services	12,000	3,221	8,779
318 Audit Services	30,000	28,775	1,225
600 Other Objects	192,500	185,138	7,362
232 Office of the Superintendent:			
100 Salaries	186,186	186,186	-
200 Employee Benefits	92,612	99,383	(6,771)
300 Purchased Services	12,100	9,600	2,500
400 Supplies and Materials	5,350	4,536	814
500 Capital Outlay	1,500	-	1,500
600 Other Objects	3,000	21,917	(18,917)
233 School Administration:			
100 Salaries	599,450	597,790	1,660
200 Employee Benefits	251,910	249,191	2,719
300 Purchased Services	2,000	699	1,301
400 Supplies and Materials	6,843	7,062	(219)
600 Other Objects	2,250	2,103	147
250 Finance and Operations Services			
252 Fiscal Services:			
100 Salaries	106,615	106,615	-
200 Employee Benefits	45,422	45,903	(481)
300 Purchased Services	9,000	11,649	(2,649)
400 Supplies and Materials	2,000	1,566	434
600 Other Objects	-	50	(50)

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2021

EXPENDITURES (continued)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
200 Supporting Services (continued)			
250 Finance and Operations Services (continued)			
254 Operation and Maintenance of Plant:			
100 Salaries	446,441	419,323	27,118
200 Employee Benefits	227,730	201,447	26,283
300 Purchased Services	188,985	191,970	(2,985)
321 Public Utilities	33,100	12,113	20,987
400 Supplies and Materials	85,000	92,763	(7,763)
470 Energy	276,500	225,813	50,687
500 Capital Outlay	13,000	37,718	(24,718)
255 Student Transportation:			
100 Salaries	71,040	173,529	(102,489)
200 Employee Benefits	35,209	83,174	(47,965)
300 Purchased Services	213,800	2,529	211,271
400 Supplies and Materials	1,800	1,031	769
256 Food Services:			
100 Salaries	-	3,700	(3,700)
200 Employee Benefits	178,520	92,761	85,759
257 Internal Services:			
300 Purchased Services	25,000	16,755	8,245
258 Security:			
100 Salaries	-	9,753	(9,753)
200 Employee Benefits	-	9,166	(9,166)
300 Purchased Services	15,000	37,484	(22,484)
260 Central Support Services			
266 Technology and Data Processing Services:			
100 Salaries	141,360	141,360	-
200 Employee Benefits	50,656	51,640	(984)
300 Purchased Services	74,600	97,833	(23,233)
400 Supplies and Materials	-	16,864	(16,864)
500 Capital Outlay	28,500	-	28,500
270 Supporting Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries	115,017	122,232	(7,215)
200 Employee Benefits	32,116	32,464	(348)
400 Supplies and Materials	6,500	2,903	3,597
660 Pupil Activity	15,000	16,769	(1,769)
Total Supporting Services	\$ 4,897,362	\$ 4,783,624	\$ 113,738

**DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (continued)			
400 Intergovernmental Expenditures			
412 Payments to Other Governmental Units			
720 Transits	\$ 40,000	\$ 85,211	\$ (45,211)
417 Payments to Nonprofit Entities			
720 Transits	<u>194,310</u>	<u>233,651</u>	<u>(39,341)</u>
Total Intergovernmental Expenditures	<u>\$ 234,310</u>	<u>\$ 318,862</u>	<u>\$ (84,552)</u>
500 Debt Service			
610 Redemption of Principal	\$ 44,280	\$ 44,280	\$ -
620 Interest	<u>6,349</u>	<u>6,349</u>	<u>-</u>
Total Debt Service	<u>\$ 50,629</u>	<u>\$ 50,629</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 11,059,815</u>	<u>\$ 11,060,309</u>	<u>\$ (494)</u>
Excess Revenues Over (Under) Expenditures	<u>\$ (414,573)</u>	<u>\$ (165,405)</u>	<u>\$ 249,168</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 374,573	\$ 355,488	\$ (19,085)
5280 Transfer from Other Funds Indirect Costs	40,000	17,596	(22,404)
424 - 710 Transfer to School Building Fund	<u>-</u>	<u>(35,909)</u>	<u>(35,909)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 414,573</u>	<u>\$ 337,175</u>	<u>\$ (77,398)</u>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 171,770</u>	<u>\$ 171,770</u>
FUND BALANCE JULY 1, 2020		<u>1,567,397</u>	
FUND BALANCE JUNE 30, 2021		<u>\$ 1,739,167</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, 2021**

	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
REVENUES			
1000 Revenue From Local Sources			
1700 Pupil Activities:			
1710 Admissions	\$ -	\$ -	\$ -
1730 Pupil Organization Membership Dues & Fees	-	-	-
1790 Other Pupil Activity Income	-	-	-
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	-	-	-
3199 Other Restricted State Grants	-	-	-
3600 Education Lottery Act Revenue:			
3670 School Safety - Facility and Infrastructure Safety Upgrades	-	-	-
3900 Other State Revenue:			
3994 PEBA Nonemployer Contributions	-	-	-
3995 CRF Per Pupil Funding	-	-	-
	-	-	-
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	981,500	-	-
4312 Rural and Low-Income School Program, Title V	-	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-
4351 Supporting Effective Instruction	-	-	-

<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>STUDENT</u> <u>ACTIVITY</u> <u>FUNDS</u> <u>(700s)</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ 25,644	\$ 25,644
-	-	-	3,236	3,236
-	-	-	188,412	188,412
-	-	92,069	-	92,069
-	-	8,292	-	8,292
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,361</u>	<u>\$ 217,292</u>	<u>\$ 317,653</u>
\$ -	\$ 188,612	\$ -	\$ -	\$ 188,612
-	10,879	-	-	10,879
-	120,591	-	-	120,591
-	57,628	-	-	57,628
-	235	-	-	235
-	-	790	-	790
-	326,000	-	-	326,000
-	110,677	-	-	110,677
-	-	549,730	-	549,730
<u>\$ -</u>	<u>\$ 814,622</u>	<u>\$ 550,520</u>	<u>\$ -</u>	<u>\$ 1,365,142</u>
\$ 35,518	\$ -	\$ -	\$ -	\$ 35,518
-	-	-	-	981,500
-	-	31,398	-	31,398
-	-	7,036	-	7,036
-	-	67,399	-	67,399

**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, 2021**

	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
REVENUES (continued)			
4000 Revenue From Federal Sources (continued)			
4500 Programs for Children with Disabilities:			
4510 Individuals With Disabilities Education Act (IDEA)	-	487,160	-
4520 Pre-School Grants for Children with Disabilities (IDEA)	-	-	19,367
4900 Other Federal Sources:			
4974 ESSER III	-	-	-
4975 Coronavirus Aid, Relief, and Economic Security Act (CARES)	-	-	-
4977 ESSER II	-	-	-
4990 Other Federal Revenue:			
4997 Title IV - SSAE	-	-	-
	-	-	-
Total Federal Sources	\$ 981,500	\$ 487,160	\$ 19,367
TOTAL REVENUE ALL SOURCES	\$ 981,500	\$ 487,160	\$ 19,367
EXPENDITURES			
100 Instruction			
110 General Instruction			
112 Primary Programs:			
100 Salaries	\$ 403,727	\$ -	-
200 Employee Benefits	235,801	-	-
400 Supplies and Materials	336,668	-	-
113 Elementary Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
500 Capital Outlay	-	-	-
114 High School Programs:			
100 Salaries	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
115 Career and Technology Education Programs:			
100 Salaries	-	-	-
120 Exceptional Programs			
122 Trainable Mentally Handicapped:			
100 Salaries	-	71,182	-
200 Employee Benefits	-	32,020	-
400 Supplies and Materials	-	16,511	-

<u>CATE (207/208)</u>	<u>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</u>	<u>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</u>	<u>STUDENT ACTIVITY FUNDS (700s)</u>	<u>TOTAL</u>
-	-	-	-	487,160
-	-	-	-	19,367
-	-	226,575	-	226,575
-	-	498,988	-	498,988
-	-	94,849	-	94,849
-	-	47,238	-	47,238
\$ 35,518	\$ -	\$ 973,483	\$ -	\$ 2,497,028
\$ 35,518	\$ 814,622	\$ 1,624,364	\$ 217,292	\$ 4,179,823
\$ -	\$ 7,437	\$ 15,612	\$ -	\$ 426,776
-	3,443	6,739	-	245,983
-	-	354,291	-	690,959
-	-	39,188	-	39,188
-	-	21,461	-	21,461
-	-	3,511	-	3,511
-	-	21,141	-	21,141
-	235	-	-	235
35,518	-	36,934	-	72,452
-	-	3,511	-	3,511
-	-	706	-	706
-	-	8,292	-	8,292
-	-	790	-	71,972
-	-	-	-	32,020
-	-	-	-	16,511

**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, 2021**

EXPENDITURES (continued)	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
100 Instruction (continued)			
120 Exceptional Programs (continued)			
126 Speech Handicapped:			
100 Salaries	-	-	13,075
200 Employee Benefits	-	-	3,806
300 Purchased Services	-	212	-
400 Supplies and Materials	-	2,184	-
127 Learning Disabilities:			
100 Salaries	-	139,363	-
200 Employee Benefits	-	60,388	-
400 Supplies and Materials	-	7,920	-
130 Preschool Programs			
138 Preschool Handicapped Homebased (3- & 4- Yr. Olds):			
100 Salaries	-	200	-
200 Employee Benefits	-	58	-
140 Special Programs			
149 Other Special Programs:			
300 Purchased Services	-	28,244	-
160 Other Exceptional Programs			
161 Autism:			
400 Supplies and Materials	-	1,492	-
170 Summer School Programs			
171 Primary Summer School:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
172 Elementary Summer School:			
400 Supplies and Materials	-	-	-
175 Instructional Programs Beyond Regular School Day:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-

CATE (207/208)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	STUDENT ACTIVITY FUNDS (700s)	TOTAL
-	-	-	-	13,075
-	-	-	-	3,806
-	-	-	-	212
-	-	-	-	2,184
-	-	-	-	139,363
-	-	-	-	60,388
-	-	-	-	7,920
-	-	-	-	200
-	-	-	-	58
-	-	-	-	28,244
-	-	-	-	1,492
-	-	146,880	-	146,880
-	-	42,841	-	42,841
-	-	12,973	-	12,973
-	-	3,222	-	3,222
-	-	194,396	-	194,396
-	-	56,823	-	56,823
-	-	8,369	-	8,369

**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, 2021**

	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
EXPENDITURES (continued)			
100 Instruction (continued)			
180 Adult/Continuing Educational Programs:			
188 Parenting/Family Literacy:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	4,285	-	-
	\$ 980,481	\$ 359,774	\$ 16,881
Total Instruction			
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	-	27,700	2,486
400 Supplies and Materials	-	-	-
214 Psychological Services:			
400 Supplies and Materials	-	3,307	-
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	-	21,110	-
400 Supplies and Materials	509	2,319	-
600 Other Objects	-	1,602	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	-	22,000	-
200 Employee Benefits	-	6,404	-
300 Purchased Services	-	1,696	-

<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>STUDENT</u> <u>ACTIVITY</u> <u>FUNDS</u> <u>(700s)</u>	<u>TOTAL</u>
-	-	2,575	-	2,575
-	-	700	-	700
-	-	3,761	-	8,046
<u>\$ 35,518</u>	<u>\$ 11,115</u>	<u>\$ 984,716</u>	<u>\$ -</u>	<u>\$ 2,388,485</u>
\$ -	\$ 75,070	\$ -	\$ -	75,070
-	26,506	-	-	26,506
-	56,386	58,011	-	114,397
-	1,242	27,296	-	28,538
-	-	-	-	30,186
-	-	32,450	-	32,450
-	-	-	-	3,307
-	57,671	-	-	57,671
-	29,366	-	-	29,366
-	93,657	-	-	93,657
-	26,932	-	-	26,932
-	-	-	-	37,355
-	-	-	-	21,110
-	-	-	-	2,828
-	-	-	-	1,602
-	-	-	-	22,000
-	-	-	-	6,404
-	-	6,751	-	8,447

**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, 2021**

	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
EXPENDITURES (continued)			
200 Supporting Services (continued)			
230 General Administration Services			
233 School Administration:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
250 Finance and Operations Services			
251 Student Transportation:			
300 Purchased Services	-	3,893	-
254 Operation and Maintenance of Plant:			
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
258 Security:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
500 Capital Outlay	-	-	-
260 Central Support Services			
266 Technology and Data Processing Services			
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
270 Support Services - Pupil Activity:			
271 Pupil Service Activities			
660 Pupil Activity	-	-	-
272 Enterprise Activities			
660 Pupil Activity	-	-	-
273 Trust and Agency Activities			
660 Pupil Activity	-	-	-
	-	-	-
Total Supporting Services	\$ 509	\$ 127,386	\$ 2,486
300 Community Services			
390 Other Community Services			
400 Supplies and Materials	\$ 510	\$ -	\$ -
Total Community Services	\$ 510	\$ -	\$ -

<u>CATE (207/208)</u>	<u>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</u>	<u>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</u>	<u>STUDENT ACTIVITY FUNDS (700s)</u>	<u>TOTAL</u>
-	-	5,040	-	5,040
-	-	1,469	-	1,469
-	-	-	-	3,893
-	-	2,200	-	2,200
-	-	263,726	-	263,726
-	-	16,447	-	16,447
-	-	2,048	-	2,048
-	326,000	38,198	-	364,198
-	-	38,772	-	38,772
-	-	72,546	-	72,546
-	-	-	41,897	41,897
-	-	-	64,763	64,763
-	-	-	99,983	99,983
\$ -	\$ 692,830	\$ 564,954	\$ 206,643	\$ 1,594,808
\$ -	\$ -	\$ -	\$ -	\$ 510
\$ -	\$ -	\$ -	\$ -	\$ 510

**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, 2021**

	TITLE I (201/202)	IDEA (203/204)	PRESCHOOL HANDICAPPED (205/206)
EXPENDITURES (continued)			
400 Intergovernmental Expenditures			
411 Payments to State Department of Education			
720 Transits	\$ -	\$ -	\$ -
412 Payments to Other Governmental Units			
720 Transits	-	-	-
414 Medicaid Payments to SCDE			
720 Transits	-	-	-
419 Payments from PEBA Nonemployer Contributions			
720 Transits	-	-	-
	-	-	-
Total Intergovernmental Expenditures	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 981,500	\$ 487,160	\$ 19,367
Excess Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
FUND BALANCE JULY 1, 2020	-	-	-
Adjustment to Beginning Fund Balance (Note 15)	-	-	-
FUND BALANCE JUNE 30, 2021	\$ -	\$ -	\$ -

<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>STUDENT</u> <u>ACTIVITY</u> <u>FUNDS</u> <u>(700s)</u>	<u>TOTAL</u>
\$ -	\$ -	\$ 59,366	\$ -	\$ 59,366
-	-	183	-	183
-	-	15,145	-	15,145
-	110,677	-	-	110,677
\$ -	\$ 110,677	\$ 74,694	\$ -	\$ 185,371
\$ 35,518	\$ 814,622	\$ 1,624,364	\$ 206,643	\$ 4,169,174
\$ -	\$ -	\$ -	\$ 10,649	\$ 10,649
-	-	-	-	-
-	-	-	83,249	83,249
\$ -	\$ -	\$ -	\$ 93,898	\$ 93,898

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

<u>SUBFUND CODE</u>	<u>REVENUE CODE</u>	<u>PROGRAMS</u>	<u>REVENUES</u>
919	3193	Education License Plates	\$ 235
928	3118	EEDA Career Specialists	188,612
935	3135	Reading Coaches	120,591
936	3136	Student Health and Fitness - Nurses	57,628
937	3127	Student Health and Fitness - PE Teachers	10,879
970	3670	School Safety - Facility and Infrastructure Safety Upgrades	326,000
994	3994	PEBA Nonemployer Contributions	110,677
TOTALS			\$ <u><u>814,622</u></u>

<u>EXPENDITURES</u>	<u>SPECIAL PROJECTS INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>UNEARNED REVENUE</u>
\$ 235	\$ -	\$ -	\$ -
188,612	-	-	-
120,591	-	-	-
57,628	-	-	-
10,879	-	-	-
326,000	-	-	-
110,677	-	-	-
<u>\$ 814,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2021**

REVENUES	<u>ACTUAL</u>
3000 Revenue from State Sources	
3500 Education Improvement Act:	
3502 ADEPT	\$ 847
3519 Grade 10 Assessments	7,221
3526 Refurbishment of Science Kits	11,713
3528 Industry Certifications/Credentials	20,000
3529 Career and Technical Education	50,000
3532 National Board Salary Supplement	29,128
3538 Students At Risk of School Failure	179,001
3541 Child Early Reading Development and Education Program (CERDEP) - Full Day 4K	196,641
3550 Teacher Salary Increase	285,917
3555 Teacher Salary Fringe	69,571
3557 Summer Reading Program	4,648
3577 Teacher Supplies	26,950
3595 EEDA - Supplies and Materials	1,246
3597 Aid to Districts	47,659
	<hr/>
Total State Sources	\$ 930,542
	<hr/>
TOTAL REVENUE ALL SOURCES	\$ 930,542
	<hr/>
EXPENDITURES	
100 Instruction	
110 General Instruction	
112 Primary Programs:	
400 Supplies and Materials	\$ 15,993
113 Elementary Programs:	
100 Salaries	139,653
200 Employee Benefits	58,778
400 Supplies and Materials	14,970
114 High School Programs:	
100 Salaries	39,041
200 Employee Benefits	18,316
400 Supplies and Materials	7,700
115 Career and Technology Education Programs:	
500 Capital Outlay	50,000
140 Special Programs	
147 CERDEP:	
100 Salaries	187,137
200 Employee Benefits	9,504

**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, 2021**

	ACTUAL
EXPENDITURES (continued)	
100 Instruction	
170 Summer School Program	
171 Primary Summer School: 400 Supplies and Materials	4,648
Total Instruction	\$ 545,740
200 Supporting Services	
210 Pupil Services	
212 Guidance Services: 400 Supplies and Materials	\$ 8,467
220 Instructional Staff Services	
224 Improvement of Instruction - Inservice and Staff Training: 100 Salaries	847
Total Supporting Services	\$ 9,314
400 Intergovernmental Expenditures	
412 Payments to Other Governmental Units 720 Transits	\$ 20,000
Total Intergovernmental Expenditures	\$ 20,000
TOTAL EXPENDITURES	\$ 575,054
Excess Revenues Over (Under) Expenditures	\$ 355,488
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds	
420-710 Transfer to General Fund	\$ (355,488)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (355,488)
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ -
FUND BALANCE JULY 1, 2020	-
FUND BALANCE JUNE 30, 2021	\$ -

**DILLON COUNTY SCHOOL DISTRICT NO. 3
 EDUCATION IMPROVEMENT ACT
 SUMMARY SCHEDULE BY PROGRAM
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

PROGRAM	<u>REVENUES</u>
3500 Education Improvement Act:	
3502 ADEPT	\$ 847
3519 Grade 10 Assessments	7,221
3526 Refurbishment of Science Kits	11,713
3528 Industry Certifications/Credentials	20,000
3529 Career and Technical Education	50,000
3532 National Board Salary Supplement	29,128
3538 Students At Risk of School Failure	179,001
3541 Child Early Reading Development and Education Program (CERDEP) - Full Day 4K	196,641
3550 Teacher Salary Increase	285,917
3555 Teacher Salary Fringe	69,571
3557 Summer Reading Program	4,648
3577 Teacher Supplies	26,950
3595 EEDA Supplies and Materials	1,246
3597 Aid to Districts	<u>47,659</u>
TOTALS	\$ <u><u>930,542</u></u>

<u>EXPENDITURES</u>	<u>EIA INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>UNEARNED REVENUE</u>
\$ 847	\$ -	\$ -	\$ -
7,221	-	-	-
11,713	-	-	2,716
20,000	-	-	-
50,000	-	-	-
29,128	-	-	-
179,001	-	-	-
196,641	-	-	-
-	-	(285,917)	-
-	-	(69,571)	-
4,648	-	-	4,648
26,950	-	-	-
1,246	-	-	-
47,659	-	-	-
<u>\$ 575,054</u>	<u>\$ -</u>	<u>\$ (355,488)</u>	<u>\$ 7,364</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, 2021**

	ACTUAL
REVENUES	
3000 Revenue from State Sources	
3900 Other State Revenue:	
3999 Revenue from Other State Sources	\$ <u>56,940</u>
Total State Sources	\$ <u>56,940</u>
TOTAL REVENUE ALL SOURCES	\$ <u>56,940</u>
EXPENDITURES	
200 Supporting Services	
250 Finance and Operations	
253 Facilities Acquisition and Construction:	
500 Capital Outlay	
530 Improvements Other Than Buildings	\$ <u>92,849</u>
Total Supporting Services	\$ <u>92,849</u>
TOTAL EXPENDITURES	\$ <u>92,849</u>
Excess Revenues Over (Under) Expenditures	\$ <u>(35,909)</u>
OTHER FINANCING SOURCES	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund	\$ <u>35,909</u>
TOTAL OTHER FINANCING SOURCES	\$ <u>35,909</u>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ -
FUND BALANCE JULY 1, 2020	<u>-</u>
FUND BALANCE JUNE 30, 2021	<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, 2021

	ACTUAL
REVENUES	
1000 Revenue From Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 56
1600 Food Service:	
1610 Lunch Sales to Pupils	571
1630 Special Sales to Pupils	396
1640 Lunch Sales to Adults	8,244
1660 Special Sales to Adults	1,637
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	2,047
Total Local Sources	\$ 12,951
3000 Revenue From State Sources	
3900 Other State Revenue:	
3995 CRF Per Pupil Funding	\$ 21,211
Total State Sources	\$ 21,211
4000 Revenue From Federal Sources	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program, and Special Milk Program	\$ 382,399
4830 School Breakfast Program	468,469
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	54,201
Total Federal Sources	\$ 905,069
TOTAL REVENUE ALL SOURCES	\$ 939,231
EXPENSES	
250 Finance and Operations	
256 Food Service:	
100 Salaries	\$ 272,924
200 Employee Benefits	27,429
221 Pension Expense	20,116
300 Purchased Services	13,463
400 Supplies and Materials	537,862
500 Capital Outlay	13,284
600 Other Objects	9,837
TOTAL EXPENSES	\$ 894,915
Operating Income (Loss) Before Other Financing Sources (Uses)	\$ 44,316

**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, 2021**

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds	
432-791 Food Service Fund Indirect Costs	\$ <u>(17,596)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>(17,596)</u>
Net Income (Loss)	\$ 26,720
NET POSITION JULY 1, 2020	<u>341,635</u>
NET POSITION JUNE 30, 2021	<u><u>\$ 368,355</u></u>

DISCRETELY PRESENTED COMPONENT UNIT

**DILLON COUNTY SCHOOL DISTRICT NO. 3
DISCRETELY PRESENTED COMPONENT UNIT
BALANCE SHEET
JUNE 30, 2021**

		<u>LATTA SCHOOLS EDUCATIONAL FOUNDATION</u>
ASSETS		
Cash and Cash Equivalents	\$	532,324
Due from Primary Government		43,966
Pledges Receivable (Net of Allowance for Uncollectibles)		<u>8,723</u>
TOTAL ASSETS	\$	<u><u>585,013</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts Payable	\$	<u>73,700</u>
Total Liabilities	\$	<u>73,700</u>
Deferred Inflows of Resources		
Unavailable Pledges	\$	<u>7,876</u>
Total Deferred Inflows of Resources	\$	<u>7,876</u>
Fund Balances		
Restricted for:		
Capital Projects	\$	208,503
Scholarships		57,116
Special Programs		18,461
Assigned for:		
Capital Projects and Debt Service		<u>219,357</u>
Total Fund Balances	\$	<u>503,437</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$	<u><u>585,013</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	\$	503,437
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		3,784,584
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.		7,876
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>(366,671)</u>
Net position (presented on page 13)	\$	<u><u>3,929,226</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, 2021**

	<u>LATTA SCHOOLS EDUCATIONAL FOUNDATION</u>
REVENUES	
1000 Revenue from Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,125
1900 Other Revenue From Local Sources:	
1920 Contributions & Donations Private Sources	392,257
Total Local Sources	<u>\$ 393,382</u>
2000 Intergovernmental Revenue	
2100 Payments from Other Governmental Units	\$ 233,651
Total Intergovernmental Revenue	<u>\$ 233,651</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 627,033</u>
EXPENDITURES	
300 Community Services	
390 Other Community Services:	
100 Salaries	\$ 22,500
300 Purchased Services	3,650
400 Supplies and Materials	2,346
500 Capital Outlay	136,548
600 Other Objects	63,940
Total Community Services	<u>\$ 228,984</u>
500 Debt Service	
610 Redemption of Principal	\$ 167,880
620 Interest	26,404
Total Debt Service Expenditures	<u>\$ 194,284</u>
TOTAL EXPENDITURES	<u>\$ 423,268</u>
Excess Revenues Over (Under) Expenditures	\$ 203,765
FUND BALANCE JULY 1, 2020	<u>299,672</u>
FUND BALANCE JUNE 30, 2021	<u><u>\$ 503,437</u></u>

**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, 2021**

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	\$	203,765
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 capital outlay exceeded depreciation expense in the current period.		20,028
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.		(1,441)
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.		167,880
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.		2,319
Change in net position (reported on page 14)	\$	392,551

**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, 2021

<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 and August 2021	\$ <u>7,355</u>
TOTALS					\$ <u><u>7,355</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
LOCATION RECONCILIATION SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

<u>LOCATION</u>	<u>LOCATION DESCRIPTION</u>	<u>EDUCATION LEVEL</u>	<u>COST TYPE</u>	<u>TOTAL EXPENDITURES</u>
30	District	Non-Schools	Central	\$ 2,151,105
31	Latta Elementary	Elementary Schools	School	6,970,962
32	Latta Middle	Middle Schools	School	3,561,659
33	Latta High	High Schools	School	3,874,924
35	Latta Educational Foundation	Non-Schools	Central	233,651
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				\$ <u>16,792,301</u>

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

General Fund (Subfunds 100s)	\$ 11,060,309
Special Revenue Fund (Subfunds 200s, 700s, 800s, 900s)	4,169,174
Special Revenue EIA Fund (Subfunds 300s)	575,054
Capital Projects Fund (School Building) (Subfunds 500s)	92,849
Proprietary Fund (Food Service) (Subfunds 600s)	894,915
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	\$ <u>16,792,301</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
SUBFUND CODE LIST
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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
970	School Safety - Facilities and Infrastructure Safety Upgrades
994	PEBA Nonemployer Contributions

OTHER SPECIAL REVENUE GRANTS

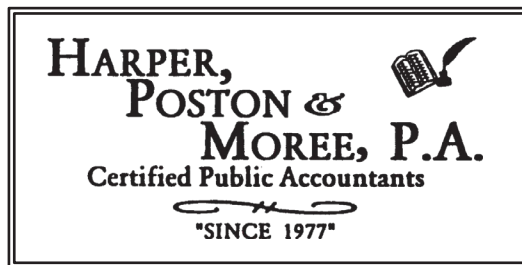
210	Title IV, SSAE
217	CRF Per Pupil Funding
218	ESSER III
220	Coronavirus Aid, Relief, and Economic Security Act (CARES)
225	ESSER II
251	Title V, Rural and Low-Income School Program
264	Language Instruction for Limited English Proficient and Immigrant Students, Title III
267	Supporting Effective Instruction
270	Medicaid
274	12-Months Ag Program

STUDENT ACTIVITY FUNDS

730	Pupil Activities - District
731	Pupil Activities - Elementary School
732	Pupil Activities - Middle School
733	Pupil Activities - High School

SINGLE AUDIT SECTION

Robert D. Harper, Jr. CPA
Robin B. Poston CPA



Stacey C. Moree CPA
Wyndie B. Moree CPA

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

To the 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, and each major fund of Dillon County School District No. 3 as of and for the year ended June 30, 2021, 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 2, 2021. As described in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*.

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 have not been 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 2021-001.

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

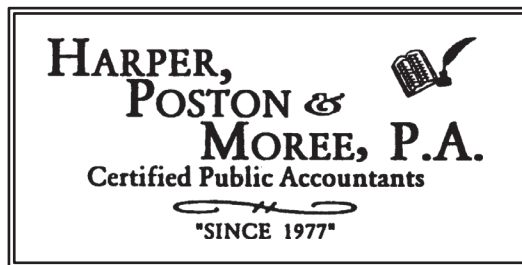
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in 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 2, 2021

Robert D. Harper, Jr. CPA
Robin B. Poston CPA



Stacey C. Moree CPA
Wyndie B. Moree CPA

**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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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, 2021.

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 of compliance, 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 2, 2021

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

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:
 - Education Stabilization Fund:
 - COVID-19 – American Rescue Plan – ESSER (CFDA No. 84.425U)
 - COVID-19 – SC CARES ESSER (CFDA No. 84.425D)
 - COVID-19 – ESSER II (CFDA No. 84.425D)
 - USDA Child Nutrition Cluster:
 - School Breakfast Program (CFDA No. 10.553)
 - School Lunch Program (CFDA No. 10.555)
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

2021-001 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 2020-001.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

B. Findings - Financial Statement Audit (continued)

2021-001 Financial Statement Preparation (continued)

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.

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, 2021**

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:				
201	Title I Grants to LEAs	84.010	20 Title I	\$ 22,675
201	Title I Grants to LEAs	84.010	19 Title I	958,825
	Total Title I			<u>981,500</u>
Special Education Cluster:				
203	IDEA	84.027	19 IDEA	29,241
203	IDEA	84.027	20 IDEA	53,072
203	IDEA	84.027	21 IDEA	404,097
203	IDEA - Extended School Year	84.027	19 ESY	750
205	Preschool Grant	84.173	19 IDEA PS	2,486
205	Preschool Grant	84.173	21 IDEA PS	16,881
	Total Special Education Cluster			<u>506,527</u>
Vocational Education (CATE):				
207	Subprogram 01	84.048	21 CATE	35,518
210	Title IV Student Support & Academic Enrichment	84.424	21 SSAE	47,238
	Total Title IV			<u>47,238</u>
Education Stabilization Fund:				
218	COVID-19 - American Rescue Plan - ESSER	84.425U	21 ESSER III ARP	226,575
220	COVID-19 - SC CARES ESSER	84.425D	20 ESSER	498,988
225	COVID-19 - ESSER II	84.425D	21 ESSER II	94,849
	Total Education Stabilization:			<u>820,412</u> *
251	Title VI Rural and Low-Income Schools	84.358	19 REAP	1,560
251	Title VI Rural and Low-Income Schools	84.358	21 REAP	29,838
	Total Title VI			<u>31,398</u>
264	Title III Immigrant - English Language	84.365	21 Title III	7,036
267	Title II Improving Teacher Quality	84.367	19 Title II	6,751
267	Title II Improving Teacher Quality	84.367	20 Title II	4,542
267	Title II Improving Teacher Quality	84.367	21 Title II	56,106
	Total Title II			<u>67,399</u>
	Total U.S. Department of Education			<u>\$ 2,497,028</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	\$ 54,201
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	468,469
600	School Lunch Program	10.555	N/A	382,399
	Total Child Nutrition Cluster			<u>905,069</u> *
	Total U.S. Department of Agriculture		(See Disclosure)	<u>\$ 905,069</u> **
TOTAL FEDERAL AWARDS EXPENDED				<u>\$ 3,402,097</u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2021

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 \$34,162 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, 2021. 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 \$54,201 in the form of federal non-cash USDA food commodities for the year ended June 30, 2021. 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, 2021.
- 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, 2021 was \$379,006.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

Findings – Financial Statement Audit

Finding 2020-001: 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, 2021. Due to cost/benefit considerations, the District has not taken corrective action.

Findings – Major Federal Awards Program Audit

None.