



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

January 29, 2018

To the Board of Trustees
Florence County School District Four
Timmonsville, South Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Florence County School District Four (the “District”) for the year ended June 30, 2017 (“2017”). Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 30, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note I to the financial statements.

The District implemented Governmental Accounting Standards Board Statement No. 77 “*Tax Abatement Disclosures*” (“GASB #77”) for the year ended June 30, 2017. The primary objective of GASB #77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individual and entities that is beneficial to the government or its citizens. Although many governments offer tax abatements, the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future, is lacking. GASB #77 requires disclosures of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

Except for the above, no new significant accounting policies were adopted and the application of existing policies was not significantly changed during 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant sensitive estimates affecting the District’s financial statements were:

Management's estimate of the useful lives of capital assets and the resulting depreciation expense is based on historical data and industry standards. Management's estimate of the property taxes receivable and the allowance for uncollectible amounts associated with these balances are based on information provided by the County and historical collection rates. Management's estimate of the net pension liabilities and deferred outflows/inflows of resources is based on an actuarial valuation (the actuarial valuation assumptions are based on accounting requirements, actuarial standards, historical data, and industry trends) prepared and certified by an independent actuary. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. For purposes of this communication, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that may or may not cause future financial statements to be materially misstated). Since it is inherently judgmental to determine what adjustments would or would not have been detected except through our auditing procedures, a schedule of all adjusting and reporting journal entries is attached, including those prepared by the District as part of their closing process after we obtained the initial trial balance.

In our judgment, there were no material known unrecorded and uncorrected misstatements, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 29, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Matters for Board's Consideration

During the course of our audit, we became aware of some findings that have been reported in the compliance section of the 2017 financial statements.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule – General Fund, and pension plan schedules, which are required supplementary information (“RSI”) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information and the schedule of expenditures of federal awards, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled this information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Greene Finney, LLP
Certified Public Accountants

Florence County School District Four
 June 30, 2017
 Greene Finney, LLP
 Journal Entries Report : Adjusting Entries
 Prepared by: TFU
 Reviewed by:
 1/25/2018 4:14PM

Entry #	Status	Account/Code	Description	Workpaper	Misstate	Debit	Credit
AJE 1	Posted	100-112-220-0000-43	RETIREMENT	TIT-06		5,963.75	
		100-112-110-0000-43	PRIM SAL			33,121.20	
		100-113-220-0000-43	RETIREMENT			5,963.75	
		100-112-230-0000-43	FICA			5,628.75	
		100-113-110-0000-43	ELEM SAL			33,121.20	
		100-113-230-0000-43	FICA			5,628.74	
		201-112-110-0000-43	PRIM SAL				33,121.20
		201-112-220-0000-43	RETIREMENT			5,963.75	5,963.75
		201-112-230-0000-43	FICA			5,628.75	5,628.75
		201-113-110-0000-43	ELEM TCH				33,121.20
		201-113-220-0000-43	RETIREMENT			5,963.75	5,963.75
		201-113-230-0000-43	FICA			5,628.74	5,628.74
		201-112-410-0000-43	PRIM SUPP & MAT			28,980.00	
		100-112-410-0000-43	PRIM SUPP & MAT				28,980.00
		100-005-280-0000-00	INDIRECT COSTS				36,733.00
		201-431-791-0000-10	SP PROG INDIRECT COST			36,733.00	
		201-004-310-0000-00	TITLE I			23,714.39	
		201-000-474-0000-00	REV COLLECTED IN ADV				23,714.39
		100-000-130-0200-00	DUE TO/FR SPECIAL REVENUE				23,714.39
		201-000-410-0000-00	DUE TO/FROM GENERAL FUND			23,714.39	
			Client Entry to adjust salaries and related fringes back to general fund. Along with reclassification of supplies and the recording of indirect cost.				
AJE 2	Posted	100-001-110-0391-00	TAXES - DELINQUENT			109,471.12	
		100-252-699-0000-10	MISC P&L ADJUSTMENTS				32,595.72
		100-252-220-0000-10	RETIREMENT				42,875.40
		100-232-220-0000-10	RETIREMENT				34,000.00
			To correct JE# 5552 - part of entry was entered twice.				
AJE 3	Posted	201-112-445-0000-43	PRIM TECH SUPP			36,733.00	
		100-112-445-0000-43	PRIM TECH SUPP				36,733.00
		100-000-130-0200-00	DUE TO/FR SPECIAL REVENUE			36,733.00	
		201-000-410-0000-00	DUE TO/FROM GENERAL FUND				36,733.00
			JE to reclass expenditures from GF back to Title I.				
AJE 4	Posted	100-005-280-0000-00	INDIRECT COSTS			36,733.00	
		201-431-791-2017-10	INDIRECT COSTS				36,733.00
		100-000-130-0200-00	DUE TO/FR SPECIAL REVENUE				36,733.00
		201-000-410-0000-00	DUE TO/FROM GENERAL FUND			36,733.00	
			To reverse JE# 5578 and indirect costs charged to Title I.				
AJE 5	Posted	370-259-318-0000-10	AUDIT CONSULTATION SERVICES				134,510.75
		370-252-318-0000-10	AUDITING SERVICES			134,510.75	
			Client entry to reclassify audit expenditures				
AJE 6	Posted	100-000-704-0000-00	FUND BALANCE	EQ-01			111,015.63
		100-999-999-0000-00	PPA			111,015.63	
			Client entry to reconcile beginning fund balance				
AJE 7	Posted	700-000-704-0000-00	FUND BALANCE	EQ-01			224.93
		700-273-660-0163-43	FIELD TRIPS - BES			224.93	
			To reconcile pupil activity opening balance				
TOTALS						704,723.60	704,723.60

Florence County School District Four
 June 30, 2017
 Greene Finney, LLP
 Journal Entries Report : Reclassifying Entries
 Prepared by: TFU
 Reviewed by:
 1/25/2018 4:14PM

Entry #	Status	Account/Code	Description	Workpaper	Misstate	Debit	Credit	
RJE 1	Posted	G34-000-100-0000-02	Capital Assets - Depreciable			16,756,208.00		
		G34-000-100-0000-02	Capital Assets - Depreciable				7,936,790.00	
		G34-000-700-0000-03	Net Investment in Capital Assets				8,819,418.00	
			This entry is to record the beginning (ending balance per PY financial statements) capital asset balance (including capital lease assets) for governmental activities.					
RJE 2	Posted	G34-000-100-0000-02	Capital Assets - Depreciable			409,890.00		
		G34-200-500-0000-00	Supporting Services - Capital Outlay				409,890.00	
		G34-000-100-0000-04	Capital Assets - Non-Depreciable			394,754.00		
		G34-000-100-0000-02	Capital Assets - Depreciable				394,754.00	
			This entry is to record the additions expensed in the current year governmental statement that will need to be capitalized for GASB #34 purposes. We need to know which function these capital outlay expenditures were primarily charged to so that we can appropriately credit these functions. This entry also reflects depreciable assets vs non-depreciable assets					
RJE 3	Posted	G34-100-400-0000-00	Reporting Instruction - Depreciation Expense			239,700.00		
		G34-200-400-0000-00	Reporting Supporting Services - Depreciation Expi			163,227.00		
		G34-000-100-0000-02	Capital Assets - Depreciable				402,927.00	
			This entry is to record the current year depreciation by function. The depreciation allocated to function should be determined based on actual depreciation per function or a systematic allocation that is reasonable based on estimated functional use (i.e. each functions expense as a percentage of all expense, etc.).					
RJE 4	Posted	G34-000-700-0000-00	Unrestricted Net Position			9,676.00		
		G34-000-400-0000-03	Accrued Interest Payable - Begining Balance				9,676.00	
		G34-500-620-0000-00	Interest Expense			714.00		
		G34-000-400-0000-03	Accrued Interest Payable - Begining Balance				714.00	
			This entry is to first record the beginning balance in accrued interest with the rest of the entry being used to record the activity - or the net increase or decrease in the accrued interest payable balance in the current year.					
RJE 5	Posted	G34-000-700-0000-03	Net Investment in Capital Assets			1,256,628.00		
		G34-000-700-0000-00	Unrestricted Net Position			143,595.00		
		G34-000-400-0000-05	Long Term Obligations				143,595.00	
		G34-000-400-0000-05	Long Term Obligations				1,256,628.00	
			This entry is to record the beginning (ending balance per PY financial statements) of long term obligations (including compensated balances) for governmental activities. This entry should also include any impact from a premium or discount.					
RJE 6	Posted	G34-500-620-0000-00	Interest Expense			800,000.00		
		G34-000-400-0000-05	Long Term Obligations				800,000.00	
		G34-100-600-0000-00	Reporting Compensated Absences - Instruction				61,442.00	
		G34-000-400-0000-04	Long Term Obligations - Compensated Absences			61,442.00		

This entry is to record (a) any increases in long term obligations for borrowings or (b) any increases or decreases for compensated absences.

RJE 7	Posted	G34-000-400-0000-05 Long Term Obligations	689,238.00	
		G34-500-620-0000-00 Interest Expense		689,238.00

This entry is to record any principal payments/refundings on long term obligations (excluding compensated absences) made during the year. This amount should agree with amount shown as "Redemption of Principal" on the Statement of Revenues, Expenditures and Change in Fund Balances.

RJE 8	Posted	G34-000-400-0000-05 Long Term Obligations	719,288.00	
		G34-000-400-0000-06 Long Term Obligations - Current Portion		719,288.00

This entry is to setup the current portion of long term obligations. It should consist only of anticipated payments to be made in next succeeding year and should tie to the "Due Within One Year" column of the Long-Term Obligations rollforward note.

RJE 9	Posted	G34-000-400-0000-07 Reporting - Net Pension Liability		9,051,088.00
		G34-000-100-0000-06 Reporting - Deferred Pension Charges	716,836.00	
		G34-000-400-0000-08 Reporting - Deferred Pension Credits		178,120.00
		G34-000-700-0000-00 Unrestricted Net Position	8,512,372.00	
		G34-000-400-0000-07 Reporting - Net Pension Liability		718,481.00
		G34-000-100-0000-06 Reporting - Deferred Pension Charges	734,430.00	
		G34-000-400-0000-08 Reporting - Deferred Pension Credits		222,491.00
		G34-100-700-0000-00 Reporting Net Pension Liability - Inst Expense	133,057.00	
		G34-200-700-0000-00 Reporting Net Pension Liability - Supp Expense	73,485.00	

This entry is to setup the beginning balance in the net pension liability and related deferred inflows/outflows of resources and record the current year activity.

TOTALS			<u>31,814,540.00</u>	<u>31,814,540.00</u>
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