

PEE DEE REGIONAL
SUPPLEMENTARY EDUCATION CENTER
Florence, South Carolina

**BASIC FINANCIAL
STATEMENTS AND
SUPPLEMENTAL INFORMATION**

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Pee Dee Regional Supplementary Education Center
Board of Directors
Florence, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Pee Dee Regional Supplementary Education Center, as of and for the year then ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 and each major fund of the Pee Dee Regional Supplementary Education Center, as of June 30, 2018, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 19 to the financial statements, in the year ended June 30, 2018, the Center adopted the provisions of Governmental Accounting Standards Board Statement No. 75 "*Accounting and Financial Reporting for Post-employment Benefits other than Pensions.*" Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11 and the budgetary comparison information and the pension and OPEB schedules on pages 40 through 45 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 State 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 Center's basic financial statements. The accompanying combining and individual fund financial statements and schedules captioned under other information in the accompanying table of contents are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated, November 28, 2018 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Pee Dee Regional Supplementary Education Center's internal control over financial reporting and compliance.

Kenneth Cobb & Company P.C.

Mullins, South Carolina
November 28, 2018

Pee Dee Regional Supplementary Education Center
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018

This section of the Pee Dee Regional Supplementary Education Center's annual financial report presents our discussion and analysis of the Center's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the Center's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

During the year, program revenues accounted for 90% of total revenues. Overall the Center experienced a decrease in its Net Position by 46.93% over the course of the past fiscal year. This decrease is attributable to the cumulative change in accounting principle - GASB 75.

For the year ended June 30, 2018, the Center implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Post Employment Benefits other than Pensions (GASB #75)*." The adoption has resulted in the restatement of the Centers net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of net OPEB liabilities and deferred inflows and outflows of resources for its qualified Plan in accordance with the provisions of this Statement.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Center.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the Centers overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Center reporting the Center's operations in more detail than the government-wide statements.

The governmental funds statements tell how Center services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining schedules that provide details about our governmental funds.

Government-Wide Statements

The government-wide financial statements present the financial picture of the Center from the economic resources measurement focus using the accrual basis of accounting. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

Pee Dee Regional Supplementary Education Center
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018

The statement of net position includes all of the government's assets (including capital assets) and all liabilities (including long-term debt). All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Center's net position and how it has changed. Net position - the difference between the Center's assets and liabilities and deferred inflows and outflows, is one way to measure the Center's financial health, or position.

Over time, changes in the relationship between the Center's net assets and liabilities and deferred inflows and outflows are indicators of whether its financial health is improving or deteriorating. If the relationship between assets is growing faster than liabilities, the financial health is viewed as improving. If liabilities are increasing faster than assets, the financial health is considered to be deteriorating.

To assess the overall health of the Center, one needs to consider certain nonfinancial factors, such as the number of member districts and their enrollment. Since membership fees are based on student enrollment, a declining enrollment in the region means that district cost per pupil increased, making it more difficult for districts to participate in the Center.

On the other hand, rising expectations from state and federal governments place increasing pressure for students to achieve. Small school districts, such as the majority that belong to the Pee Dee Education Center, will need the assistance of a regional service agency to meet these expectations.

The government-wide financial statements of the Center consist of all the Governmental activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Center's most significant funds - not the Center as a whole. Funds are grouping of related accounts that the Center uses to keep track of specific sources of funding and spending for particular purposes.

The governmental statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Reconciliation of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach.

Some funds are required by the grantor agency.

The Center establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenue sources.

Governmental funds - All of the Center's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

Pee Dee Regional Supplementary Education Center
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018

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. The notes to the financial statements follow the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparison schedules for the general fund and certain major special revenue fund, as well as required pension and OPEB schedules.

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE

Net position. The Center's combined net position amounted to \$813 thousand; of that total, \$670 thousand is in the form of capital assets, net of related debt.

	<u>Governmental Activities 2018</u>	<u>Governmental Activities 2017</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 3,278,450	\$ 2,733,315	\$ 545,135
Capital assets	<u>669,671</u>	<u>680,376</u>	<u>(10,705)</u>
Total assets	<u>3,948,121</u>	<u>3,413,691</u>	<u>534,430</u>
Deferred outflows of resources			
Deferred pension charges	265,457	253,227	12,230
Deferred OPEB charges	<u>43,817</u>	<u>0</u>	<u>43,817</u>
	<u>\$ 309,274</u>	<u>\$ 253,227</u>	<u>\$ 56,047</u>
Current liabilities	\$ 133,632	\$ 407,812	\$ (274,180)
Long-term liabilities	<u>3,106,000</u>	<u>1,692,005</u>	<u>1,413,995</u>
Total liabilities	<u>3,239,632</u>	<u>2,099,817</u>	<u>1,139,815</u>
Deferred inflows of resources			
Deferred pension credits	122,839	35,964	86,875
Deferred OPEB credits	<u>82,366</u>	<u>0</u>	<u>82,366</u>
	<u>\$ 205,205</u>	<u>\$ 35,964</u>	<u>\$ 169,241</u>
Net Position:			
Invested in capital assets, net of related debt	\$ 669,671	\$ 680,376	(10,705)
Restricted	2,997,450	2,156,731	840,719
Unrestricted (deficit)	<u>(2,854,563)</u>	<u>(1,305,970)</u>	<u>(1,548,593)</u>
Total net position	<u>\$ 812,558</u>	<u>\$ 1,531,137</u>	<u>\$ (718,579)</u>

Most of the Governmental Activities' net position, either is restricted or committed as to the purposes they can be used for (e.g., grants) or are invested in capital assets (buildings, equipment and so on). Unrestricted net position, at the end of this year amounted to a deficit of \$2.855 million dollars. The primary cause of the Center's unrestricted deficit is due to the Center's proportionate share of the net pension and OPEB liabilities.

Changes in net position. The Center's total revenues were \$2.351 million in Fiscal Year 2018. The largest revenue category is operating grants and contributions, which amounted to \$2.104 million in Fiscal Year 2018. \$2.111 million of total revenues were derived from program revenue, which consisted of charges for services, and operating

Pee Dee Regional Supplementary Education Center
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018

grants.

The total cost of all programs and services were \$1.725 million in Fiscal Year 2018.

Change in Net Position

	<u>Governmental Activities 2018</u>	<u>Governmental Activities 2017</u>	<u>Increase (Decrease)</u>
Revenues:			
Program revenues:			
Charges for services	\$ 7,436	\$ 7,019	\$ 417
Operating grants and contributions	2,103,761	1,875,688	228,073
General revenues:			
Other	48,965	48,509	456
Grants and contributions not restricted	<u>190,570</u>	<u>167,373</u>	<u>23,197</u>
 Total revenue	 <u>2,350,732</u>	 <u>2,098,589</u>	 <u>252,143</u>
Expenses:			
Support services	<u>1,724,539</u>	<u>1,768,703</u>	<u>(44,164)</u>
Total expenses	<u>1,724,539</u>	<u>1,768,703</u>	<u>(44,164)</u>
 Increase (Decrease) in net position	 626,193	 329,886	 296,307
Net position, beginning	1,531,137	1,201,251	329,886
Cumulative change in accounting principle - GASB 75	<u>(1,344,772)</u>	<u>0</u>	<u>(1,344,772)</u>
Net position, ending	<u>\$ 812,558</u>	<u>\$ 1,531,137</u>	<u>\$ (718,579)</u>

After deducting program revenues from expenses the Center had a net program revenues of \$387 thousand, before taking the \$240 thousand of general revenues into consideration.

FINANCIAL ANALYSIS OF THE CENTER'S FUNDS

The Center's governmental funds (as presented on the balance sheet on page 14) reported a combined fund balance of \$3.145 million, which is greater than the prior year's total of \$2.327 million. The schedule below indicates the fund balances and the total change in fund balances as of June 30, 2018 and 2017.

	<u>Fund Balance June 30, 2018</u>	<u>Fund Balance June 30, 2017</u>	<u>Increase (Decrease)</u>
General	\$ 147,368	\$ 170,404	\$ (23,036)
Special Revenue	2,987,150	2,143,911	843,239
EIA	8,361	10,880	(2,519)
Braille Institute	<u>1,939</u>	<u>1,939</u>	<u>0</u>
Total	<u>\$ 3,144,818</u>	<u>\$ 2,327,134</u>	<u>\$ 817,684</u>

Pee Dee Regional Supplementary Education Center
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018

General Fund Budget Information

The Center's budget is based on the modified accrual basis of accounting.

The Center did not amend its general fund budget during the year.

For the Fiscal Year 2018 year-end, the General Fund budgeted revenues of \$215,164 and expenditures of \$246,149.

Capital Assets. At the end of fiscal year 2018, the Center had invested \$885 thousand in capital assets, including equipment, and facility rights. (Note 15 provides additional detail on capital assets).

Long-term Debt

The Center's long term debt primarily consisted of its proportionate share of the net pension and OPEB liabilities.

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS.

Due to the trend of high standards for student achievement set by South Carolina with the Education Accountability Act (EAA) and the United States government with No Child Left Behind (NCLB), districts not making adequate yearly progress (AYP) are required to provide supplementary services for students in schools.

Many districts in the Pee Dee have only one elementary school, limiting their ability to offer supplementary services. The Pee Dee Education Center hopes to assist these districts in providing some of the necessary supplementary services, as with the SHARE special education program. The Center also expects to increase its role in direct services to students and professional development services for teachers.

In an effort to decrease costs to the districts, in July 2005, the Center employed an executive director on a part-time basis. Also, in January 2012, the Center reduced the administrative position from 12-months to 10-months. Only the bookkeeper is a full-time, 12-month position. Although the Center employed two co-executive directors in January 2017, they are both part-time and are considered independent contractors, so no fringe benefits are provided, thus no significant increase in the budget. Effective July 2018, the Center employed one executive director, but this director is still an independent contractor and is working on a part-time basis. The Center also made the decision to hire an independent contractor to serve as their Education and Legislative liaison. Due to this reconfiguration, the Center has saved on contract services.

Beginning in July 2005, the Board of Directors gave the Center's building and land to Francis Marion University in exchange for FMU agreeing to maintain the building and leasing it back to the Center for 99 years. As a result, the Center will not pay property taxes in the future and its maintenance budget should diminish as well.

Beginning in July 2010, the Center contracted with a technology specialist to provide training for state required (but not supported) educational software. This was at the request of the member districts. The current technology specialist is relocating, but the member districts want to continue this program if an appropriate technology specialist can be retained. A technology specialist was retained effective February 16, 2016 until June 30, 2016. In March 2016, the contract was extended until June 2017 and has since been extended until June 2018. The contract has once again been extended until June 2019.

Pee Dee Regional Supplementary Education Center
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2018

The Center's membership has grown over the years, with the joining of Chesterfield in July 2005 and Coker College in November 2006. It has also altered slightly, with the consolidation of Dillon Districts 1 and 2 into Dillon District 4 effective July 2011 and all three Marion districts into one district effective July 2012. Beginning in 2009, Horry County became a vital part of the Center by providing technical support, as well as limited financial support. Georgetown County also joined the consortium as of February 2018. The future of the Pee Dee Education Center is tied to the financial health of its member districts. Currently, South Carolina is experiencing a significant budget deficit which could impact the Center. Also, while the Center's membership has grown, there has been a significant decline in enrollment in most member districts over the past five years, which could have a negative impact on the financial well-being of the member districts, as well as the Center.

Finally, the Pee Dee Education Center was the impetus for the school finance lawsuit against the state now being litigated. A decision was issued in December 2005. Both parties asked Judge Cooper to reconsider his ruling. Judge Cooper issued a ruling affirming his previous decision. Plaintiff districts have appealed to the South Carolina Supreme Court which ruled in favor of the plaintiff districts. The SC House immediately formed a select committee (comprised of two Pee Dee superintendents and the Center's executive director) to recommend remedies to the full house. The unfavorable ruling by the South Carolina Supreme Court in late November 2017, after almost 25 years, will likely have a negative impact on the Pee Dee districts significantly. The districts will likely continue their financial struggle.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the Center's finances and to demonstrate the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Pee Dee Regional Supplementary Education Center at 520 Francis Marion Road, Florence, South Carolina 29506.

Pee Dee Regional Supplementary Education Center
STATEMENT OF NET POSITION
June 30, 2018

ASSETS	
Cash	\$2,205,367.69
Due from other governments/agencies-net	1,057,405.83
Other receivables	20.85
Deposits and prepaids	15,655.67
Property and equipment, net	<u>669,670.72</u>
TOTAL ASSETS	<u>3,948,120.76</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	265,457.00
Deferred OPEB Charges	<u>43,817.00</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>309,274.00</u>
LIABILITIES	
Accounts payable/accrued expenses	58,713.18
Due to other governmental/agencies	73,954.31
Revenue collected in advance	964.50
Non-Current Liabilities:	
Compensated absences	2,042.69
Net pension liability	1,804,682.20
Net OPEB liability	<u>1,299,275.00</u>
TOTAL LIABILITIES	<u>3,239,631.88</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	122,839.00
Deferred OPEB credits	<u>82,366.00</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>205,205.00</u>
NET POSITION	
Invested in capital assets, net of related debt	669,670.72
Restricted for:	
Special revenue fund	2,995,510.90
Braille Institute	1,939.55
Unrestricted for:	
General fund (deficit)	<u>(2,854,563.29)</u>
TOTAL NET POSITION	<u><u>\$812,557.88</u></u>

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

Pee Dee Regional Supplementary Education Center
STATEMENT OF ACTIVITIES
 Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Support services	\$1,724,539.02	\$7,435.71	\$2,103,760.93	\$0.00	\$386,657.62
TOTAL	\$1,724,539.02	\$7,435.71	\$2,103,760.93	\$0.00	386,657.62
General revenues:					
					3,262.52
					190,570.25
					45,702.74
					239,535.51
					626,193.13
					1,531,136.75
					(1,344,772.00)
					\$812,557.88

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

Pee Dee Regional Supplementary Education Center
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	Major Governmental Funds				Total Governmental Funds
	General	Special Revenue	EIA	Braille Institute	
ASSETS					
Cash	\$2,205,317.69	\$50.00	\$0.00	\$0.00	\$2,205,367.69
Due from other funds	0.00	2,051,043.68	11,243.71	1,939.55	2,064,226.94
Due from other governmental units	6,096.34	1,051,309.49	0.00	0.00	1,057,405.83
Other receivables	14.85	6.00	0.00	0.00	20.85
Loans receivable	0.00	128,318.32	0.00	0.00	128,318.32
Less provision for adjustments	0.00	(128,318.32)	0.00	0.00	(128,318.32)
Prepaid expenditures	6,546.88	7,800.83	1,307.96	0.00	15,655.67
TOTAL ASSETS	\$2,217,975.76	\$3,110,210.00	\$12,551.67	\$1,939.55	\$5,342,676.98
LIABILITIES AND EQUITY					
Liabilities					
Accounts Payable/Accrued Expenses	\$5,388.82	\$49,133.29	\$4,191.07	\$0.00	\$58,713.18
Due to other funds	2,064,226.94	0.00	0.00	0.00	2,064,226.94
Due to other governmental units	27.90	73,926.41	0.00	0.00	73,954.31
Revenue collected in advance	964.50	0.00	0.00	0.00	964.50
TOTAL LIABILITIES	2,070,608.16	123,059.70	4,191.07	0.00	2,197,858.93
Fund Balances					
Nonspendable	6,546.88	7,800.83	1,307.96	0.00	15,655.67
Restricted for:					
Special Revenue	0.00	41,545.50	7,052.64	1,939.55	50,537.69
Committed for:					
Special Revenue	0.00	2,937,803.97	0.00	0.00	2,937,803.97
Unassigned	140,820.72	0.00	0.00	0.00	140,820.72
TOTAL EQUITY	147,367.60	2,987,150.30	8,360.60	1,939.55	3,144,818.05
TOTAL LIABILITIES AND EQUITY	\$2,217,975.76	\$3,110,210.00	\$12,551.67	\$1,939.55	\$5,342,676.98

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

Pee Dee Regional Supplementary Education Center
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION-
 Year Ended June 30, 2018

Fund Balances - total governmental funds	\$3,144,818.05
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$885,121.31 and the accumulated depreciation is \$215,450.59.	669,670.72
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Compensated Absences	(2,042.69)
Net pension obligations and deferred charges and credits	(1,621,591.20)
Net OPEB obligations and deferred charges and credits	(1,378,297.00)
Net Position - Governmental Funds	\$812,557.88

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

Pee Dee Regional Supplementary Education Center
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 Year Ended June 30, 2018

	Major Governmental Funds				Totals Governmental Funds
	General	Special Revenue	Work Based Learning	Braille Institute	
REVENUES					
Local	\$48,965.26	\$7,335.71	\$100.00	\$0.00	\$56,400.97
Intergovernmental	190,570.25	2,046,260.93	0.00	0.00	2,236,831.18
State	0.00	0.00	57,500.00	0.00	57,500.00
TOTAL REVENUE	<u>239,535.51</u>	<u>2,053,596.64</u>	<u>57,600.00</u>	<u>0.00</u>	<u>2,350,732.15</u>
EXPENDITURES					
Current					
Support services	262,571.49	1,207,859.16	60,119.61	0.00	1,530,550.26
Capital outlay	0.00	2,497.78	0.00	0.00	2,497.78
TOTAL EXPENDITURES	<u>262,571.49</u>	<u>1,210,356.94</u>	<u>60,119.61</u>	<u>0.00</u>	<u>1,533,048.04</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	<u>(23,035.98)</u>	<u>843,239.70</u>	<u>(2,519.61)</u>	<u>0.00</u>	<u>817,684.11</u>
Excess (deficiency) of Revenues Over (Under) Expenditures	(23,035.98)	843,239.70	(2,519.61)	0.00	817,684.11
FUND BALANCE - July 1, 2017	<u>170,403.58</u>	<u>2,143,910.60</u>	<u>10,880.21</u>	<u>1,939.55</u>	<u>2,327,133.94</u>
FUND BALANCE - June 30, 2018	<u>\$147,367.60</u>	<u>\$2,987,150.30</u>	<u>\$8,360.60</u>	<u>\$1,939.55</u>	<u>\$3,144,818.05</u>

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

Pee Dee Regional Supplementary Education Center
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-**
Year Ended June 30, 2018

Total net change in fund balance governmental funds	\$817,684.11
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense (capital outlays of less than \$5,000 are not capitalized in the government-wide statements). This is the amount by which depreciation/amortization expense of \$10,705.55 differs from capital expenditures that were recognized as fixed assets during the period in the amount of \$0.	(10,705.55)
The increase in the liability for the net pension obligation and net pension deferred charges and credits does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds.	(146,849.00)
The decrease in the liability for the net OPEB obligation and net OPEB deferred charges and credits does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds.	(33,525.00)
The increase in the liability for compensated absences does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds.	(411.43)
Change in Net Position of Governmental Activities.	<u><u>\$626,193.13</u></u>

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

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pee Dee Regional Supplementary Education Center have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Center are described below.

Reporting Entity

This report includes all of the funds of the Pee Dee Regional Supplemental Education Center. It includes all activities considered to be part of (controlled by or dependent on) the Center under GASB Statement No. 14, the Financial Reporting Entity and GASB Statement No. 39, determining whether certain organizations are component units.

In 1967, the South Carolina State Department of Education granted validation status to Pee Dee Regional Supplementary Education Center. The Center was formed to upgrade the training of teachers and improve the quality of instruction for students. The Center has a board of directors composed of the superintendents of the participating districts. This board has direct oversight responsibility for the Center. Oversight responsibility is the basic criteria for including a governmental organization as part of this entity. The purpose of the reporting entity's financial statements is to report the combined financial position and results of operations for all component units as if all the activities and functions were operated as part of the oversight unit.

Pee Dee Education Research Corporation (PERC) - Pee Dee Education Research Corporation received its corporate charter on October 30, 1972 and was formed for the purpose to stimulate long-range planning research and developmental efforts to meet the multitude of challenges facing local school districts. PERC is considered to be a component unit, although it had no net assets or activity for the current year.

Project Share was formed to provide quality educational programs for low-incidence handicapped students. The concept is for the participating districts to "pool" students and district resources so that there will be a sufficient number of students and financial resources will be adequate to provide educational and related services. Project Share was officially awarded validation status by the South Carolina State Department of Education on December 8, 1981.

Minority Recruitment (a component unit) was formed in 1991 to attract more minority teachers to the Pee Dee area. This non-profit organization provides loans to minority students planning to become teachers.

The oversight unit and the component units operate out of the same building, serve many of the same purposes and share many of the same operating costs, employees, and board members. As cash flow needs mandate, advances are made from one fund to another. The component units are presented as blended component units and are therefore, treated as part of the primary government.

Fund Accounting

The accounts of the Center are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Governmental Funds

Governmental Funds are those through which most governmental functions of the Center are financed. The acquisitions, uses and balances of the Center's expendable financial resources and the related liabilities are accounted for through governmental funds.

Major Governmental Funds

General Fund - The general fund is the general operating fund of the Center. It is used to account for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Special Revenue Fund - Education Improvement Act (EIA) Fund is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

Braille Institute fund is used to provide programs and services to blind students. For reason of disclosure, management has deemed this fund to be major.

Other Governmental Funds

Debt Service Fund - When appropriate, the debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

Non-Current Governmental Assets/Liabilities - GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Position.

Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the Center as a whole. These statements include the financial activities of the primary government. Any fiduciary funds would not be included in the government-wide financial statements. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

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

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

The Center implemented GASB Statement No. 75 “*Accounting and Financial Reporting for Post Employment Benefits other than Pensions (GASB #75)*” in 2018. The adoption has resulted in the restatement of the Centers net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of net OPEB liabilities and deferred inflows and outflows of resources for its qualified Plan in accordance with the provisions of this Statement.

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

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

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

Basis of Accounting

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

Revenues, Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, and grants.

Revenue Received in Advance

The Center reports revenue received in advance on its statement of net position and governmental funds balance sheet. In subsequent periods, the liability for revenue received in advance is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Expenditures/Expenses

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

Deferred Outflows and Inflows of Resources

The Statement of Net Position may report deferred outflows of resources following the assets section and deferred inflows of resources following the liabilities section. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

Interfund Transactions

Interfund transactions are reflected as either advances (due to/from), services provided, reimbursements or transfers.

Advances are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide presentation.

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used.

On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the FIFO method, and is determined by physical count. The cost is recorded as an expenditure at the time of purchase and significant inventories on hand at year end are recorded as assets. There were no significant inventories on hand at year end.

Capital Assets and Depreciation

General capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Center follows the policy of not capitalizing assets with a cost of less than \$5,000 or with a useful life of less than 1 year.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Life
Land	Not Depreciated
Land Improvements	20-50 Years
Buildings, Improvements and Facility lease	10-99 Years
Furniture and Equipment	3-10 Years
Vehicles	3-10 Years
Construction in Progress	Not Depreciated

Use of 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 and the reported amounts of revenues and expenditures. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

Budgetary Information

Budgets for the General Fund, the Special Revenue Fund including the EIA Fund are presented in the required supplementary section. Each budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The "Center's" policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board in supplementary action. The legal level of control is at the fund level. During the year, the Board did not revise the budget.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. The bookkeeper presents a tentative proposed budget to the Executive Director for his review and adjustment.
2. The Executive Director presents a proposed budget to the Board, which reviews the proposed budget, and makes any additions or deletions as deemed necessary.
3. Prior to July 1, the Board enacts the budget for the following year.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 2 - NET POSITION/FUND BALANCES

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category represents net position of the Center, not restricted for any project or purpose.

The Center has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of the Center's policy, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - amounts that can be used only for specific purposes determined by a formal action by the Board.

Assigned - amounts that are designated by the Board or their designee for a specific purpose but are not spendable until a formal policy is passed by the Board.

Unassigned - all amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet. As discussed in Note 1, restricted funds are used first as appropriate. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Center considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Center has provided otherwise in its commitment or assignment actions.

NOTE 3 - RETIREMENT

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

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 3 - RETIREMENT - (continued)

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

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through 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 Dr., Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

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

Membership

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

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

Benefits

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

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

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 3 - RETIREMENT - (continued)

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a 30-year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; this increase is not limited to one-half of one percent per year.

The Center contributed amounts equal to 100% of the required contributions for employers:

SCRS Employer Contribution	Amount For Retirement	% of Covered Payroll	Amount For Death Benefits	% of Covered Payroll	Amount for Retiree Health	% of Covered Payroll
6/30/18	\$101,389	13.41%	\$1,134	.15%	\$41,584	5.50%
6/30/17	\$92,298	11.41%	\$1,213	.15%	\$43,115	5.33%
6/30/16	\$88,879	10.91%	\$1,222	.15%	\$43,421	5.33%

SCRS Employee Contributions	Amount	% of Covered Payroll
6/30/18	\$68,046	9.00%
6/30/17	\$70,053	8.66%
6/30/16	\$66,763	8.16%

South Carolina Retirement System Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was calculated on the basis of historical employer contributions.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 3 - RETIREMENT - (continued)

As described in Note 13, Florence School District One serves as fiscal agent for the Center. Since the Center's employees are considered to be employees of Florence School District One for retirement purposes; the Center is reporting in these financial statements; only the Center's percentage of pension expense, net pension liability and deferred outflows and inflows related to the pension. This percentage is based upon the Center's contribution as a percentage of Florence School District One's contribution.

At June 30, 2018, the Center reported a liability of \$1,804,682 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on a projection of the Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Center's proportion was 0.867% of Florence School District One's percentage, which was 0.924645% of the plan. Therefore, the Center's percentage to the whole was 0.008017%.

Measurement Period <u>Ended June 30</u>	Fiscal Year <u>Ending June 30</u>	Net Pension <u>Liability-SCRS</u>
2017	2018	\$ 1,804,682
2016	2017	\$ 1,692,005
2015	2016	\$ 1,546,231

For the year ended June 30, 2018, the Center recognized pension expense of \$152,515. At June 30, 2018, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,045	\$ 1,000
Changes of assumptions	105,645	0
Net difference between projected and actual earnings on plan investments	50,378	0
Changes in proportion and differences between Center contributions and proportionate share of contributions	0	81,366
Center contributions subsequent to the measurement date	<u>101,389</u>	<u>0</u>
Total	<u>\$ 265,457</u>	<u>\$ 82,366</u>

The \$101,389 of deferred outflows of resources resulting from the Center's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

The difference between projected and actual earnings on pension plan investments are reported as deferred outflows (inflows) of resources and will be amortized over a closed five-year period and recognized in pension expense in future years. The difference between expected and actual and the change in proportionate share of contributions are reported as deferred outflows (inflows) of resources and will be amortized over the average remaining service lives of all plan participants. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2017, measurement date was 4.073 years for SCRS.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 3 - RETIREMENT - (continued)

The following schedule reflects the amortization of collective deferred outflows/(inflows) of resources at June 30, 2017, 2016, 2015, and 2014.

Difference between expected and actual experience				
SCRS				
	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Initial Balance	\$ 51,206	\$ (3,578)	\$ 3,745	\$ 4,377
Amortization period ¹	4.233	4.164	4.116	4.073
Amortized ² period ending June 30,				
2014	(12,097)	0	0	0
2015	(12,097)	859	0	0
2016	(12,097)	859	(910)	0
2017	(12,097)	859	(910)	(1,074)
2018	(2,818)	859	(910)	(1,074)
2019	0	142	(910)	(1,074)
2020	0	0	(105)	(1,074)
2021	0	0	0	(81)

Difference between projected and actual investment earnings				
SCRS				
	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Initial Balance	\$ (145,452)	\$ 121,810	\$ 161,448	\$ (82,655)
Amortization period ³	5	5	5	5
Amortized ² period ending June 30,				
2014	29,091	0	0	0
2015	29,091	(24,362)	0	0
2016	29,090	(24,362)	(32,290)	0
2017	29,090	(24,362)	(32,290)	16,531
2018	29,090	(24,362)	(32,290)	16,531
2019	0	(24,362)	(32,290)	16,531
2020	0	0	(32,288)	16,531
2021	0	0	0	16,531

Assumption Changes

	<u>June 30, 2017</u>
Initial Balance	\$ 140,023
Amortization period ¹	4.073
Amortized ² period ending June 30,	
2017	(34,378)
2018	(34,378)
2019	(34,378)
2020	(34,378)
2021	(2,511)

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 3 - RETIREMENT - (continued)

¹ In accordance with GASB 68, paragraph 71a, the difference between each year’s expected and actual experience is required to be amortized over the average remaining service lives of all employees provided with pensions through the plan at June 30.

² Amount amortized and included in pension expense during the measurement period listed.

³ In accordance with GASB 68, paragraph 71b, the difference between each year’s projected and actual investment earnings is required to be amortized over a closed, 5 year period.

Actuarial Assumptions

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the June 30, 2017, valuations for SCRS as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined 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 Systems was most recently issued as of July 1, 2015.

The June 30, 2017 total pension liability, net pension liability, and sensitivity information were determined by PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company (GRS), based on the July 1, 2016 actuarial valuations. The total pension liability was rolled forward from the valuation date to the fiscal year ended June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 3 - RETIREMENT - (continued)

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2015 valuations for SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
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%	

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rate based on provisions in the SC Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, is based upon 30 year capital market assumptions. The long-term expected rate of return 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 2017 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 which is summarized in the table on the following page. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.0% real rate of return and a 2.25% inflation component.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 3 - RETIREMENT - (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	<u>2.0%</u>	0.92%	<u>0.02%</u>
Total Expected Real Return	<u>100.0%</u>		5.31%
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.56%</u>

Sensitivity Analysis

The following table presents the collective net pension liability, of the Center, calculated using the discount rate of 7.25%, as well as what the Center's net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.25%) or 1.0% higher (8.25%) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.0% Decrease (6.25%)	Current Discount Rate (7.25%)	1.0% Increase (8.25%)
SCRS	\$2,325,987	\$1,804,682	\$1,488,372

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in PEBA's separately issued Comprehensive Annual Financial Report.

Payables to the Pension Plans

At June 30, 2018, the Center reported a payable of \$3,975 for the outstanding amount of contributions due to SCRS. This liability will be paid in the normal course of paying year-end obligations.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 4 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description Full time employees of the Center are provided with OPEB through the South Carolina Retiree Health Insurance Trust (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)-cost-sharing multiple-employer defined benefit plans. Both plans are administered by the SC Public Employee Benefit Authority (PEBA), Insurance Benefits and the SC State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee. Article 5 of the State Code of Laws defines the two plans and authorizes 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 SC 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 Center employees and their covered dependents. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the OPEB Trust, and additions to and deductions from the OPEB Trust 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. PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. The information is publicly 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.

Benefits Provided The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school Centers. The SCRHITF provides health and dental 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 Centers and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Contributions and Funding Policies Participating employers are mandated by State Statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2017 was 5.33%. The SC Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF.

BLTD benefits are funded through a person's premium charged to the Center. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2017. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred to the SCLTDITF.

The net OPEB liability for the SCLTDITF related to the Center is immaterial and is not disclosed or recorded.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 4 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS - (continued)

OPEB Liabilities, OPEB Expenses, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2017, the Center reported a liability of \$1,299,275 for its proportionate share of the net OPEB liability for the SCRHITF. The net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017. The Center's proportion of the net OPEB liability was based on the Center's contributions to the OPEB plans relative to the contributions of all participating entities. At June 30, 2017, the Center's proportion for the SCRHITF, was 0.8575% of Florence School District One's percentage, which was 1.118646% of the plan. Therefore, the Center's percentage to the whole was 0.0095924%.

For the year ended June 30, 2017, the Center recognized OPEB expense of \$79,079. At June 30, 2017 the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

SCRHITF	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 0	\$ 564
Changes in assumptions	0	122,256
Net Difference between projected and actual earnings on OPEB plan investments	2,233	0
Changes in proportion and differences between Center contributions and proportionate share of contributions	0	19
Center contributions subsequent to the measurement date	<u>41,584</u>	<u>0</u>
Totals	<u>\$ 43,817</u>	<u>\$ 122,839</u>

\$41,584 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts (except for change in proportionate share) reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended <u>June 30,</u>	Deferred Outflows/(Inflows) <u>of Resources</u>
2018	\$ 19,105
2019	19,105
2020	19,105
2021	19,105
2022	19,662
Thereafter	<u>24,505</u>
Net Balance of Deferred Outflows/(Inflows) of Resources	<u>\$ 120,587</u>

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 4 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS - (continued)

Actuarial Assumptions and Methods

SCRHITF

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00% net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the SC Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of SC Mortality Table for Males and the 2016 Public Retirees of SC 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 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

Net OPEB Liability The Net OPEB Liability (NOL) represents the Center’s proportionate share of the collective NOL for each OPEB Trust Fund determined in accordance with GASB No. 74 less the Trust’s fiduciary net position. The following table represents the components of the net OPEB liability as of June 30, 2017:

Trust	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
SCRHITF	\$1,406,208	\$106,934	\$1,229,275	7.6%

Discount Rate The Single Discount Rate of 3.56% 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).

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 2017 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:

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 4 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS - (continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long -Term Expected Real Rate of Return
US Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	<u>0.17%</u>
Total			1.84%
Expected inflation			<u>2.25%</u>
Total Return			<u>4.09%</u>
Investment Return Assumption			<u>4.00%</u>

Sensitivity Analysis The following table presents the net OPEB liability calculated using a Single Discount Rate of 3.56%, 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% Decrease	Current Discount Rate	1% Increase
	2.56%	3.56%	4.56%
SCRHITF Net OPEB Liability	\$ 1,530,177	\$ 1,299,275	\$ 1,113,109

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 1,530,177	\$ 1,299,275	\$ 1,113,109

OPEB plan fiduciary net position Detailed information about the OPEB plan's fiduciary net position is available in the separately issued SCRHITF financial reports.

Payables to the OPEB Plan The Center reported the following payables to the OPEB plan for outstanding contributions at June 30, 2018: \$1,612. This liability will be paid in the normal course of paying year-end obligations.

One may obtain complete financial statements for the benefit plans and the trust funds from PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 5 - CASH AND INVESTMENTS

The total book value of cash and investments at June 30, 2018 held by a financial institution was \$2,205,318. The total petty cash on hand at June 30, 2018 was \$50.

At June 30, 2018, the financial institution with which the Center banks, has confirmed that all the requirements of The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 had been met. These requirements effect the governmental entity's rights to its deposit collateral. The chart below reflects a breakdown of insurance coverage, securities pledged and any uncollateralized amount.

<u>Confirmed Balance Per Bank</u>	<u>F.D.I.C. Insurance</u>
<u>\$ 2,319,542</u>	<u>\$ 250,000</u>

The Bank issues irrevocable stand-by letters of credit to serve as collateral for the deposits. The amount of the stand-by letter of credit as of June 30, 2018 was \$2,000,000. Therefore, the amount not covered at June 30, 2018 was \$69,542.

The Center is authorized by the state statute to invest in the following:

1. Obligations of the United States and its agencies,
2. General obligations of the state of South Carolina and its political units,
3. Savings and loan associations to the extent that the same are insured by an agency of the federal government,
4. Certificates of deposits where collaterally secured by securities of the type described in 1 & 2 above held by a third party escrow agent or custodian of a market value not less than the amounts of the certificates of deposit plus interest, provided however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
5. Repurchase agreements when collateralized by securities as set forth in this section.

The Center has not adopted any policies that address the specific types of risk to which the Center could be exposed.

NOTE 6 - COMPENSATED ABSENCES

The Center accrues a liability for future employee leave because the Center has an obligation to compensate employees for future absences attributable to services already rendered. Employee annual leave vests and accumulates and payment of the compensation is probable. Total accrued compensation including fringe at the balance sheet date was \$2,042.69.

NOTE 7 - OTHER LOCAL REVENUE

The general fund received rental revenue from the following sources during the year; Project Share \$10,953; Math and Science Hub \$9,468; and WBTW \$8,064 and other miscellaneous room rents of \$3,610.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 8 - LEASES

Operating

In April 2014, the Center entered into an operating lease with Pollock Financial Services for one black/white & color copier with the terms of agreement to be based on the number of copies each month. This lease is considered to be an operating lease.

On October 21, 2010, Pee Dee Education Center entered into an agreement with Francis Marion University, to lease telephone lines at the rate of \$9.92 per line, per month, which is paid at the beginning of each year. The terms of the agreement also calls for varying monthly long distance charges. Effective September 2018, the fax line was re-installed with a monthly charge of \$40.31 which is paid in advance at the beginning of each year.

These lease payments have been funded by the general fund and special revenue funds, as in prior years.

Facilities

On August 18, 2005, the Pee Dee Educational Research Corporation, deeded the building and property which houses the operations of the Pee Dee Regional Supplementary Education Center to Francis Marion University, a South Carolina institution for higher learning.

Simultaneous with this transfer, the University agreed to lease the building and property back to the Pee Dee Educational Research Corporation for a term of ninety-nine years, terminating on June 30, 2105. The rent for the entire term of the lease is ninety-nine dollars, or one dollar per year. The net book value of the property transferred was considered to be an exchange for the ninety-nine year operating lease and therefore, is reflected as a prepaid facility lease on the government wide statements and is subject to amortization on an annual basis.

NOTE 9 - RISKS AND UNCERTAINTIES

The Center is exposed to various risks of loss and maintains insurance policies divided into coverage for workmen's compensation, property and casualty, and employee health insurance. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with the insurance policy and benefit program limits.

Management believes such coverages are sufficient to preclude any significant uninsured losses for covered risks.

Several state funds accumulate assets and the State assumes substantially all risk for the following:

1. Claims of covered public employees for health and dental insurance benefits (South Carolina State Budget and Control Board).
2. Claims for property and casualty loss (South Carolina School Boards Insurance Trust).

The Center participates in the South Carolina School Boards Insurance Trust for its workmen compensation coverage. Pool members are subject to a supplemental assessment in the event of deficiencies.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 9 - RISKS AND UNCERTAINTIES - (continued)

Employees elect health coverage through either an HMO or through the State self-insured plan. All other coverages listed above are through applicable State self-insured plans, except dependent and optional life premiums which are remitted through the State to commercial carriers.

The Center obtains coverage for its property and casualty insurance through the South Carolina School Boards Insurance Trust.

The Center has recorded insurance premium expenditures in the applicable functional expenditures categories of the unrestricted current funds. These expenditures do not include estimated claims losses and estimable premium adjustments.

The Center has not reported a supplemental premium assessment expenditure and the related liability at June 30, 2018, because the requirements of GASB Statement 10, which states that a liability for supplemental assessments must be reported if information prior to issuance of financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2018 and the amount of the premium is reasonably estimable, have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material effect on the financial position of the Center.

NOTE 10 - CHANGES IN LONG TERM DEBT

Long term debt consist only of the provision for compensated absences.

The following is a summary of the changes in long-term debt, for the year ended June 30, 2018; exclusive of the net pension obligation and OPEB obligation.

	<u>6/30/17</u>	Net <u>Additions</u>	Net <u>Deductions</u>	<u>6/30/18</u>	Due Within <u>One Year</u>
Compensated absences	\$ <u>1,631</u>	\$ <u>412</u>	\$ <u>0.00</u>	\$ <u>2,043</u>	\$ <u>0.00</u>
Total	\$ <u>1,631</u>	\$ <u>412</u>	\$ <u>0.00</u>	\$ <u>2,043</u>	\$ <u>0.00</u>

NOTE 11 - DEFICIT FUND BALANCE

There were no funds with a deficit fund balance at June 30, 2018.

NOTE 12 - RELATED PARTIES

As more fully described in Note 13, below, Florence School District One, a participating member of the Center, provides payroll services to the Pee Dee Regional Supplementary Education Center.

As described in Note 7, the Center leases it's facilities and phone services from Francis Marion University, a participating member of the Center. From time to time, the Center may engage in other financial transactions with it's participating members.

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 13 - CONTINGENCIES

Grants

The Center has previously participated in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. If grant revenues received for expenditures are subsequently disallowed, the Center may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from possible disallowed expenditures will not be material to the financial statements at June 30, 2018.

Litigation

In the ordinary course of operation, the Center may become party to legal claims and disputes. However, the Center is not aware of any pending contingent liabilities which would have a material effect on the financial statements.

NOTE 14 - PERSONNEL

On September 8, 2005, the Board approved for Florence School District One to serve as fiscal agent for the Pee Dee Education Center. In connection therewith, effective November 1, 2005, although all employees of the Pee Dee Education Center continue to render services to the Center, and in substance are employees of the Center; legally, they are employed by Florence School District One.

NOTE 15 - CAPITAL AND AMORTIZABLE ASSETS

All capital assets are being depreciated or amortized over their estimated useful lives. Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases/ Decreases</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital and amortizable assets being depreciated or amortized				
Buildings & improvements	\$ 63,000.00	\$ 0.00	\$ 0.00	\$ 63,000.00
Facility lease	761,572.60	0.00	0.00	761,572.60
Furniture, fixtures, and equipment	<u>60,548.71</u>	<u>0.00</u>	<u>0.00</u>	<u>60,548.71</u>
Total capital and amortizable assets being depreciated or amortized	<u>885,131.31</u>	<u>0.00</u>	<u>0.00</u>	<u>885,121.31</u>
Less accumulated depreciation (amortization) for				
Buildings & improvements	63,000.00	0.00	0.00	63,000.00
Facility lease	92,311.80	7,692.65	0.00	100,004.45
Furniture, fixtures, and equipment	<u>49,433.24</u>	<u>3,012.90</u>	<u>0.00</u>	<u>52,446.14</u>
Total accumulated depreciation (amortization)	<u>204,745.04</u>	<u>10,705.55</u>	<u>0.00</u>	<u>215,450.59</u>
Total capital and amortizable assets being depreciated or amortized, net	<u>\$ 680,376.27</u>	<u>\$ (10,705.55)</u>	<u>\$ 0.00</u>	<u>\$ 669,670.72</u>

Depreciation and amortization expense was charged to the functions as follows:

Support Services	<u>\$ 10,705.55</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	<u>\$ 10,705.55</u>

Pee Dee Regional Supplementary Education Center
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 16 - INTERFUND TRANSFERS

There were no transfers between special revenue funds and the general fund during the year.

NOTE 17 - INTERFUND BALANCES

\$ 2,051,043.68	Pooled investments held by the General Fund for the Special Revenue Funds.
11,243.71	Pooled investments held by the General Fund for the Work Based Learning Fund.
<u>1,939.55</u>	Pooled investments held by the General Fund for the Braille Institute fund.
<u>\$ 2,064,226.94</u>	Total investments held by the general fund, for other funds.

NOTE 18 - SUBSEQUENT EVENTS

The Center is not aware of any subsequent events occurring after the Center's year end, June 30, 2018 that would have a material effect on the financial statements.

NOTE 19 - CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE

The Center implemented GASB Statement No. 75 "*Accounting & Financial Reporting for Postemployment Benefits other than Pensions.*" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

The adoption of this Statement had no impact on the Center's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the Plan. However, the adoption has resulted in the restatement of the Center's net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of net OPEB liabilities and deferred outflows of resources for its qualified Plan in accordance with the provisions of this Statement. Net position of the Center's government-wide financial statements as of July 1, 2017 was decreased by approximately \$1,344,772, reflecting the cumulative change in accounting principle related to the adoption of this Statement. See Note 4 for more information regarding the Center's OPEB plans.

Pee Dee Regional Supplementary Education Center
BUDGETARY COMPARISON SCHEDULE
Budget (GAAP Basis) and Actual - General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local	\$37,495.00	\$37,495.00	\$48,965.26	\$11,470.26
Intergovernmental	177,669.00	177,669.00	190,570.25	12,901.25
TOTAL REVENUE	<u>215,164.00</u>	<u>215,164.00</u>	<u>239,535.51</u>	<u>24,371.51</u>
EXPENDITURES				
Current				
Support services	242,649.00	242,649.00	262,571.49	(19,922.49)
Capital outlay	3,500.00	3,500.00	0.00	3,500.00
TOTAL EXPENDITURES	<u>246,149.00</u>	<u>246,149.00</u>	<u>262,571.49</u>	<u>(16,422.49)</u>
Excess revenues over (under) expenditures	<u>(30,985.00)</u>	<u>(30,985.00)</u>	<u>(23,035.98)</u>	<u>7,949.02</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	1,000.00	1,000.00	0.00	(1,000.00)
Total other financing sources (uses)	<u>1,000.00</u>	<u>1,000.00</u>	<u>0.00</u>	<u>(1,000.00)</u>
Excess of revenues and other sources (uses) over (under) expenditures	(29,985.00)	(29,985.00)	(23,035.98)	6,949.02
FUND BALANCE - July 1, 2017	<u>170,403.58</u>	<u>170,403.58</u>	<u>170,403.58</u>	<u>0.00</u>
FUND BALANCE - June 30, 2018	<u><u>\$140,418.58</u></u>	<u><u>\$140,418.58</u></u>	<u><u>\$147,367.60</u></u>	<u><u>\$6,949.02</u></u>

Note 1: An annual budget for the General Fund is approved by the Pee Dee Regional Supplementary Education Center Board. All appropriations lapse at fiscal year-end. The basis of accounting is modified accrual.

Pee Dee Regional Supplementary Education Center
BUDGETARY COMPARISON SCHEDULE
Budget (GAAP Basis) and Actual - Special Revenue Funds (EIA)
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
State	\$57,500.00	\$57,500.00	\$57,500.00	\$0.00
TOTAL REVENUE	<u>57,500.00</u>	<u>57,500.00</u>	<u>57,500.00</u>	<u>0.00</u>
EXPENDITURES				
Current				
Support services	57,500.00	57,500.00	57,500.00	0.00
TOTAL EXPENDITURES	<u>57,500.00</u>	<u>57,500.00</u>	<u>57,500.00</u>	<u>0.00</u>
Excess revenues over (under) expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers, from (to) other funds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total other financing sources (uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess of revenues and other sources (uses) over (under) expenditures	0.00	0.00	0.00	0.00
FUND BALANCE - July 1, 2017	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE - June 30, 2018	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>

Note 1: Special revenue fund budgets are approved by the grantor agency. Only those funds with approved budgets by a grantor agency have been included in this schedule. The basis of accounting is modified accrual.

Pee Dee Regional Supplementary Education Center
 SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For the fiscal year ended June 30, 2018

	SCRS				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
The Center's percentage of the net pension liability	0.008017%	0.008170%	0.008170%	0.008170%	0.816900%
The Center's proportionate share of the net pension liability	\$1,804,682	\$1,692,005	\$1,546,231	\$1,406,153	\$1,386,598
The Center's covered employee payroll	\$808,925	\$818,170	\$814,667	\$741,653	\$727,848
The Center's proportionate share of the net pension liability as a percentage of its covered payroll	223.10%	206.80%	189.80%	189.60%	190.51%
The Plan's fiduciary net position as a percentage of the total pension liability	53.30%	52.90%	57.00%	59.90%	59.90%

The Center implemented GASB 68 during fiscal year 2015, as such only the last five years of data are available.

Pee Dee Regional Supplementary Education Center
 SCHEDULE OF THE CENTER'S PENSION CONTRIBUTIONS
 For the fiscal year ended June 30, 2018

	SCRS				
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$102,523	\$93,512	\$90,490	\$88,799	\$78,615
Contributions made to pension plan	<u>102,523</u>	<u>93,512</u>	<u>90,490</u>	<u>88,799</u>	<u>78,615</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Center's covered payroll during the measurement period	\$756,071	\$808,925	\$818,170	\$814,667	\$741,653
Contributions as a percentage of covered employee payroll	13.56%	11.56%	11.06%	10.90%	10.60%

The Center implemented GASB 68 during fiscal year 2015, as such only the last five years of data are available.

Pee Dee Regional Supplementary Education Center
SCHEDULE OF CHANGES IN THE CENTER'S NET OPEB LIABILITY AND RELATED RATIOS
Year Ended June 30, 2018

	June 30, 2018
Total OPEB Liability	
Service Cost at the end of the year	\$58,595
Interest on the total OPEB liability	43,674
Changes of benefit terms	0
Difference between expected and actual experience	(654)
Changes of assumptions or other inputs	(141,829)
Benefit payments	(39,913)
Net change in total OPEB liability	(80,127)
Total OPEB liability - beginning	1,486,335
Total OPEB liability - ending	\$1,406,208
Plan Fiduciary Net Position	
Contributions - employer	\$39,501
Contributions - non-employer	7,607
Net investment income	1,291
Benefit payments	(39,913)
Administrative expenses	(1)
Other	0
Net change in plan fiduciary net position	8,485
Plan Fiduciary Net Position - beginning	98,448
Plan Fiduciary Net Position - ending	\$106,933
Net OPEB liability - ending	\$1,299,275
Plan fiduciary net position as a percentage of the total OPEB liability	7.60%
Covered Payroll	\$808,925
Net OPEB liability as a percentage of covered payroll	160.62%

The Center implemented GASB 75 during fiscal year 2018, as such only one year of data is available.

Pee Dee Regional Supplementary Education Center
 SCHEDULE OF THE CENTER'S OPEB CONTRIBUTIONS
 Year Ended June 30, 2018

	June 30, 2018
Actuarially determine employer contribution (ADEC)	\$43,115
Contributions in relation to the ADEC	43,115
Annual contribution deficiency (excess)	\$0
Center's covered payroll	\$808,925
Contributions as a percentage of covered employee payroll	5.33%

NOTES TO SCHEDULE

Valuation date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Inflation	2.25 percent
Investment rate of return	4.00%, net of OPEB plan investment expense, including inflation
Single Discount Rate	3.56% as of June 30, 2017
Demographic Assumptions	Based on the experience study performed for the SCRS for the 5 year period ending June 30, 2015.
Mortality Assumptions	For healthy retirees, the 2016 Public Retirees of SC Mortality Table for males and the 2016 Public Retirees of SC 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.
Healthcare cost trend rates	Initial trend starting at 7.00% and gradually decreasing to 4.15% over a period of 15 years
Participation Assumptions	79% participation 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
Roll-forward Disclosure	The actuarial valuation was performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017.

The Center implemented GASB 75 during fiscal year 2018, as such only one year of data is available.

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

Pee Dee Regional Supplementary Education Center
Board of Directors
Florence, 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 and each major fund of the Pee Dee Regional Supplementary Education Center as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated November 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pee Dee Regional Supplementary Education Center's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pee Dee Regional Supplementary Education Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pee Dee Regional Supplementary Education Center'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 a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. We consider the deficiency #2018-001, described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under Government Auditing Standards.

Pee Dee Regional Supplementary Education Center's Response to Findings

Pee Dee Regional Supplementary Education Center's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Pee Dee Regional Supplementary Education Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kenneth Cobb & Company P.C.

Mullins, South Carolina
November 28, 2018

Pee Dee Regional Supplementary Education Center
SCHEDULE OF FINDINGS AND RESPONSES
July 1, 2017 to June 30, 2018

I. FINDINGS FINANCIAL STATEMENT AUDIT

#2018-001 Inadequate Segregation of Duties/Internal Control

Condition: The Center does not have complete segregation of duties. One person has access to multiple areas of the financial accounting system, which results in overlapping responsibilities within the control environment. In addition top management has the ability to negotiate and revise financial settlements without the governing boards' oversight.

Criteria: The ideal internal control system (A) would not allow one person to perform multiple transactions within a cycle and (B) would allow the approval process to be performed by a person other than the person executing the transaction.

Cause of Condition: The Center has minimum personnel and therefore limited opportunities to segregate duties. The responsibilities for accounting primarily resides with one person and the responsibilities for management now resides with two persons.

Effect: This increases the risk of fraud and irregularities. An error in financial reporting may not be detected in a timely manner or the misappropriation of assets could be concealed.

Recommendation: We recommend that the Board and management continue to use supervisory reviews such as monitoring financial statements and budget reports, and segregate duties where cost beneficial to do so. We also recommend the Board set and quantify the authority given to top management by requiring Board oversight for significant financial transactions and settlement negotiations and/or revisions in excess of a pre-determined amounts.

Response: Management agrees and will continue to monitor with input from the board.

Pee Dee Regional Supplementary Education Center
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2018

II. FINDINGS

#2017-001 Inadequate Segregation of Duties (previously reported)

Prior Condition: The Center does not have complete segregation of duties. One person has access to multiple areas of the financial accounting system, which results in overlapping steps within the control environment. In addition, top management has the ability to negotiate and revise financial settlements without the governing board's approval.

Criteria: The ideal internal control system would not allow one person to perform multiple transactions within a cycle, and the execution process would be separated from the approval process.

Cause of Condition: The Center has minimum personnel and therefore small departments. The responsibilities for accounting primarily resides with one person and the responsibilities for management resides with one person.

Effect: This increases the risk of fraud and irregularities. An error in financial reporting may not be detected in a timely manner or the misappropriation of assets could be concealed.

Prior Recommendation: We recommended that the Board and management continue to use supervisory reviews such as monitoring financial statements and budget reports, and segregate duties where cost beneficial to do so. We also recommend the Board set and quantify the authority given to top management by requiring Board oversight for significant financial transactions and settlement negotiations and/or revisions in excess of pre-determined amounts.

Current Status: The Center is segregating duties, where practical and has implemented supervisory controls, where segregation is not practical. However, this is still considered to be a "continuing condition" because of the limited opportunity to adequately segregate duties.

Pee Dee Regional Supplementary Education Center
General Fund
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
REVENUES			
1000 Revenue from local sources			
1300 Tuition			
1350 From patrons for summer school	\$0.00	\$4,325.00	\$4,325.00
1360 From Other LEA's for Summer School	0.00	800.00	800.00
1500 Earnings on investments			
1510 Interest on investments	1,550.00	3,262.52	1,712.52
1900 Other revenue from local sources			
1910 Rentals	32,195.00	32,095.00	(100.00)
1990 Miscellaneous local sources			
1999 Revenue from other local sources	3,750.00	8,482.74	4,732.74
TOTAL LOCAL REVENUE	<u>37,495.00</u>	<u>48,965.26</u>	<u>11,470.26</u>
2000 Intergovernmental revenue			
2100 Payments from other governmental units	177,669.00	190,570.25	12,901.25
TOTAL INTERGOVERNMENTAL REVENUES	<u>177,669.00</u>	<u>190,570.25</u>	<u>12,901.25</u>
TOTAL REVENUES ALL SOURCES	<u>215,164.00</u>	<u>239,535.51</u>	<u>24,371.51</u>
EXPENDITURES			
200 Support services			
230 General administration services			
231 Board of education			
100 Salaries	40,630.00	40,628.88	1.12
200 Fringe benefits	24,970.00	22,883.31	2,086.69
300 Purchased services	144,174.00	161,551.60	(17,377.60)
318 Audit services	4,500.00	2,600.00	1,900.00
400 Supplies and materials	22,950.00	29,332.70	(6,382.70)
500 Capital outlay	3,500.00	0.00	3,500.00
600 Other objects	5,425.00	5,575.00	(150.00)
TOTAL SUPPORT SERVICES	<u>246,149.00</u>	<u>262,571.49</u>	<u>(16,422.49)</u>
TOTAL EXPENDITURES	<u>246,149.00</u>	<u>262,571.49</u>	<u>(16,422.49)</u>
Excess deficiency of revenues over (under) expenditures	(30,985.00)	(23,035.98)	7,949.02
OTHER FINANCING SOURCES (USES)			
Interfund transfers, from (to) other funds			
5210 Transfer from special revenue fund	1,000.00	0.00	(1,000.00)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000.00</u>	<u>0.00</u>	<u>(1,000.00)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources	(29,985.00)	(23,035.98)	6,949.02
FUND BALANCE - July 1, 2017	<u>170,403.58</u>	<u>170,403.58</u>	<u>0.00</u>
FUND BALANCE - June 30, 2018	<u>\$140,418.58</u>	<u>\$147,367.60</u>	<u>\$6,949.02</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING BALANCE SHEET
June 30, 2018

	Equity Defense	Minority Recruitment	Project Share	Braille Institute
ASSETS				
Cash	\$0.00	\$0.00	\$0.00	\$0.00
Prepaid expenditures	0.00	0.00	5,378.62	0.00
Due from general fund	36,650.74	31,458.85	1,925,530.80	1,939.55
Due from other governmental units	0.00	0.00	1,051,159.49	0.00
Other receivables	0.00	0.00	0.00	0.00
Loans receivable	0.00	128,318.32	0.00	0.00
Provision for uncollectible	0.00	(128,318.32)	0.00	0.00
Total assets	<u>\$36,650.74</u>	<u>\$31,458.85</u>	<u>\$2,982,068.91</u>	<u>\$1,939.55</u>
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable/accrued expenses	\$0.00	\$0.00	\$49,133.29	\$0.00
Due to other governmental units	0.00	0.00	73,926.41	0.00
Total liabilities	<u>0.00</u>	<u>0.00</u>	<u>123,059.70</u>	<u>0.00</u>
Fund Equity				
Fund balance (Deficit)	36,650.74	31,458.85	2,859,009.21	1,939.55
Total liabilities and fund equity	<u>\$36,650.74</u>	<u>\$31,458.85</u>	<u>\$2,982,068.91</u>	<u>\$1,939.55</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING BALANCE SHEET
 June 30, 2018

	Academic Challenge	Math/ Science Hub	Progress Energy	Coastal Pee Dee MSRC
ASSETS				
Cash	\$0.00	\$50.00	\$0.00	\$0.00
Prepaid expenditures	0.00	0.00	0.00	0.00
Due from general fund	930.98	0.00	1,204.97	10,481.63
Due from other governmental units	150.00	0.00	0.00	0.00
Other receivables	6.00	0.00	0.00	0.00
Loans receivable	0.00	0.00	0.00	0.00
Reserve for loans receivable	0.00	0.00	0.00	0.00
	<u>\$1,086.98</u>	<u>\$50.00</u>	<u>\$1,204.97</u>	<u>\$10,481.63</u>
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable/accrued expenses	\$0.00	\$0.00	\$0.00	\$0.00
Due to other governmental units	0.00	0.00	0.00	0.00
Total liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Fund Equity				
Fund balance (Deficit)	1,086.98	50.00	1,204.97	10,481.63
Total liabilities and fund equity	<u>\$1,086.98</u>	<u>\$50.00</u>	<u>\$1,204.97</u>	<u>\$10,481.63</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING BALANCE SHEET
 June 30, 2018

	PDEF	S2MART Centers SC	WORK BASED LEARNING	Totals (Memorandum Only)
ASSETS				
Cash	\$0.00	\$0.00	\$0.00	\$50.00
Prepaid expenditures	0.00	2,422.21	1,307.96	9,108.79
Due from general fund	5,662.42	39,123.29	11,243.71	2,064,226.94
Due from other governmental units	0.00	0.00	0.00	1,051,309.49
Other receivables	0.00	0.00	0.00	6.00
Loans receivable	0.00	0.00	0.00	128,318.32
Reserve for loans receivable	0.00	0.00	0.00	(128,318.32)
Total assets	<u>\$5,662.42</u>	<u>\$41,545.50</u>	<u>\$12,551.67</u>	<u>\$3,124,701.22</u>
LIABILITIES AND FUND EQUITY				
Liabilities				
Accounts payable/accrued expenses	\$0.00	\$0.00	\$4,191.07	\$53,324.36
Due to other governmental units	0.00	0.00	0.00	73,926.41
Total liabilities	<u>0.00</u>	<u>0.00</u>	<u>4,191.07</u>	<u>127,250.77</u>
Fund Equity				
Fund balance (Deficit)	5,662.42	41,545.50	8,360.60	2,997,450.45
Total liabilities and fund equity	<u>\$5,662.42</u>	<u>\$41,545.50</u>	<u>\$12,551.67</u>	<u>\$3,124,701.22</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Equity Defense	Minority Recruitment	Project Share	Braille Institute
REVENUES				
1000 Revenue from local sources				
1300 Tuition				
1320 From other LEA's for regular day school	\$0.00	\$0.00	\$0.00	\$0.00
1900 Other revenue from local sources				
1990 Miscellaneous local revenue				
1999 Revenue from other local sources	0.00	275.00	0.00	0.00
Total local sources	<u>0.00</u>	<u>275.00</u>	<u>0.00</u>	<u>0.00</u>
2000 Intergovernmental revenue				
2100 Payments from other governmental units	0.00	0.00	1,721,520.93	0.00
Total intergovernmental revenue	<u>0.00</u>	<u>0.00</u>	<u>1,721,520.93</u>	<u>0.00</u>
3000 Revenue from state sources				
3500 Education improvement act				
3592 Work-Based Learning	0.00	0.00	0.00	0.00
Total state sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL REVENUE ALL SOURCES	<u>0.00</u>	<u>275.00</u>	<u>1,721,520.93</u>	<u>0.00</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Equity Defense	Minority Recruitment	Project Share	Braille Institute
100 Instruction				
190 Pupil activity				
600 Other objects	\$0.00	\$0.00	\$0.00	\$0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL INSTRUCTION	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
200 Support services				
210 Pupil services				
212 Guidance services				
300 Purchased services	0.00	0.00	0.00	0.00
600 Other objects	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
215 Exceptional program services				
100 Salaries	0.00	0.00	481,299.07	0.00
200 Employee benefits	0.00	0.00	183,883.78	0.00
300 Purchased services	0.00	0.00	102,272.74	0.00
400 Supplies and materials	0.00	0.00	35,100.97	0.00
500 Capital outlay	0.00	0.00	2,497.78	0.00
	<u>0.00</u>	<u>0.00</u>	<u>805,054.34</u>	<u>0.00</u>
217 Career specialist services				
100 Salaries	0.00	0.00	0.00	0.00
200 Employee benefits	0.00	0.00	0.00	0.00
300 Purchased services	0.00	0.00	0.00	0.00
400 Supplies and materials	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
220 Instructional staff services				
221 Improvement of instruction-curriculum dev.				
100 Salaries	0.00	0.00	0.00	0.00
200 Employee benefits	0.00	0.00	0.00	0.00
300 Purchased services	0.00	3,500.00	0.00	0.00
400 Supplies and materials	0.00	6.39	0.00	0.00
	<u>0.00</u>	<u>3,506.39</u>	<u>0.00</u>	<u>0.00</u>
224 Improvement of instruction-inservice & staff training				
300 Purchased services	0.00	0.00	0.00	0.00
400 Supplies and materials	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Equity Defense	Minority Recruitment	Project Share	Braille Institute
230 General administration services				
233 School administration				
100 Salaries	\$0.00	\$0.00	\$13,543.20	\$0.00
200 Employee benefits	0.00	0.00	7,692.54	0.00
300 Purchased services	0.00	0.00	39,423.06	0.00
318 Audit services	0.00	0.00	13,000.00	0.00
400 Supplies and materials	0.00	0.00	2,946.64	0.00
	<u>0.00</u>	<u>0.00</u>	<u>76,605.44</u>	<u>0.00</u>
250 Finance and operations services				
252 Fiscal services				
300 Purchased services	6,019.33	0.00	0.00	0.00
400 Supplies and materials	0.00	0.00	0.00	0.00
	<u>6,019.33</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL SUPPORT SERVICES	<u>6,019.33</u>	<u>3,506.39</u>	<u>881,659.78</u>	<u>0.00</u>
TOTAL EXPENDITURES	<u>6,019.33</u>	<u>3,506.39</u>	<u>881,659.78</u>	<u>0.00</u>
Excess (deficiency) of revenue over expenditures	<u>(6,019.33)</u>	<u>(3,231.39)</u>	<u>839,861.15</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfer, From (To) Other Funds				
420-710 Transfer (to) general fund	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (deficiency) of revenue over expenditures and other (uses)	<u>(6,019.33)</u>	<u>(3,231.39)</u>	<u>839,861.15</u>	<u>0.00</u>
FUND BALANCE (Deficit) - July 1, 2017	<u>42,670.07</u>	<u>34,690.24</u>	<u>2,019,148.06</u>	<u>1,939.55</u>
FUND BALANCE (Deficit) - June 30, 2018	<u>\$36,650.74</u>	<u>\$31,458.85</u>	<u>\$2,859,009.21</u>	<u>\$1,939.55</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Math/ Science Hub	Academic Challenge	Coastal Pee Dee MSRC	Progress Energy
REVENUES				
1000 Revenue from local sources				
1300 Tuition				
1320 From other LEA's for regular day school	\$0.00	\$7,060.71	\$0.00	\$0.00
1900 Other revenue from local sources				
1990 Miscellaneous local revenue				
1999 Revenue from other local sources	0.00	0.00	0.00	0.00
Total local sources	<u>0.00</u>	<u>7,060.71</u>	<u>0.00</u>	<u>0.00</u>
2000 Intergovernmental revenue				
2100 Payments from other governmental units	0.00	0.00	0.00	0.00
Total intergovernmental revenue	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
3000 Revenue from state sources				
3500 Education improvement act				
3592 Work-Based Learning	0.00	0.00	0.00	0.00
Total state sources	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL REVENUE ALL SOURCES	<u>0.00</u>	<u>7,060.71</u>	<u>0.00</u>	<u>0.00</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Math/ Science Hub	Academic Challenge	Coastal Pee Dee MSRC	Progress Energy
100 Instruction				
190 Pupil activity				
600 Other objects	\$0.00	\$0.00	\$0.00	\$0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL INSTRUCTION	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
200 Support services				
210 Pupil services				
212 Guidance services				
300 Purchased services	0.00	0.00	0.00	0.00
600 Other objects	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
215 Exceptional program services				
100 Salaries	0.00	0.00	0.00	0.00
200 Employee benefits	0.00	0.00	0.00	0.00
300 Purchased services	0.00	0.00	0.00	0.00
400 Supplies and materials	0.00	0.00	0.00	0.00
500 Capital outlay	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
217 Career specialist services				
100 Salaries	0.00	0.00	0.00	0.00
200 Employee benefits	0.00	0.00	0.00	0.00
300 Purchased services	0.00	0.00	0.00	0.00
400 Supplies and materials	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
220 Instructional staff services				
221 Improvement of instruction-curriculum dev.				
100 Salaries	0.00	0.00	0.00	0.00
200 Employee benefits	0.00	0.00	0.00	0.00
300 Purchased services	0.00	2,285.96	0.00	0.00
400 Supplies and materials	0.00	4,104.00	0.00	0.00
	<u>0.00</u>	<u>6,389.96</u>	<u>0.00</u>	<u>0.00</u>
224 Improvement of instruction-inservice & staff training				
300 Purchased services	0.00	0.00	0.00	0.00
400 Supplies and materials	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Math/ Science Hub	Academic Challenge	Coastal Pee Dee MSRC	Progress Energy
230 General administration services				
233 School administration				
100 Salaries	\$0.00	\$0.00	\$0.00	\$0.00
200 Employee benefits	0.00	0.00	0.00	0.00
300 Purchased services	0.00	0.00	0.00	0.00
318 Audit services	0.00	0.00	0.00	0.00
400 Supplies and materials	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
250 Finance and operations services				
252 Fiscal services				
300 Purchased services	0.00	0.00	0.00	0.00
400 Supplies and materials	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL SUPPORT SERVICES	<u>0.00</u>	<u>6,389.96</u>	<u>0.00</u>	<u>0.00</u>
TOTAL EXPENDITURES	<u>0.00</u>	<u>6,389.96</u>	<u>0.00</u>	<u>0.00</u>
Excess (deficiency) of revenue over expenditures	<u>0.00</u>	<u>670.75</u>	<u>0.00</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfer, From (To) Other Funds				
420-710 Transfer (to) general fund	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (deficiency) of revenue over expenditures and other (uses)	0.00	670.75	0.00	0.00
FUND BALANCE (Deficit) - July 1, 2017	<u>50.00</u>	<u>416.23</u>	<u>10,481.63</u>	<u>1,204.97</u>
FUND BALANCE (Deficit) - June 30, 2018	<u>\$50.00</u>	<u>\$1,086.98</u>	<u>\$10,481.63</u>	<u>\$1,204.97</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	PDEF	S2MART Centers SC	Work Based Learning	Totals (Memorandum Only)
REVENUES				
1000 Revenue from local sources				
1300 Tuition				
1320 From other LEA's for regular day school	\$0.00	\$0.00	\$0.00	\$7,060.71
1900 Other revenue from local sources				
1990 Miscellaneous local revenue				
1999 Revenue from other local sources	0.00	0.00	100.00	375.00
Total local sources	<u>0.00</u>	<u>0.00</u>	<u>100.00</u>	<u>7,435.71</u>
2000 Intergovernmental revenue				
2100 Payments from other governmental units	0.00	324,740.00	0.00	2,046,260.93
Total intergovernmental revenue	<u>0.00</u>	<u>324,740.00</u>	<u>0.00</u>	<u>2,046,260.93</u>
3000 Revenue from state sources				
3500 Education improvement act				
3592 Work-Based Learning	0.00	0.00	57,500.00	57,500.00
Total state sources	<u>0.00</u>	<u>0.00</u>	<u>57,500.00</u>	<u>57,500.00</u>
TOTAL REVENUE ALL SOURCES	<u>0.00</u>	<u>324,740.00</u>	<u>57,600.00</u>	<u>2,111,196.64</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	PDEF	S2MART Centers SC	Work Based Learning	Totals (Memorandum Only)
100 Instruction				
190 Pupil activity				
600 Other objects	\$0.00	\$0.00	\$0.00	\$0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL INSTRUCTION	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
200 Support services				
210 Pupil services				
212 Guidance services				
300 Purchased services	0.00	0.00	670.72	670.72
600 Other objects	0.00	0.00	135.00	135.00
	<u>0.00</u>	<u>0.00</u>	<u>805.72</u>	<u>805.72</u>
215 Exceptional program services				
100 Salaries	0.00	0.00	0.00	481,299.07
200 Employee benefits	0.00	0.00	0.00	183,883.78
300 Purchased services	0.00	0.00	0.00	102,272.74
400 Supplies and materials	0.00	0.00	0.00	35,100.97
500 Capital outlay	0.00	0.00	0.00	2,497.78
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>805,054.34</u>
217 Career specialist services				
100 Salaries	0.00	0.00	39,150.38	39,150.38
200 Employee benefits	0.00	0.00	10,849.62	10,849.62
300 Purchased services	0.00	0.00	3,623.76	3,623.76
400 Supplies and materials	0.00	0.00	1,792.73	1,792.73
	<u>0.00</u>	<u>0.00</u>	<u>55,416.49</u>	<u>55,416.49</u>
220 Instructional staff services				
221 Improvement of instruction-curriculum dev.				
100 Salaries	0.00	201,487.94	0.00	201,487.94
200 Employee benefits	0.00	82,008.78	0.00	82,008.78
300 Purchased services	0.00	25,751.04	0.00	31,537.00
400 Supplies and materials	0.00	3,533.72	0.00	7,644.11
	<u>0.00</u>	<u>312,781.48</u>	<u>0.00</u>	<u>322,677.83</u>
224 Improvement of instruction-inservice & staff training				
300 Purchased services	0.00	0.00	3,300.00	3,300.00
400 Supplies and materials	0.00	0.00	597.40	597.40
	<u>0.00</u>	<u>0.00</u>	<u>3,897.40</u>	<u>3,897.40</u>

Pee Dee Regional Supplementary Education Center
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	PDEF	S2MART Centers SC	Work Based Learning	Totals (Memorandum Only)
230 General administration services				
233 School administration				
100 Salaries	\$0.00	\$0.00	\$0.00	\$13,543.20
200 Employee benefits	0.00	0.00	0.00	7,692.54
300 Purchased services	0.00	0.00	0.00	39,423.06
318 Audit services	0.00	0.00	0.00	13,000.00
400 Supplies and materials	0.00	0.00	0.00	2,946.64
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>76,605.44</u>
250 Finance and operations services				
252 Fiscal services				
300 Purchased services	0.00	0.00	0.00	6,019.33
400 Supplies and materials	0.00	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,019.33</u>
TOTAL SUPPORT SERVICES	<u>0.00</u>	<u>312,781.48</u>	<u>60,119.61</u>	<u>1,270,476.55</u>
TOTAL EXPENDITURES	<u>0.00</u>	<u>312,781.48</u>	<u>60,119.61</u>	<u>1,270,476.55</u>
Excess (deficiency) of revenue over expenditures	<u>0.00</u>	<u>11,958.52</u>	<u>(2,519.61)</u>	<u>840,720.09</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfer, From (To) Other Funds				
420-710 Transfer (to) general fund	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (deficiency) of revenue over expenditures and other (uses)	0.00	11,958.52	(2,519.61)	840,720.09
FUND BALANCE (Deficit) - July 1, 2017	<u>5,662.42</u>	<u>29,586.98</u>	<u>10,880.21</u>	<u>2,156,730.36</u>
FUND BALANCE (Deficit) - June 30, 2018	<u>\$5,662.42</u>	<u>\$41,545.50</u>	<u>\$8,360.60</u>	<u>\$2,997,450.45</u>

Pee Dee Regional Supplementary Education Center
Equity Defense
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Actual
REVENUES	
2000 Intergovernmental Revenue	
2100 Payments from Other Governmental Units	\$0.00
TOTAL INTERGOVERNMENTAL REVENUE	0.00
 TOTAL REVENUE ALL SOURCES	 0.00
EXPENDITURES	
200 Support services	
250 Finance and operation services	
252 Fiscal services	
300 Purchased services	6,019.33
TOTAL SUPPORT SERVICES	6,019.33
 TOTAL EXPENDITURES	 6,019.33
 Excess (deficiency) of revenues over expenditures	(6,019.33)
 FUND BALANCE - July 1, 2017	 42,670.07
FUND BALANCE - June 30, 2018	\$36,650.74

Pee Dee Regional Supplementary Education Center
Minority Recruitment
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Actual
REVENUES	
1000 Revenues from local sources	
1900 Other revenue from local sources	
1990 Miscellaneous local revenue	
1999 Revenue from other local sources	\$275.00
TOTAL LOCAL REVENUE	275.00
2000 Intergovernmental revenue	
2100 Payments from other governmental units	0.00
TOTAL INTERGOVERNMENTAL REVENUE	0.00
TOTAL REVENUE ALL SOURCES	275.00
EXPENDITURES	
200 Support services	
220 Instructional staff services	
221 Improvement of instruction - curriculum development	
300 Purchased services	3,500.00
400 Supplies and materials	6.39
TOTAL SUPPORT SERVICES	3,506.39
TOTAL EXPENDITURES	3,506.39
Excess (deficiency) of revenues over expenditures	(3,231.39)
FUND BALANCE - July 1, 2017	34,690.24
FUND BALANCE - June 30, 2018	\$31,458.85

Pee Dee Regional Supplementary Education Center
Project Share
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2018

REVENUES	Budget	Actual	Variance with Final Budget
2000 Intergovernmental revenue			
2100 Payments from other governmental units	\$2,788,211.00	\$1,721,520.93	(\$1,066,690.07)
Total intergovernmental revenue	<u>2,788,211.00</u>	<u>1,721,520.93</u>	<u>(1,066,690.07)</u>
TOTAL REVENUE	<u>2,788,211.00</u>	<u>1,721,520.93</u>	<u>(1,066,690.07)</u>
EXPENDITURES			
200 Support services			
210 Support services - students			
215 Exceptional program services			
100 Salaries at host districts	1,748,873.00	20,038.03	1,728,834.97
200 Employee benefits at host districts	226,796.00	2,125.29	224,670.71
300 Purchased services at host districts	122,500.00	57,548.20	64,951.80
400 Supplies and materials at host districts	24,400.00	30,608.41	(6,208.41)
500 Capital outlay at host districts	15,600.00	2,325.00	13,275.00
	<u>2,138,169.00</u>	<u>112,644.93</u>	<u>2,025,524.07</u>
210 Support services - students			
215 Exceptional program services			
100 Salaries	461,261.00	461,261.04	(0.04)
200 Employee benefits	189,016.00	181,758.49	7,257.51
300 Purchased services	43,350.00	44,724.54	(1,374.54)
400 Supplies and materials	4,050.00	4,492.56	(442.56)
500 Capital outlay	2,000.00	172.78	1,827.22
	<u>699,677.00</u>	<u>692,409.41</u>	<u>7,267.59</u>
230 Support services - general administration			
233 School administration			
100 Salaries	13,544.00	13,543.20	0.80
200 Employee benefits	8,331.00	7,692.54	638.46
300 Purchased services	41,303.00	39,423.06	1,879.94
318 Audit Services	13,000.00	13,000.00	0.00
400 Supplies and materials	1,450.00	2,946.64	(1,496.64)
500 Capital outlay	1,000.00	0.00	1,000.00
600 Dues and fees	1,000.00	0.00	1,000.00
	<u>79,628.00</u>	<u>76,605.44</u>	<u>3,022.56</u>
TOTAL SUPPORT/EXPENDITURES	<u>2,917,474.00</u>	<u>881,659.78</u>	<u>2,035,814.22</u>
Excess (deficiency) of revenues over expenditures	<u>(129,263.00)</u>	<u>839,861.15</u>	<u>969,124.15</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers, from (to) other funds			
420-710 Transfer to general fund	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(129,263.00)	839,861.15	969,124.15
FUND BALANCE - July 1, 2017	<u>2,019,148.06</u>	<u>2,019,148.06</u>	<u>0.00</u>
FUND BALANCE - June 30, 2018	<u>\$1,889,885.06</u>	<u>\$2,859,009.21</u>	<u>\$969,124.15</u>

Large variances are reported between budget and actual in both revenues and some expenditures primarily due to the fact that host districts incur and pay certain costs directly for Project Share. Although the revenue is budgeted, Project Share does not receive the revenue directly from the host districts but at the end of the year reimburses them for cost incurred in excess of their prorata share of the consortium cost.

Pee Dee Regional Supplementary Education Center
Braille Institute
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Actual
REVENUES	
1000 Revenue from Local Sources	
1900 Other revenue from local sources	
1990 Miscellaneous Local Revenue	
1999 Revenue from other local sources	\$0.00
TOTAL REVENUE	0.00
EXPENDITURES	
200 Support services	
250 Finance and operations services	
252 Fiscal Services	
400 Supplies and materials	0.00
TOTAL SUPPORT SERVICES	0.00
TOTAL EXPENDITURES	0.00
Excess (deficiency) of revenues over expenditures	0.00
FUND BALANCE - July 1, 2017	1,939.55
FUND BALANCE - June 30, 2018	\$1,939.55

Pee Dee Regional Supplementary Education Center
Academic Challenge
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Actual
REVENUES	
1000 Revenue from local sources	
1300 Tuition	
1320 From other LEAs for regular day school	\$7,060.71
TOTAL REVENUE	7,060.71
EXPENDITURES	
200 Support services	
220 Instructional staff services	
221 Improvement of instruction - curriculum development	
300 Purchased services	2,285.96
400 Supplies and materials	4,104.00
TOTAL SUPPORT SERVICES	6,389.96
TOTAL EXPENDITURES	6,389.96
Excess (deficiency) of revenues over expenditures	670.75
FUND BALANCE - July 1, 2017	416.23
FUND BALANCE - June 30, 2018	\$1,086.98

Pee Dee Regional Supplementary Education Center
Math/Science Hub Consultant
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Actual
REVENUES	\$0.00
EXPENDITURES	0.00
Excess (deficiency) of revenues over expenditures	0.00
FUND BALANCE - July 1, 2017	50.00
FUND BALANCE - June 30, 2018	\$50.00

Pee Dee Regional Supplementary Education Center
Progress Energy
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Actual
TOTAL REVENUE	\$0.00
EXPENDITURES	
200 Support Services	
220 Instructional staff services	
221 Improvement of instruction - curriculum development	
400 Supplies and Materials	0.00
TOTAL SUPPORT SERVICES	0.00
TOTAL EXPENDITURES	0.00
Excess (deficiency) of revenues over expenditures	0.00
FUND BALANCE - July 1, 2017	1,204.97
FUND BALANCE - June 30, 2018	\$1,204.97

Pee Dee Regional Supplementary Education Center
Coastal Pee Dee MSRC
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	<u>Actual</u>
REVENUES	
TOTAL REVENUE	<u>\$0.00</u>
EXPENDITURES	
200 Support services	
220 Instructional staff services	
221 Improvement of instruction - curriculum development	
400 Supplies and materials	<u>0.00</u>
TOTAL SUPPORT SERVICES	<u>0.00</u>
TOTAL EXPENDITURES	<u>0.00</u>
Excess (deficiency) of revenues over expenditures	0.00
FUND BALANCE (DEFICIT) - July 1, 2017	<u>10,481.63</u>
FUND BALANCE (DEFICIT) - June 30, 2018	<u><u>\$10,481.63</u></u>

Pee Dee Regional Supplementary Education Center
PDEF
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	Actual
REVENUES	
2000 Intergovernmental Revenue	
2300 Payments from Non-Profit Entities	\$0.00
TOTAL REVENUE	0.00
EXPENDITURES	0.00
Excess (deficiency) of revenues over expenditures	0.00
FUND BALANCE - July 1, 2017	5,662.42
FUND BALANCE - June 30, 2018	\$5,662.42

Pee Dee Regional Supplementary Education Center
Work Based Learning
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	State Actual	Local Actual	Totals (Memorandum Only)
REVENUES			
1000 Revenue from Local Sources			
1900 Other Revenue from Local Sources			
1990 Miscellaneous Local Revenue			
1999 Revenue from Local Sources	\$0.00	\$100.00	\$100.00
TOTAL LOCAL REVENUE	<u>0.00</u>	<u>100.00</u>	<u>100.00</u>
3000 Revenue from state sources			
3500 Education Improvement Act			
3592 Work-Based Learning	57,500.00	0.00	57,500.00
TOTAL STATE SOURCES	<u>57,500.00</u>	<u>0.00</u>	<u>57,500.00</u>
TOTAL REVENUE	<u>57,500.00</u>	<u>100.00</u>	<u>57,600.00</u>
EXPENDITURES			
200 Support services			
210 Pupil services			
212 Guidance services			
300 Purchased services	670.72	0.00	670.72
600 Other objects	0.00	135.00	135.00
	<u>670.72</u>	<u>135.00</u>	<u>805.72</u>
217 Career specialist services			
100 Salaries	39,150.38	0.00	39,150.38
200 Employee benefits	10,849.62	0.00	10,849.62
300 Purchased services	3,129.28	494.48	3,623.76
400 Supplies and materials	500.00	1,292.73	1,792.73
	<u>53,629.28</u>	<u>1,787.21</u>	<u>55,416.49</u>
220 Instructional staff services			
224 Improvement of instruction - Inservice and staff training			
300 Purchased services	3,200.00	100.00	3,300.00
400 Supplies and materials	0.00	597.40	597.40
	<u>3,200.00</u>	<u>697.40</u>	<u>3,897.40</u>
TOTAL SUPPORT SERVICES	<u>57,500.00</u>	<u>2,619.61</u>	<u>60,119.61</u>
TOTAL EXPENDITURES	<u>57,500.00</u>	<u>2,619.61</u>	<u>60,119.61</u>
Excess (deficiency) of revenue over expenditures	0.00	(2,519.61)	(2,519.61)
FUND BALANCE - July 1, 2017	0.00	10,880.21	10,880.21
FUND BALANCE - June 30, 2018	<u>\$0.00</u>	<u>\$8,360.60</u>	<u>\$8,360.60</u>

Pee Dee Regional Supplementary Education Center
S2MART Centers SC
COMBINING BALANCE SHEET
 June 30, 2018

	S2TEM Centers	MS & HS Collaborative Initiative	Totals (Memorandum Only)
ASSETS			
Due from general fund	\$13,211.38	\$25,911.91	\$39,123.29
Prepaid expenditures	2,422.21	0.00	2,422.21
Total assets	\$15,633.59	\$25,911.91	\$41,545.50
 LIABILITIES AND FUND EQUITY			
Liabilities			
Total liabilities	\$0.00	\$0.00	\$0.00
 Fund Equity			
Fund balance (deficit)	15,633.59	25,911.91	41,545.50
Total liabilities and fund equity	\$15,633.59	\$25,911.91	\$41,545.50

Pee Dee Regional Supplementary Education Center
S2MART Centers SC
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended June 30, 2018

	S2TEM (State)	S2TEM (Local)	S2TEM (Boeing)	MS & HS Collaborative Initiative	Totals (Memorandum Only)
REVENUES					
2000 Intergovernmental Revenue					
2100 Payments from Other Governmental Units	\$310,015.00	\$0.00	\$14,725.00	\$0.00	\$324,740.00
Total intergovernmental revenue	<u>310,015.00</u>	<u>0.00</u>	<u>14,725.00</u>	<u>0.00</u>	<u>324,740.00</u>
TOTAL REVENUE ALL SOURCES	<u>310,015.00</u>	<u>0.00</u>	<u>14,725.00</u>	<u>0.00</u>	<u>324,740.00</u>
EXPENDITURES					
200 Support services					
220 Instructional staff services					
221 Improvement of instruction-curriculum dev.					
100 Salaries	192,256.94	0.00	9,231.00	0.00	201,487.94
200 Employee benefits	78,214.78	0.00	3,794.00	0.00	82,008.78
300 Purchased services	24,800.00	492.50	458.54	0.00	25,751.04
400 Supplies and materials	3,450.00	83.72	0.00	0.00	3,533.72
TOTAL SUPPORT SERVICES	<u>298,721.72</u>	<u>576.22</u>	<u>13,483.54</u>	<u>0.00</u>	<u>312,781.48</u>
TOTAL EXPENDITURES	<u>298,721.72</u>	<u>576.22</u>	<u>13,483.54</u>	<u>0.00</u>	<u>312,781.48</u>
Excess (deficiency) of revenue over expenditures	<u>11,293.28</u>	<u>(576.22)</u>	<u>1,241.46</u>	<u>0.00</u>	<u>11,958.52</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers, From (To) Other Funds					
5220 Transfer from Special Revenue Fund	0.00	0.00	0.00	0.00	0.00
421-710 Transfer to Special Revenue Fund	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>11,293.28</u>	<u>(576.22)</u>	<u>1,241.46</u>	<u>0.00</u>	<u>11,958.52</u>
FUND BALANCE (DEFICIT) - July 1, 2017	<u>0.00</u>	<u>3,675.07</u>	<u>0.00</u>	<u>25,911.91</u>	<u>29,586.98</u>
FUND BALANCE (DEFICIT) - June 30, 2018	<u>\$11,293.28</u>	<u>\$3,098.85</u>	<u>\$1,241.46</u>	<u>\$25,911.91</u>	<u>\$41,545.50</u>

Pee Dee Regional Supplementary Education Center
Education Improvement Act
SUMMARY SCHEDULE BY PROGRAM
Year Ended June 30, 2018

	<u>Revenue</u>	<u>Expenditures</u>	<u>EIA Fund Transfers In/(Out)</u>	<u>EIA Fund Deferred Revenue/ Fund Balance</u>	<u>Other Fund Transfers In/(Out)</u>
3000 Revenue from state sources					
3500 Education Improvement Act					
3592 Work-Based Learning	<u>\$57,500.00</u>	<u>\$57,500.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTALS	<u><u>\$57,500.00</u></u>	<u><u>\$57,500.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>