

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**



**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

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GLENDALE, SOUTH CAROLINA**

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GLENDALE, SOUTH CAROLINA**

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**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**PRINCIPAL OFFICIALS**

**YEAR ENDED JUNE 30, 2010**

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**Board of Trustees**

**Eddie Dearybury, Board Chairperson  
Sterling Farr, Board Vice-Chairperson  
Ann Brown, Secretary  
Harvey Dailey  
Shannon Gault  
Holly Jolley  
Don Kennedy  
Jack Mabry  
Tracy Schultz**

**Superintendent**

**Dr. Jim Ray**

**Assistant Superintendent for Finance & Operations**

**Greg Mack**





## **INDEPENDENT AUDITORS' REPORT**

The Board of Trustees  
Spartanburg County School District Three  
Glendale, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spartanburg County School District Three, South Carolina (the "School District"), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Spartanburg County School District Three, South Carolina, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison schedule for the General Fund, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The introductory section, combining and individual fund financial schedules, and the supplemental schedule, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the School District. The combining and individual fund financial schedules, supplemental schedule, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 5, 2010

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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This discussion and analysis of the Spartanburg County School District Number Three's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to present the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2010 are as follows:

- The Spartanburg County School District Three SCAGO Education Facilities Corporation ("EFC") was established in July 2006. Although the EFC is a legally separate entity, it is reflected as a blended component unit of the School District and the financial information of the EFC is included in individual columns throughout the basic financial statements.
- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$20.9 million. Of this amount, approximately \$3.7 million may be used to meet the School District's ongoing obligations to citizens and creditors (unrestricted net assets).
- The School District's total net assets decreased by approximately \$0.1 million. This decrease is primarily due to cuts in state funding.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$5.7 million, a decrease of approximately \$3.0 million from the prior year ending fund balance, which is primarily attributable to the expenditure of capital funds on building projects. Approximately 56% of the total fund balance amount (unreserved and undesignated fund balance), or approximately \$3.2 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was approximately \$3.2 million, which was approximately 14% of General Fund expenditures.
- The School District's total net capital assets increased by approximately \$2.6 million (9%) during the current fiscal year. Key factors in this increase were the School District's expenditures for building improvements and other capital assets of approximately \$3.6 million, partially offset by depreciation expense of approximately \$1.0 million.
- The School District's total debt and lease purchase obligations decreased by approximately \$0.3 million (1%) during the current fiscal year primarily due to principal payments of \$2.4 million which were partially offset by an increase in debt borrowings of approximately \$2.1 million.
- During 2010, the School District's governmental activities type revenues were approximately \$31.6 million compared to \$32.1 million in the prior year. This decrease of approximately 1% was primarily due to reductions in State funding during the year.
- The School District had approximately \$31.8 million in expenses related to governmental activities; approximately \$15.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of approximately \$16.3 million provided remaining funding for these programs.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *Introductory Section*, *Financial Section* (which includes the basic financial statements, management's discussion and analysis, and the combining and individual fund financial schedules for governmental funds), and the *Compliance Section*.

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

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The *Statement of Net Assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

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

Both of the government-wide basic financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, community services and intergovernmental. The School District does not have any business-type activities.

The governmental-wide basic financial statements can be found as listed in the table of contents of this report.

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

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

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

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

The School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Special Revenue – EIA Fund, Special Revenue – Food Service Fund, Debt Service Fund and Capital Projects Fund, of which, all are considered to be major funds. In addition, the EFC's Capital Projects Fund and Debt Service Fund are also major funds and therefore shown in separate columns.

The governmental fund basic financial statements can be found as listed in the table of contents of this report.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund basic financial statements. The notes to the basic financial statements can be found as listed in the table of contents of this report.

**Other Information.** The combining and individual fund schedules referred to earlier can be found as listed in the table of contents of this report.

The School District has a legally adopted budget only for its General Fund. A budgetary comparison schedule has been provided as a required supplementary schedule for this fund to demonstrate compliance with its budget. This schedule can be found as listed in the table of contents of this report.

Figure A-1 Major Features of the School District's Government-Wide and Fund Basic Financial Statements			
	Government-Wide Basic Basic financial statements	Fund Basic financial statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School District government (except fiduciary funds) and the School District's component units	The activities of the School District that are not fiduciary	Instances in which the School District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required basic financial statements	<ul style="list-style-type: none"> <li>Statement of net assets</li> <li>Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of assets and liabilities</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the School District's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by approximately \$20.9 million at the close of the most recent fiscal year.

Table 1 provides a summary of the School District's net assets for 2010 and 2009:

**Table 1**  
Net Assets

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Current and Other Assets	\$ 9,374,534	\$ 11,949,288
Capital Assets, Net	32,614,033	30,000,084
Total Assets	<u>41,988,567</u>	<u>41,949,372</u>
<b>Liabilities</b>		
Other Liabilities	2,853,007	2,393,381
Long-Term Liabilities	18,186,194	18,459,911
Total Liabilities	<u>21,039,201</u>	<u>20,853,292</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	16,279,683	17,023,429
Restricted	925,384	483,989
Unrestricted	3,744,299	3,588,662
Total Net Assets	<u>\$ 20,949,366</u>	<u>\$ 21,096,080</u>

The School District's current and other assets at June 30, 2010 decreased by approximately \$2.6 million from the prior year, attributable primarily to the expenditure of capital funds on building projects. The School District's capital assets at June 30, 2010 increased by approximately \$2.6 million from the prior year. The increase was primarily due to building improvements and other additions of approximately \$3.6 million, partially offset by depreciation expense of approximately \$1.0 million. Total liabilities at June 30, 2010 increased by approximately \$0.2 million from the prior year which was primarily due to decreases in long-term obligations due to scheduled principal payments, partially offset by new debt issuances.

The School District's net assets decreased by approximately \$0.1 million during 2010 which is primarily the result of cuts in State funding.

In the case of the School District, assets exceeded liabilities by approximately \$20.9 million at the close of the most recent fiscal year. By far the largest portion of the School District's net assets (\$16.3 million or 78%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt and lease purchase obligations used to acquire those assets. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay these long-term obligations must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

An additional portion of the School District's net assets of approximately \$0.9 million (4%) represents resources that are subject to external restrictions on how they may be used. These net assets are restricted for the food service program, other special revenue programs (which are restricted by the revenue source), and debt service payments. The remaining balance is unrestricted net assets of approximately \$3.7 million (18%) which may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for fiscal year 2010 and 2009.

**Table 2**  
Changes in Net Assets

<b>Revenues</b>	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Program Revenues:		
Charges for Services	\$ 1,486,068	\$ 1,470,232
Operating Grants	13,830,127	14,470,321
General Revenue:		
Property Taxes	12,073,275	11,456,651
Other	4,245,485	4,671,046
<b>Total Revenues</b>	<b>31,634,955</b>	<b>32,068,250</b>
<b>Program Expenses</b>		
Instruction	15,929,816	16,420,500
Support Services	14,689,146	13,909,992
Community Services	157,502	191,359
Intergovernmental	123,283	797,627
Interest and Fiscal Charges	881,922	932,441
<b>Total Program Expenses</b>	<b>31,781,669</b>	<b>32,251,919</b>
Change in Net Assets	(146,714)	(183,669)
Net Assets, Beginning of Year	21,096,080	21,279,749
Net Assets, End of Year	\$ 20,949,366	\$ 21,096,080

**Governmental Activities.** Governmental activities decreased the School District's net assets from 2009 to 2010 by approximately \$0.1 million or approximately 1%. Key elements that impacted the change in net assets for 2010 are as follows:

- Cuts in State funds.
- An increase in property tax revenue of approximately \$0.6 million.

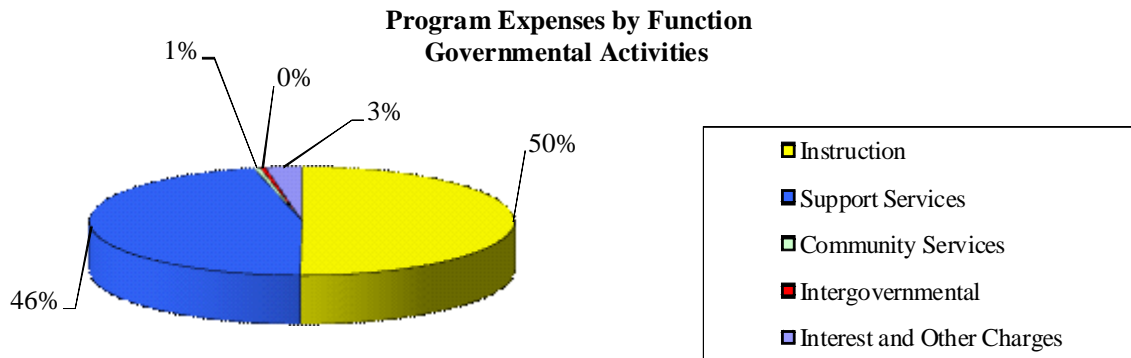
**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**



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

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

**Governmental Funds**

The analysis of governmental funds serves the purpose of determining available fund resources, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2010, the School District's governmental funds reported a combined fund balance of approximately \$5.7 million, as compared to \$8.8 million for the prior year. The difference is primarily due to the expenditure of installment purchase revenue bond proceeds for school construction. In particular, unreserved and undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2010, the School District's unreserved, undesignated fund balance for all governmental funds was approximately \$3.2 million. The remaining amount of approximately \$2.5 million is primarily reserved or designated for prepaid items, special revenue, capital projects, debt service, and food service.

- The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund totaled approximately \$3.2 million. The fund balance for the General Fund increased by approximately \$0.3 million (10%) during fiscal year 2010. The increase was primarily the result of increased local tax revenue offset by reduced state funding.

The School District's major funds include the General Fund, as described above, Special Revenue Fund, Special Revenue-EIA Fund, Special Revenue – Food Service Fund, Debt Service Fund, Debt Service – EFC Fund, Capital Projects Fund, and the Capital Projects – EFC Fund.

The School District's Special Revenue Fund and Special Revenue – EIA Fund, generally are used to account for revenues derived from the State of South Carolina and the Federal Government. In general, these Special Revenue Funds do not have fund balances as revenues should be expended, deferred, or returned to the grantor. The Special Revenue – Food Service Fund is used to account for the School District's food service operations. The fund balance increased by approximately \$0.1 million.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (CONTINUED)**

**Governmental Funds (Continued)**

The Debt Service Fund and Debt Service – EFC Fund is shown in the accompanying basic financial statements of the School District. The funds are used to account for debt retirement. The fund balance for the School District's Debt Service Fund increased by approximately \$0.2 million from the prior year's balance primarily due to lower transfers to the Capital Projects Fund and increased tax revenue, partially offset by higher debt service payments. The fund balance at June 30, 2010 was approximately \$0.5 million which is reserved for the payment of debt service. The fund balance for the Debt Service – EFC Fund remained flat and was approximately \$0.9 million at June 30, 2010 and is reserved for future debt service related to the installment purchase revenue bonds.

The Capital Projects Fund and Capital Projects – EFC Fund are utilized to account for the School District's capital project transactions. The fund balance for the School District's Capital Projects Fund decreased by approximately \$0.2 million in 2010 to approximately \$0.2 million at June 30, 2010. The fund balances for the Capital Projects – EFC Fund decreased by approximately \$3.6 million in 2010 to approximately \$0.4 million at June 30, 2010 primarily due to school construction. The fund balance of both funds are either designated or reserved for future capital projects.

**General Fund Budgetary Highlights**

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The School District has only one legally adopted budget – the General Fund. During the course of fiscal year 2010, no amendments to the School District's General Fund revenue or expense budgets were made. Key highlights are as follows:

- No transfers to capital budgets were made during the current fiscal year.
- Of the \$833,000 fund balance transfers for operations authorized by the Spartanburg School District Three Board of Trustees during fiscal year 2009 to offset budget cuts, \$678,000 remained at the beginning of fiscal year 2010. None of this authorization was required to balance FY 2010 due to austere expenditure practices and the availability of State Fiscal Stabilization Funds.
- Local taxes were collected at 96.4% of budget. Overall, there was a surplus of local revenue collections of approximately \$6,000 due mostly to additional Fee in Lieu of Taxes and Medicaid and e-rate reimbursements.
- State revenues were collected at a deficit of \$1,480,832 due to a series of mid-year budget cuts passed along to school districts from the State under the Education Finance Act of approximately \$787,000, and Federal Stabilization Funds which were budgeted in the General Fund and reported as federal revenue in the Special Revenue section of approximately \$855,000. These amounts were partially offset by other state revenue sources.
- Enrollment experienced a slight decline, from 2,951 in fiscal year 2009 to 2,897 in fiscal year 2010, based on the average daily membership, grades K through 12, on the 135<sup>th</sup> day of school.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2010, the School District's capital assets were approximately \$32.6 million, net of accumulated depreciation. The total increase in the School District's net capital assets was approximately \$2.6 million, or approximately 9%. Major capital asset events during the current fiscal year included:

- Completion of the School District's Community Auditorium at the campus of Broome High added approximately \$3.4 million in construction in process and the entire balance of approximately \$8.0 million was transferred into buildings and improvements.
- Other equipment purchases added approximately \$0.2 million.
- Depreciation expense of approximately \$1.0 million.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

*Capital Assets (Continued)*

Table 3 shows fiscal 2010 and 2009 capital asset balances:

**Table 3**  
Capital Assets

	Governmental Activities	
	June 30, 2010	June 30, 2009
Land	\$ 377,528	\$ 377,528
Construction in Progress	-	4,552,292
Building and Improvements	54,549,240	46,587,040
Machinery and Equipment	1,635,242	1,523,229
Less: Accumulated Depreciation	(23,947,977)	(23,040,005)
Totals	<u>\$ 32,614,033</u>	<u>\$ 30,000,084</u>

For more information on the School District's capital assets, see the notes to the basic financial statements.

***Debt Administration***

As shown in Table 4, the School District had outstanding long-term obligations of approximately \$18.2 million and \$18.5 million as of June 30, 2010 and 2009, respectively. The School District made principal payments on debt and lease purchase obligations in 2010 of approximately \$2.4 million and interest payments of approximately \$0.85 million (excluding bank fees and other expenses). All of the School District's general obligation bond debt is backed by the full faith and credit of the School District.

**Table 4**  
Long-Term Obligations

Long-Term Obligations	Governmental Activities	
	June 30, 2010	June 30, 2009
Debt:		
2006 Installment Purchase Revenue Bonds	\$ 17,235,000	\$ 17,720,000
2009 Bond Anticipation Note	-	325,000
2009B GOB	745,000	-
2009 SCE Note Payable	27,601	-
Premium on Installment Purchase Revenue Bonds	66,884	70,133
Lease Purchase Financing:		
2007 Computer	-	124,835
2008 Equipment Lease	111,709	219,943
	<u>\$ 18,186,194</u>	<u>\$ 18,459,911</u>

During 2009, the School District issued approximately \$2.6 million in General Obligation debt (including short-term debt), approximately \$0.7 million of which remained outstanding at the end of the fiscal year.

The State limits the amount of general obligation debt that school districts can issue to 8% of the assessed value of all taxable property within the School District's corporate limits. The School District's constitutional debt limit at June 30, 2010, was approximately \$4.4 million of which the School District had approximately \$0.7 million outstanding debt against this limit.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

*Debt Administration (Continued)*

More detailed information about the School District's debt and other long-term obligation is presented in the notes to the basic financial statements.

**ECONOMIC FACTORS**

The School District is located in the eastern part of Spartanburg County and encompasses a land area of approximately 71 square miles. The county population is estimated to be 286,822, with the School District's population estimated at 17,000. The small municipalities of Cowpens and Pacolet and several historic mill villages are included in the School District.

The present area and boundaries of the School District were established in 1951 as a result of the consolidation of smaller school districts. The School District operates a voluntary non-racial unitary school system under guidelines approved by the U.S. Department of Health, Education, and Welfare. Schools in the School District include four elementary schools, two middle schools, and one senior high school. The School District is fully accredited by the South Carolina Department of Education and the Southern Association of Colleges and Schools.

The largest taxpaying industries in the county include R.R. Donnelley & Sons, a catalog printing and binding firm; Invista SARL, a polymer & resin firm; Duke Energy, a utility company; BASF, a surfactants manufacturer; and Johns Manville, a producer of engineered products. Together, these industries account for over 60% of the local taxes paid in fiscal year 2010.

**FY 11 BUDGET**

Many factors were considered by the School District's administration during the process of developing the fiscal year 2010-11 budget, which is balanced without using reserve funds, but makes optimal use of American Recovery and Reinvestment Act ("ARRA") funding. The School District's top goals continue to be improvement of academic achievement and completion of its capital improvements program, while minimizing the impact of budgetary shortfalls and the economic downturn on the classroom. Salary increases for employees were limited to longevity step increases for teachers only for budget year 2010-11, and included staff furloughs and negotiated reductions for re-employed retirees. There have been no reductions in state funding subsequent to the adoption of the fiscal year 2010-11 budget. Due to an overall economic downturn, however, mid-year reductions remain a possibility. These reductions will test the School District's financial position, but management is confident that through expenditure control, line item sequestration, and budget amendments, the School District's overall operations and financial position will not be compromised.

The School District has made use of approximately \$1.0 million in ARRA funding in balancing the fiscal year 2010-2011 budget. Many of the items funded in this manner are of a recurring nature. This raises a concern for future budget years. The entire \$1.0 million available in fiscal year 2010 – 2011 will cease to be available as a revenue source for fiscal year 2011-2012. This presents the School District with a difficult and ongoing budget puzzle for the next two to three years. Even assuming economic recovery, growth in program offerings and the replacement of equipment and technology will be much more difficult in the ensuing years, as will the maintenance of current staffing levels. The School District leadership will be working closely with state, federal, and local authorities, within the legal confines of taxing authority, to maximize all potential revenue sources while maintaining austerity measures with regard to expenditures to ensure the strongest financial position possible under the circumstances throughout this period.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide those interested with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at Spartanburg School District Number Three, 3535 Clifton Glendale Road, Glendale, South Carolina, 29346.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2010**

	<b>PRIMARY GOVERNMENT Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,791,906
Cash and Cash Equivalents, Restricted	124,662
Investments, Restricted	1,357,440
Cash and Investments Held by County Treasurer	620
Property Taxes Receivable, Net	410,386
Accounts Receivable, Net	565,777
Due from Other Governments	1,613,539
Inventories and Prepaid Items	12,734
Bond Issuance Costs, Net	497,470
Capital Assets:	
Non-Depreciable	377,528
Depreciable, Net	32,236,505
<b>TOTAL ASSETS</b>	<b>41,988,567</b>
<b>LIABILITIES</b>	
Accounts Payable	1,131,062
Accrued Salaries, Fringe & Benefits	978,694
Accrued Interest Payable	68,972
Unearned Revenue	674,279
Non-Current Liabilities:	
Due Within One Year	906,709
Due in More than One Year	17,279,485
<b>TOTAL LIABILITIES</b>	<b>21,039,201</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	16,279,683
Restricted For:	
Debt Service	516,174
Special Revenue	242,987
Food Service	166,223
Unrestricted	3,744,299
<b>TOTAL NET ASSETS</b>	<b>\$ 20,949,366</b>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2010**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>PRIMARY GOVERNMENT:</b>					
Governmental Activities:					
Instruction	\$ 15,929,816	4,490	9,106,032	-	\$ (6,819,294)
Support Services	14,689,146	1,481,578	4,724,095	-	(8,483,473)
Community Services	157,502	-	-	-	(157,502)
Intergovernmental	123,283	-	-	-	(123,283)
Interest and Other Charges	881,922	-	-	-	(881,922)
Total Governmental Activities	31,781,669	1,486,068	13,830,127	-	(16,465,474)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 31,781,669</b>	<b>1,486,068</b>	<b>13,830,127</b>	<b>-</b>	<b>(16,465,474)</b>
<b>GENERAL REVENUES:</b>					
Property Taxes Levied for General Purposes					10,135,122
Property Taxes Levied for Debt Service					1,938,153
State Revenue in Lieu of Taxes					3,921,038
Other Taxes					111,855
Investment Earnings					70,147
Miscellaneous					142,445
<b>TOTAL GENERAL REVENUES</b>					<b>16,318,760</b>
<b>CHANGE IN NET ASSETS</b>					<b>(146,714)</b>
NET ASSETS - Beginning of Year					21,096,080
<b>NET ASSETS - Ending of Year</b>					<b>\$ 20,949,366</b>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2010**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>	<b>SPECIAL REVENUE - EIA</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,419,087	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Investments, Restricted	-	-	-
Cash and Investments Held by County Treasurer	-	-	-
Receivables, Net:			
Taxes	352,415	-	-
Accounts	2,499	14,400	-
Daniel Morgan Technology Center	548,743	-	-
Due From:			
County Treasurer	-	-	-
State Agencies	261,427	3,603	11,876
Federal Agencies	-	1,004,186	-
Other Funds	2,814,588	499,322	415,114
Other Governments	120,534	-	-
Prepaid Items	12,734	-	-
<b>TOTAL ASSETS</b>	<b>7,532,027</b>	<b>1,521,511</b>	<b>426,990</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts Payable	596,943	-	-
Accounts Payable - Daniel Morgan Technology Center	465,028	-	-
Accrued Salaries, Fringe & Benefits	978,694	-	-
Due To:			
Other Funds	1,976,410	1,031,685	3,105
Deferred/Unearned Revenue	304,470	246,839	423,885
<b>TOTAL LIABILITIES</b>	<b>4,321,545</b>	<b>1,278,524</b>	<b>426,990</b>
<b>FUND BALANCES:</b>			
Fund Balances			
Reserved for:			
Prepaid Items	12,734	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Special Revenue	-	242,987	-
Food Service	-	-	-
Unreserved:			
Designated for Capital Projects	-	-	-
Undesignated	3,197,748	-	-
<b>TOTAL FUND BALANCES</b>	<b>3,210,482</b>	<b>242,987</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,532,027</b>	<b>1,521,511</b>	<b>426,990</b>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE	DEBT SERVICE - EFC	CAPITAL PROJECTS	CAPITAL PROJECTS - EFC	TOTAL GOVERNMENTAL FUNDS
1,372,819	-	-	-	-	\$ 4,791,906
-	-	893	60,606	63,163	124,662
-	-	1,357,440	-	-	1,357,440
-	620	-	-	-	620
-	57,971	-	-	-	410,386
135	-	-	-	-	17,034
-	-	-	-	-	548,743
-	27,573	-	90,336	-	117,909
-	-	-	-	-	276,906
94,004	-	-	-	-	1,098,190
-	498,982	-	179,152	421,997	4,829,155
-	-	-	-	-	120,534
-	-	-	-	-	12,734
<b>1,466,958</b>	<b>585,146</b>	<b>1,358,333</b>	<b>330,094</b>	<b>485,160</b>	<b>13,706,219</b>
-	-	-	69,091	-	666,034
-	-	-	-	-	465,028
-	-	-	-	-	978,694
1,300,735	-	421,997	28,101	67,122	4,829,155
-	44,229	-	-	-	1,019,423
1,300,735	44,229	421,997	97,192	67,122	7,958,334
-	-	-	-	-	12,734
-	540,917	936,336	-	-	1,477,253
-	-	-	-	418,038	418,038
-	-	-	-	-	242,987
166,223	-	-	-	-	166,223
-	-	-	232,902	-	232,902
-	-	-	-	-	3,197,748
166,223	540,917	936,336	232,902	418,038	5,747,885
<b>1,466,958</b>	<b>585,146</b>	<b>1,358,333</b>	<b>330,094</b>	<b>485,160</b>	<b>\$ 13,706,219</b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**JUNE 30, 2010**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 5,747,885</b>
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Amounts reported for the governmental activities in the Statement of Net Assets are different because:

Property taxes and other revenues that will be collected in the future, but are not available soon enough to pay for the current year's expenditures are therefore deferred in the funds.	345,144
Bond issuance costs are amortized over the lives of the bonds; however, in the governmental funds, bond issuance costs are expenditures the year they are incurred. The bond issuance costs of \$592,128 is shown net of accumulated amortization expense of \$94,658.	497,470
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these capital assets was \$56,562,010 and the accumulated depreciation was \$23,947,977.	32,614,033
Interest is recorded as an expenditure in the governmental funds when it is due and payable. Interest is recorded in the government-wide statements as it accrues regardless of when it is due and payable. This is the amount of interest that is accrued but unpaid at year end.	(68,972)
Long-term liabilities, including bonds and lease purchase financing, are not due and payable in the current year and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following:	
Long-Term Debt (including Lease Purchase Financing)	(18,119,310)
Long-Term Premium	(66,884)

<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 20,949,366</b>
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The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

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**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2010**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>	<b>SPECIAL REVENUE - EIA</b>
<b>REVENUES</b>			
Local Sources:			
Taxes	\$ 10,105,802	-	-
Investment Earnings	1,706	-	-
Other Local Sources	192,396	358,548	-
State Sources	12,194,313	451,048	-
Federal Sources	-	3,278,982	-
Intergovernmental Revenue	-	-	1,405,121
<b>TOTAL REVENUE ALL SOURCES</b>	<b>22,494,217</b>	<b>4,088,578</b>	<b>1,405,121</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	12,431,157	2,233,864	704,223
Support Services	9,523,202	1,510,044	234,076
Community Services	-	157,502	-
Intergovernmental	102,834	-	20,449
Capital Outlay	82,354	206,764	26,729
Debt Service:			
Principal Retirement	233,069	-	-
Interest and Fiscal Charges	20,205	-	-
Other Charges	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>22,392,821</b>	<b>4,108,174</b>	<b>985,477</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>101,396</b>	<b>(19,596)</b>	<b>419,644</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Premium on General Obligation Bonds	-	-	-
Note Payable	-	27,601	-
Issuance of General Obligation Bonds	-	-	-
Transfers In	414,941	123,496	-
Transfers Out	(224,558)	(14,622)	(419,644)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>190,383</b>	<b>136,475</b>	<b>(419,644)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>291,779</b>	<b>116,879</b>	<b>-</b>
FUND BALANCES, Beginning of Year	2,918,703	126,108	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 3,210,482</b>	<b>242,987</b>	<b>-</b>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

<b>SPECIAL REVENUE - FOOD SERVICE</b>	<b>DEBT SERVICE</b>	<b>DEBT SERVICE - EFC</b>	<b>CAPITAL PROJECTS</b>	<b>CAPITAL PROJECTS - EFC</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
-	1,828,177	-	-	-	\$ 11,933,979
-	-	67,224	248	969	70,147
415,008	-	-	17,693	-	983,645
-	213,706	-	-	-	12,859,067
1,064,455	-	-	-	-	4,343,437
2,114	-	-	-	-	1,407,235
<b>1,481,577</b>	<b>2,041,883</b>	<b>67,224</b>	<b>17,941</b>	<b>969</b>	<b>31,597,510</b>
-	-	-	-	-	15,369,244
1,344,633	-	-	103,264	96,274	12,811,493
-	-	-	-	-	157,502
-	-	-	-	-	123,283
25,949	-	4,000	1,080,140	3,505,851	4,931,787
-	1,645,000	485,000	-	-	2,363,069
-	25,982	803,250	-	-	849,437
-	-	-	25,911	-	25,911
1,370,582	1,670,982	1,292,250	1,209,315	3,602,125	36,631,726
<b>110,995</b>	<b>370,901</b>	<b>(1,225,026)</b>	<b>(1,191,374)</b>	<b>(3,601,156)</b>	<b>(5,034,216)</b>
-	-	-	14,850	-	14,850
-	-	-	-	-	27,601
-	-	-	2,065,000	-	2,065,000
-	325,000	1,218,938	-	212	2,082,587
-	(490,000)	(212)	(1,053,938)	-	(2,202,974)
-	(165,000)	1,218,726	1,025,912	212	1,987,064
<b>110,995</b>	<b>205,901</b>	<b>(6,300)</b>	<b>(165,462)</b>	<b>(3,600,944)</b>	<b>(3,047,152)</b>
55,228	335,016	942,636	398,364	4,018,982	8,795,037
<b>166,223</b>	<b>540,917</b>	<b>936,336</b>	<b>232,902</b>	<b>418,038</b>	<b>\$ 5,747,885</b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2010**

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**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (3,047,152)**

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

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Activities. 2,363,069

Bonds, note payables, and lease purchase financing proceeds provide current financial resources to governmental funds, but issuing debt or entering into lease purchasing financing increases long-term liabilities in the Statement of Net Assets. (2,092,601)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenue in the Statement of Activities. 37,445

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due and payable and thus requires the use of current financial resources. However, in the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due and payable. The interest reported in the Statement of Activities is the change in accrued interest. (505)

Bond premiums are revenues the year they are received in governmental funds, but are amortized over the life of the related bonds in the Statement of Activities. 3,249

Bond issuance costs are expenditures the year they are incurred in governmental funds, but are amortized over the lives of bonds in the Statement of Activities. (24,168)

Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions (\$3,620,799) exceeded depreciation expense (\$1,006,850) in the current year. 2,613,949

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**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ (146,714)**

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The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**STATEMENT OF ASSETS AND LIABILITIES**

**FIDUCIARY FUND**

**JUNE 30, 2010**

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	<b>AGENCY</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 101,857
Receivables	25,647
<b>TOTAL ASSETS</b>	<b>127,504</b>
<b>LIABILITIES</b>	
Due to Student Organizations	127,504
<b>TOTAL LIABILITIES</b>	<b>\$ 127,504</b>

The notes to the basic financial statements are an integral part of this statement.  
See accompanying independent auditors' report.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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*Spartanburg County School District Three, South Carolina* (the "School District") is controlled by a Board of Trustees (the "Board"), which has oversight responsibility over the public school educational activities in the School District. The School District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The School District is governed by a seven member Board.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to 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 of the School District's accounting policies are described below.

**A. Reporting Entity**

The School District is controlled by a Board of Trustees (the "Board"), which has oversight responsibility over the public school education activities in the School District. The School District is not included in any other governmental "reporting entity" as defined in the GASB Sec. 2100.108 since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. For these reasons, the School District is recognized as a primary government in accordance with GAAP.

All activities, including component units (if applicable), for which the Board exercises oversight responsibility, have been incorporated into the basic financial statements to form the reporting entity. The School District's basic financial statements include the accounts of all School District operations, including, but not limited to, general operations and support services, food service operations, capital projects, debt service activities, and agency transactions.

The primary criterion for determining inclusion or exclusion of a legally separate entity is financial accountability, which is presumed to exist if the School District both appoints a voting majority of the entity's governing body, and either 1) the School District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the School District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the School District. In order to be considered fiscally independent, an entity must have the authority to do all three of the following:

- i) Determine its budget without the School District having the authority to approve or modify that budget;
- ii) Levy taxes or set rates or charges without approval by the School District; and
- iii) Issue bonded debt without approval by the School District.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the School District's basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide basic financial statements to emphasize they are legally separate from the School District. Based on the above criteria, the School District has one blended component unit; it does not have any discretely presented component units.

**Blended Component Unit:** SCAGO Educational Facilities Corporation for Spartanburg County School District No. 3 (the "EFC") was incorporated in 2006 for educational and charitable purposes, specifically to (1) acquire, construct, finance, pledge, improve, maintain, operate, manage, lease and dispose of school buildings and other public education facilities for the use and benefit of the School District and to (2) encourage and promote public education through cooperative arrangements with governmental entities and organizations exempt under Section 501(c)(3) that provide public education in the School District.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**A. Reporting Entity (Continued)**

The EFC has five board members which are appointed by the board of directors of SCAGO. Three members of the board of directors for ECF shall also be members of the board of directors of SCAGO (following the initial term, his or her replacement will no longer need to be a member of the board of directors of SCAGO) with two additional members consisting of individuals who reside in the geographic area of the School District.

Upon dissolution, the remaining assets of EFC will be distributed to the School District. Because the EFC exclusively benefits the School District, the EFC's financial information is blended with that of the School District in these basic financial statements. Separate financial information for the EFC is included in individual columns throughout the basic financial statements. Separate financial statements for the EFC are not issued.

**Related Entities:** These basic financial statements exclude the operations/activities of Daniel Morgan Technology Center ("DMTC" or "Center"), Spartanburg, South Carolina. DMTC serves the high schools in Spartanburg County School District Three and Seven. Three board members from Spartanburg County School District Three and Seven, as well as the superintendents of each school district, serve as members on the Board of Trustees of DMTC. DMTC serves Broome High School (a Spartanburg County School District Three school) and Spartanburg High School (a Spartanburg County School District Seven school). The DMTC is a multi district career and technology center. The mission of the DMTC is to provide students with the academic, technical, and decision making skills needed for success in the 21<sup>st</sup> century workplace. The School District currently serves as the fiscal agent for DMTC. Tuition and other support provided by the School District to DMTC is shown as expenditures/expenses in the School District's basic financial statements.

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide basic financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the School District (the "Primary Government") and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, would be reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

The **government-wide basic financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are Fiduciary Fund basic financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The government-wide basic financial statements are prepared using a different measurement focus from the manner in which governmental fund basic financial statements are prepared (see further detail below). Governmental fund basic financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

Fund basic financial statements report detailed information about the School District. The focus of Governmental Fund basic financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

When both restricted and unrestricted resources are available for use, it is the School District's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following major funds and fund types are used by the School District.

**Governmental Fund Types** are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the School District's major governmental fund types:

The **General Fund, a major fund**, is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund and any fund balance is considered a resource available for use.

SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that in general are legally restricted to expenditures for specified purposes. The School District has the following Special Revenue Funds:

- i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for financial resources provided by federal, state and local projects and grants.
- ii) **The Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted 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.
- iii) **The Food Service Fund, a major fund** and an unbudgeted fund, is used to account for the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

The *Debt Service Fund - a major fund* and an unbudgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for the School District.

The *Debt Service - EFC Fund - a major fund* and an unbudgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for EFC.

The *Capital Projects Fund - a major fund* and an unbudgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for the School District.

The *Capital Projects - EFC Fund - a major fund* and an unbudgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for EFC.

*Fiduciary Fund Types* are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds and include Agency Funds. Fiduciary Fund Types include the following:

The *Agency Fund*, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for the general operation of the School District. This accounting reflects the agency relationship of the School District with the student activity organizations.

C. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

*Cash and Cash Equivalents*

The School District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**C. Assets, Liabilities, and Equity (Continued)**

***1. Cash, Cash Equivalents, and Investments (Continued)***

***Investments***

The School District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the School District to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The School District's cash investment objectives are preservation of capital, liquidity and yield. The School District reports its cash and investments at fair value which is normally determined by quoted market prices (except as noted).

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**C. Assets, Liabilities, and Equity (Continued)**

**1. Cash, Cash Equivalents, and Investments (Continued)**

***Investments (Continued)***

The School District currently or in the past year has used the following investments:

- South Carolina Local Government Investment Pool ("Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.
- Cash and Investments held by the County Treasurer which are property taxes collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.
- Open ended mutual funds which are primarily invested in money market funds which invest in short term obligations of the United States and related agencies.
- U.S. Treasury Bills are obligations of the United States government and have maturities of one year or less. They do not pay interest prior to maturity; instead they are sold at a discount of par value.

**2. Interfund Receivables and Payables**

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

On fund basic financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net assets.

**3. Inventories and Other Assets**

**Inventories**

Inventories in the Special Revenue - Food Service Fund are accounted for using the purchase method (expensed when paid). If significant amounts of inventories exist at year-end, the School District records these amounts in the balance sheet.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**C. Assets, Liabilities, and Equity (Continued)**

**3. Inventories and Other Assets (Continued)**

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**4. Capital Assets**

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund basic financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. However, all land will be capitalized regardless of cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized for governmental activities as allowed by GAAP. The School District does not maintain ownership of any public domain ("infrastructure") general capital assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are completed and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. 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:

<u>Capital Asset Category</u>	<u>Useful Life Range</u>
Buildings and Improvements	30–50 years
Machinery and Equipment	3–10 years

**5. Compensated Absences**

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." School District employees are granted vacation and sick leave in varying amounts. Vacation earned during a year must be used by the end of the year or it is permanently lost. Up to 90 days of sick leave can be carried forward from year to year, but can only be used for valid medical reasons. In addition, upon retirement 12-month employees are not reimbursed for accumulated vacation days or unused sick leave. In addition to vacation and sick leave, employees with 20 or more years of state experience can accumulate annual leave. Employees that have 90 days of sick leave accumulated as of July 1<sup>st</sup> can start accumulating annual leave. How much they accumulate depends on their contract (ex. 9 month employees accumulate 1 day per month up to 9 days, 12 month employees accumulate up to 12 days, etc.). An employee will only be paid out annual leave at their daily rate when they leave the district if they have worked 5 consecutive years with the District or upon retirement. As is consistent with the prior year, no amounts were accrued for compensated absences in the government-wide basic financial statements as the amounts were immaterial.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**C. Assets, Liabilities, and Equity (Continued)**

**6. *Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide basic financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund basic financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required retirement contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund basic financial statements until due and payable.

In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method, if significant. Amortization of premiums and bond issuance costs are included in interest expense. Bond premiums are included with bonds payable and other long-term obligations. Bond issuance costs are reported as other assets and are amortized over the term of the related debt.

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

**7. *Fund Balance***

In the fund basic financial statements, the School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

In the governmental fund basic financial statements, the School District's use of the term "*reserve*" relative to the fund balance of its governmental funds is limited to indicating that portion of fund balance that is not appropriable for expenditure or is legally segregated for some specific future use. Fund balance reserves can be established for, but not limited to the following: prepaids, inventory, non-current receivables, prior year appropriations, grant projects, debt service, capital projects and special revenue programs.

In the governmental fund basic financial statements, the School District can establish "*designations*" of fund balance which are to reflect tentative plans for financial resource utilization in future periods. Designations of fund balance represent tentative management plans that are subject to change and ultimately may not be legally authorized or result in expenditure.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**C. Assets, Liabilities, and Equity (Continued)**

**8. *Net Assets***

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets are classified as invested in capital assets net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**9. *Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

**10. *Accounting Estimates***

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

**11. *Comparative Data***

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

***Budgetary Practices*** – The General Fund budget is presented as required supplementary information. The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

The 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 School District'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 a supplementary action. The legal level of control is at the fund level. During the year, the Board did not revise the budget.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedule:

- (1) In the spring the School District begins its budget process for the next succeeding fiscal year.
- (2) The School District's leadership team reviews all requests and allocation requirements and related revenue.
- (3) The Superintendent and the Finance Director then presents a proposed budget to the Board of Trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- (4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

The administration has discretionary authority to make transfers between appropriation accounts. The revised budget amounts in the required supplementary schedule are as amended by the administration. All annual appropriations lapse at fiscal year end.

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

**A. Deposits and Investments**

***Deposits***

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2010, none of the School District's total bank balances (including Pupil Activity) of approximately \$5,054,000 (with a carrying value of approximately \$4,928,000) were exposed to custodial credit risk.

***Investments***

As of June 30, 2010, the School District had the following investments and maturities:

Investment Type	Credit Rating	Fair Value	Maturity in Less than One Year
South Carolina Local Government Investment Pool	Unrated	\$ 81,478	\$ 81,478
Cash and Investments Held by County Treasurer	Unrated	620	620
U.S. Treasury Bill	*	1,291,484	1,291,484
Government Money Market Funds	AAAm, Aaa	75,355	75,355
Total		<u>\$ 1,448,937</u>	<u>\$ 1,448,937</u>

^ Investments in 2a-7 like funds are not required to disclose interest rate risk.

\* Investments in U.S. government securities are considered to have no credit risk and therefore the credit rating for these investments do not have to be disclosed.

**Interest Rate Risk:** The School District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2010, none of the School District's investments were exposed to custodial credit risk.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

**Concentration of Credit Risk for Investments:** The School District places no limit on the amount the School District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

**B. Property Taxes and Other Receivables**

Real and personal property taxes (excluding vehicles) are levied on October 1 for the assessed valuations of property located in Spartanburg County as of the preceding January 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 15 of the following year, and property taxes attach as an enforceable lien if not paid by March 16 of the following year.

Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	3% of Tax
February 2 through March 16	10% of Tax
March 17 and Thereafter	15 % of Tax Plus Collection Costs

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and is due by the end of the month. Property taxes are billed and collected by the County. Property tax revenue is recognized when collected by the County Treasurer's Office. Real property taxes collected within 60 days after fiscal year end are also recognized as revenue for the year.

For the year ended June 30, 2010, the operating and debt service millage rates were 219.2 mills (214.2 mills in the prior year) and 33.5 mills (27.5 mills in the prior year), respectively, based on an assessed value of approximately \$55.1 million for the School District.

On the government-wide and fund basic financial statements, taxes receivable are approximately \$410,000 (net of an allowance for uncollectibles of approximately \$410,000) at June 30, 2010. Allowances for uncollectibles were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$51,000 for operations and \$14,000 for Debt Service have been recognized as revenue at June 30, 2010, because they were collected within sixty days after year end as they were considered measurable and available. There were no significant delinquent taxes collected and recognized as revenue for the General Fund within sixty days after year end.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**B. Property Taxes and Other Receivables (Continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2010, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Deferred Property Taxes - General Fund	\$	300,915
Deferred Property Taxes - Debt Service Fund		44,229
Unearned Revenue from Prepaid Tuition - General Fund		3,555
Unearned Revenue from Special Revenue and Special Revenue - EIA Funds		670,724
Total Deferred/Unearned Revenue for Governmental Funds	\$	<u>1,019,423</u>

**C. Interfund Receivables and Payables**

Interfund receivables and payables at June 30, 2010 (all of which are expected to be repaid within one year), are summarized as follows:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	\$ 2,814,588	\$ 1,976,410
Special Revenue Fund	499,322	1,031,685
Special Revenue - EIA Fund	415,114	3,105
Special Revenue - Food Service Fund	-	1,300,735
Debt Service Fund	498,982	-
Debt Service EFC Fund	-	421,997
Capital Projects Fund	179,152	28,101
Capital Projects EFC Fund	421,997	67,122
Total	<u>\$ 4,829,155</u>	<u>\$ 4,829,155</u>

All cash activities are recorded in the General Fund, and as a result, receivables and payables exist at year end that are either due to or due from the General Fund in the other funds. Various differences include Special Revenue payments not received from the State Department of Education until after the fiscal year, taxes receivable for Debt Service Fund, and building project costs.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**D. Transfers In and (Out)**

Transfers from (to) other funds for the year ended June 30, 2010, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 414,941	\$ 224,558
Special Revenue Fund	123,496	14,622
Special Revenue - EIA Fund	-	419,644
Debt Service Fund	325,000	490,000
Debt Service Fund - EFC	1,218,938	212
Capital Projects Fund	-	1,053,938
Capital Projects Fund - EFC	212	-
<u>Fiduciary Funds:</u>		
Agency Fund	120,387	-
Totals	<u>\$ 2,202,974</u>	<u>\$ 2,202,974</u>

The funds transferred into the General Fund from the pupil activity funds were to cover the School District's activity costs. The EFC Capital Projects Fund transferred approximately \$729,000 to the EFC Debt Service Fund served to set up a debt service reserve fund in compliance with the EFC Installment Purchase and Use Agreement. The \$490,000 transferred from the Debt Service Fund to the EFC Debt Service Fund was used for the principal portion of the debt service on the Installment Purchase Revenue Bonds. Transfers between the Special Revenue funds were done only after attaining waivers from the SDE.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**E. Capital Assets**

Capital asset activity for the School District for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 377,528	-	-	-	\$ 377,528
Construction in Progress	4,552,292	3,409,908	-	(7,962,200)	-
Total Capital Assets, Non-Depreciable	<u>4,929,820</u>	<u>3,409,908</u>	<u>-</u>	<u>(7,962,200)</u>	<u>377,528</u>
Capital Assets, Depreciable:					
Buildings and Improvements	46,587,040	-	-	7,962,200	54,549,240
Machinery and Equipment	1,523,229	210,891	98,878	-	1,635,242
Total Capital Assets, Depreciable	<u>48,110,269</u>	<u>210,891</u>	<u>98,878</u>	<u>7,962,200</u>	<u>56,184,482</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	22,065,953	855,919	-	-	22,921,872
Machinery and Equipment	974,052	150,931	98,878	-	1,026,105
Total Accumulated Depreciation	<u>23,040,005</u>	<u>1,006,850</u>	<u>98,878</u>	<u>-</u>	<u>23,947,977</u>
Total Capital Assets, Depreciable, Net	<u>25,070,264</u>	<u>(795,959)</u>	<u>-</u>	<u>-</u>	<u>32,236,505</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,000,084</u>	<u>2,613,949</u>	<u>-</u>	<u>-</u>	<u>\$ 32,614,033</u>

Additions were charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 71,218
Support Services	3,549,581
Total Additions - Governmental Activities	<u>\$ 3,620,799</u>

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

<b>Governmental Activities:</b>	
Instruction	\$ 523,562
Support Services	483,288
Total Depreciation Expense - Governmental Activities	<u>\$ 1,006,850</u>

In 2007, the Board of Trustees approved a list of approximately \$18,185,000 in capital needs, the result of a prioritization process of the School District's needs. After careful study of funding alternatives, the Board authorized the formation of the EFC, a non-profit corporation which assisted the School District in the formulation of an installment purchase plan, whereby the School District has leased the applicable buildings to the EFC for the purpose of capital improvements, and is in the process of purchasing them back utilizing general obligation debt over a 24 year period, allowing the School District to leverage its constitutional debt limit to complete the capital needs within a short-term construction cycle versus the more piecemeal approach of "pay as you go."

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**F. Short-Term Obligations**

In July 2009, the School District issued a \$3,484,000 tax anticipation note ("2009 TAN") at a rate of 0.44% to help cover current operating needs. The School District drew down \$2,000,000 that was subsequently repaid in March 2010 for approximately \$2,010,000 (including interest). In September 2009, the School District issued a \$490,000 general obligation bond ("2009A GOB") at a rate of 1.50% for the principal portion of the debt service on the Installment Purchase Revenue Bonds. The School District subsequently repaid the 2009A GOB in March 2010 for approximately \$494,000 (including interest). Following is a summary of the changes in the School District short-term obligations for the year ended June 30, 2010:

Short-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance
2009 TAN	\$ -	2,000,000	2,000,000	\$ -
2009A GOB	-	490,000	490,000	-
Total	\$ -	2,490,000	2,490,000	\$ -

**G. Long-Term Obligations**

The School District issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds ("GOB") are direct obligations and pledge the full faith and credit of the School District. Installment purchase revenue bonds are obligations of the School District's blended component unit, EFC, and thus are not direct obligations which pledge the full faith and credit of the School District. Lease purchase ("LP") obligations are special obligations of the School District payable from the general revenues of the School District. The full faith, credit and taxing powers of the School District are not pledged for the payment of lease purchase obligations nor the interest thereon.

General obligation, installment purchase revenue bonds, and lease purchase obligations outstanding at June 30, 2010, were comprised of the following:

<u>2006 IPRB:</u>	EFC Installment Purchase Revenue Bonds ("IPR Bonds") in the amount of \$18,185,000, principal due in annual installments of \$465,000 to \$1,260,000 at December 1; interest at 4.0% to 5.00% paid semiannually, with a final maturity date in December 2030. Bonds maturing on or after December 1, 2016 are subject to redemption in whole or in part on any date on or after June 1, 2016, at the discretion of the EFC. In connection with the issuance of this indebtedness, a premium of \$79,610 and bond issuance costs of \$592,128 were recorded and are being amortized over the life of the bonds. The unamortized premium and bond issuance costs at June 30, 2010 were \$66,884 and \$497,470, respectively. These proceeds were used for various capital projects at various locations.
<u>2009B GOB:</u>	Original issue of \$2,065,000, due in annual installments of \$60,000 to \$1,320,000; interest at 2.25% to 2.4% paid semiannually, with a final maturity date in March 2015.
<u>2009 SCE Note:</u>	Original issue of \$27,602, due in two annual installments of \$13,801 beginning in October 2011. These proceeds were used for the acquisition of HVAC equipment.
<u>2008 Computer:</u>	Original issue of \$330,000, due in annual installments of \$115,295 through June 2011; interest at 3.21%. These proceeds were used for the acquisition of computer equipment.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**G. Long-Term Obligations (Continued)**

The IPR Bonds were issued pursuant to a Facilities Agreement and Base Lease Agreement between the School District and EFC. These agreements were authorized and approved by the Board of Trustees of the School District in 2006. The Facilities Agreement permits the School District to design, construct, renovate equip, furnish occupy and operate the facilities in exchange for the payment by the School District on a semi-annual basis of installments of the purchase price of the facilities sufficient to pay the principal and interest on the IPR Bonds as such amounts become due. By making each such payment of purchase price, the School District acquires an undivided interest in the facilities. Upon the making of the final scheduled payment of purchase price under the Facilities Agreement, the School District will have purchased all interest of EFC in the facilities and will own the facilities outright. The School District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the installment payments of purchase price due in such fiscal year. However, the School District would forfeit possession of the Facilities for the remainder of the term of the Lease if it did not make the payment to EFC.

The IPR Bonds were issued by EFC in August 2006 to finance the costs of constructing and renovating educational facilities (the "2006 Facilities") to be sold by EFC to the School District pursuant to a School Facilities Purchase and Occupancy Agreement. EFC executed a Trust Agreement in connection with the IPR Bonds and established the following primary accounts:

- Project Account – Proceeds in these funds will be used to pay administrative fees, as well as construction costs of the Capital Projects. The total in this account was \$5,377 at June 30, 2010.
- Reserve Account – Funds may only be used to make bond payments to the extent necessary to make up for a deficiency in the Base Lease Rental account – see below. The total in this account was approximately \$1,357,000 at June 30, 2010.

The EFC 2008 Series IPR Bonds are not an obligation of the School District; however, since EFC is blended with the operations of the School District, EFC's debt is included with the School District's other obligations as required by GAAP. The following is a summary of changes in the School District long-term obligations for the year ended June 30, 2010:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Debt:					
2006 IPRB *	\$ 17,720,000	-	485,000	17,235,000	\$ 510,000
2009 BAN	325,000	-	325,000	-	-
2009B GOB	-	2,065,000	1,320,000	745,000	285,000
2009 SCE Note Payable *	-	27,601	-	27,601	-
Total Debt:	18,045,000	2,092,601	2,130,000	18,007,601	795,000
Lease Purchase Financing:					
2007 Computer *	124,835	-	124,835	-	-
2008 Computer *	219,943	-	108,234	111,709	111,709
Total Lease Purchase	344,778	-	233,069	111,709	111,709
Premium on IPRBs	70,133	-	3,249	66,884	-
Total Governmental Activities	\$ 18,459,911	2,092,601	2,366,318	18,186,194	\$ 906,709

\* This debt is not subject to the 8% debt limitation.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**G. Long-Term Obligations (Continued)**

General Fund resources typically have been used in prior years to liquidate the lease purchase obligations. The Debt Service Funds have primarily been used to service all other long-term obligations.

The governmental activities annual debt service requirements to maturity for its outstanding bonds and lease purchase obligations are as follows:

Year Ending June 30	Bonds		Lease Purchase		Total
	Principal	Interest	Principal	Interest	
2011	\$ 795,000	799,124	111,709	3,586	\$ 1,709,419
2012	833,800	770,611	-	-	1,604,411
2013	623,801	738,949	-	-	1,362,750
2014	640,000	709,129	-	-	1,349,129
2015	670,000	680,984	-	-	1,350,984
2016-2020	3,455,000	2,991,511	-	-	6,446,511
2021-2025	4,300,000	2,145,341	-	-	6,445,341
2026-2030	5,430,000	1,018,300	-	-	6,448,300
2031	1,260,000	31,500	-	-	1,291,500
Total	<u>\$ 18,007,601</u>	<u>9,885,449</u>	<u>111,709</u>	<u>3,586</u>	<u>\$ 28,008,345</u>

Interest paid on the debt issued by the School District is exempt from federal income tax. The School District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The School District does not have a significant liability for arbitrage as of June 30, 2010.

The School District has authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the School District. The debt limitation does not apply to certain certificates of participation, debt approved through a district-wide referendum, and original or refunding debt for obligations issued on or before November 30, 1982. The School District's constitutional debt limit at June 30, 2010, was approximately \$4,406,000. The School District had \$745,000 outstanding debt against this limit.

**IV. OTHER INFORMATION**

**A. South Carolina Retirement System Retirement Plans**

The School District participates in a retirement plan under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers substantially all of the School District's full-time employees. The plan, the South Carolina Retirement System ("SCRS"), is a cost-sharing multiple employer defined benefit pension system that benefits employees of public schools, the State, and its political subdivisions, and is administered by the Retirement Division of the State Budget and Control Board of South Carolina. Only the State of South Carolina has the authority to establish and amend benefits and funding policy. Membership is required as a condition of employment and both employees and employers must contribute the required amount. A Comprehensive Annual Financial Report containing basic financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. South Carolina Retirement System Retirement Plans (Continued)**

Benefits vest after five years of service, and vested members who retire at age sixty-five or with twenty eight years of service at any age, receive an annual benefit, payable monthly for life. The benefit is based on the length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Reduced benefits are payable as early as age sixty.

The employee required contribution rates to the SCRS plan was 6.50% of covered salary for the years ended June 30, 2010, 2009, and 2008, respectively. The employer required contribution rate to the SCRS plan was 9.24%, 9.24%, and 9.06% for the year ended June 30, 2010, 2009, and 2008, respectively. Because the contribution rates to the SCRS are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the plan for all years presented.

The State of South Carolina also provides an optional retirement plan ("State ORP"). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits for certain administrative positions which allows them to participate. As an alternative to the South Carolina Retirement System, employees eligible for the State ORP may choose between the State ORP plan or the SCRS plan.

Employee required contribution rates to the State ORP was 6.50% of covered salary for the years ended June 30, 2010, 2009, and 2008, respectively. The employer required contribution rates are 4.24%, 4.24%, and 4.06% for the years ended June 30, 2010, 2009, and 2008. An additional 5% is also remitted to the employees' authorized investment providers. The actual contribution rate and amount are 100% of the required contribution rate and amount for the State ORP for all years presented.

In addition to the above rates, participating employers have contributed (a) .15% of payroll for the SCRS and State ORP to provide a group life insurance benefit for their participants (for the current and preceding two years) and (b) 3.50%, 3.50%, and 3.42% surcharge on payroll for retiree health and dental insurance and group life insurance benefit for their active participants for the years ended June 30, 2010, 2009, and 2008, respectively. All employers contribute at the actuarially required contribution rates.

The School District had total wages of approximately \$17,872,000, \$18,142,000, and \$17,870,000 for the years ended June 30, 2010, 2009, and 2008, respectively. The following is a summary of the School District's member wages and employee and employer contributions for the retirement plans:

Year Ended June 30th	Member Wages	Employee Contributions	Employer Contributions	Total Contributions
<b><u>SCRS</u></b>				
2010	\$ 17,011,846	1,105,770	2,167,309	\$ 3,273,079
2009	17,131,708	1,069,260	2,208,277	3,277,537
2008	\$ 17,044,088	1,036,454	2,152,668	\$ 3,189,122
<b><u>State ORP</u></b>				
2010	\$ 677,240	44,021	53,434	\$ 97,455
2009	655,172	42,586	32,758	75,344
2008	\$ 424,563	27,597	32,394	\$ 59,991

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Post-Employment Health Care Benefits**

In addition to the pension benefits, and in accordance with provisions of the State Appropriations Act, an employer contribution surcharge (3.50%, 3.50% and 3.42% for 2010, 2009, and 2008, respectively) percent of covered payroll was added to State and Public School entities covered by the State Health Insurance Program. This assessment is for the purpose of providing retiree health insurance coverage on a pay-as-you-go basis, and is remitted to the Division of Insurance Services. No additional employee contributions are required. The annual contribution rate is determined based on a state-wide estimate of annual premiums and covered payroll. The expenditure recognized by the employer for the year ended June 30, 2010 was approximately \$619,000.

All postretirement benefits paid to the School District's retired members are made from the SCRS and from South Carolina's General Fund (Health Care). The School District has no liability beyond the payment of monthly contributions.

**C. Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District continues to carry commercial insurance for property and casualty insurance. There has been no reduction in insurance coverage as compared to the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**D. Grants**

The School District participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits of major program requirements under the Office of Management and Budgets' Circular A-133 *Audits of States, Local Governments, and Non-profit Organizations*. Any disallowed claims, including amounts already collected, could become a liability of the School District. However, the School District expects such amounts, if any, to be immaterial.

**E. Fund Balance Reservations/Designations**

In the fund financial statements, the School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Designations of fund equity represent tentative management plans that are subject to change. The School District has reserved/designated a portion of fund balance at June 30, 2010 as follows:

<u>Reservation/Designation</u>	<u>Fund</u>		<u>Amount</u>
Reserved for Prepaid Items	General Fund	\$	12,734
Reserved for Special Programs	Special Revenue		242,987
Reserved for Food Service	Special Revenue - Food Service		166,223
Reserved for Debt Service	Debt Service		540,917
Reserved for Debt Service	Debt Service - EFC		936,336
Reserved for Capital Projects	Capital Projects - EFC		418,038
Designation for Capital Projects	Capital Projects	\$	232,902

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**F. Related Organization**

The School District remits a tuition payment to the DMTC to cover the educational costs of the School District's students attending the Center. This tuition payment is calculated using the Education Financial Act formula. For the year ended June 30, 2010, approximately \$218,000 was recorded as General Fund expenditures for Career & Technical Education Tuition paid to the DMTC. In addition at June 30, 2010, there was approximately \$465,000 due to the DMTC and approximately \$549,000 due from the DMTC. The School District serves as the fiscal agent for the DMTC. The School District pays the DMTC's bills and, in turn, is reimbursed from the DMTC in the form of state and local revenue that the DMTC receives.

**G. Concentration of Property Tax Revenue Risk**

The School District received over 60% of its local property tax revenue in 2010 from R.R. Donnelley & Sons, a catalog printing and binding firm; Invista SARL, a polymer & resin firm; Duke Energy, a utility company; BASF, a surfactants manufacturer; and Johns Manville, a producer of engineered products.

**H. Other Matters**

**State Budget Cuts**

As of October 2010, there has been no mention of mid-year budget cuts from the State of South Carolina due to sales tax and other sources of state revenues either meeting or exceeding budgetary projections. Due to the ongoing economic uncertainties, in the State and National economies, however, midyear budget cuts remain a possibility. Any reductions will test the School District's financial position, but management is confident that through expenditure control, line item sequestration, and budget amendments, the School District's overall operations and financial position will not be compromised.

**I. Subsequent Events**

**Millage Increase**

The Board of Trustees approved a 3.6 mill increase (increased to 37.1 mills from 33.5 mills) for the next property tax year for debt service.

**Issuances of Debt**

In September 2010, the School District had one debt issuance for \$1,200,000 at a 4.75% coupon rate, reimbursable as Qualified School Construction Bonds, for a net effective rate of -0.227%. This debt issuance is due in 10 equal installments of \$120,000 from March 2011 through March 2020.

Also in September 2010, the School District had two debt issuances for \$515,000 with a net effective rate of 0.453% net interest cost and \$1,215,000 with a net effective rate of 0.28%. These debt issuances are due in March 2011. These were issued for the payments of the installment debt and for capital maintenance items.

In July 2010, the School District entered into a tax anticipation note ("TAN") for approximately \$3,502,000 at a net effective rate of .36% due in April 2011

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule A-1**

**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL**

**YEAR ENDED JUNE 30, 2010**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 10,219,002	10,219,002	10,105,802	\$ (113,200)
Investment Earnings	75,000	75,000	1,706	(73,294)
Other Local Sources	-	-	192,396	192,396
State Sources	13,675,146	13,675,146	12,194,313	(1,480,833)
<b>TOTAL REVENUE ALL SOURCES</b>	<b>23,969,148</b>	<b>23,969,148</b>	<b>22,494,217</b>	<b>(1,474,931)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	13,419,113	13,419,113	12,431,157	987,956
Support Services	10,278,192	10,278,192	9,523,202	754,990
Intergovernmental	50,000	50,000	102,834	(52,834)
Capital Outlay	96,081	96,081	82,354	13,727
Debt Service:				
Principal Retirement	416,300	416,300	233,069	183,231
Interest and Fiscal Charges	27,389	27,389	20,205	7,184
<b>TOTAL EXPENDITURES</b>	<b>24,287,075</b>	<b>24,287,075</b>	<b>22,392,821</b>	<b>1,894,254</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(317,927)</b>	<b>(317,927)</b>	<b>101,396</b>	<b>419,323</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	413,166	413,166	414,941	1,775
Transfers Out	(95,239)	(95,239)	(224,558)	(129,319)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>317,927</b>	<b>317,927</b>	<b>190,383</b>	<b>(127,544)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>291,779</b>	<b>291,779</b>
FUND BALANCES, Beginning of Year	2,918,703	2,918,703	2,918,703	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 2,918,703</b>	<b>2,918,703</b>	<b>3,210,482</b>	<b>\$ 291,779</b>

**Note to the Required Supplementary Information:**

The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule A-2**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2010**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 9,069,002	8,738,557	\$ (330,445)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,150,000	1,367,245	217,245
1300 Tuition:			
1310 From Patrons for Regular Day School	-	4,490	4,490
1500 Earnings on Investments:			
1510 Interest on Investments	75,000	1,706	(73,294)
1900 Other Revenue from Local Sources:			
1930 Medicaid	-	45,460	45,460
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	15,410	15,410
1994 Receipt of Legal Settlements	-	1,000	1,000
1999 Revenue from Other Local Sources	-	126,036	126,036
Total Revenue from Local Sources	<u>10,294,002</u>	<u>10,299,904</u>	<u>5,902</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	11,578	11,578
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	140,815	180,269	39,454
3162 Transportation Workers' Compensation	-	13,952	13,952
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	2,362,872	2,365,887	3,015
3181 Retiree Insurance (No Carryover Provision)	375,737	397,021	21,284
3199 Other Restricted State Grants	-	16,176	16,176
3200 Unrestricted Grants:			
3250 Medicaid Match Reimbursement	-	4,732	4,732
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	422,792	317,833	(104,959)
3312 Primary	1,205,512	869,426	(336,086)
3313 Elementary	1,785,708	1,398,420	(387,288)
3314 High School	950,305	621,364	(328,941)
3315 Trainable Mentally Handicapped	30,432	23,831	(6,601)
3316 Speech Handicapped (Part-Time Program)	567,369	380,857	(186,512)
3317 Homebound	\$ 26,041	16,896	\$ (9,145)

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule A-2**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2010**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 110,316	97,514	\$ (12,802)
3322 Educable Mentally Handicapped	41,239	40,677	(562)
3323 Learning Disabilities	842,591	676,945	(165,646)
3324 Hearing Handicapped	28,754	21,155	(7,599)
3325 Visually Handicapped	6,661	7,358	697
3326 Orthopedically Handicapped	22,862	23,334	472
3327 Vocational	954,230	765,460	(188,770)
3330 Other EFA Programs:			
3331 Autism	17,971	22,590	4,619
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	1,091,770	1,091,770	-
3820 Homestead Exemption (Tier 2)	563,968	563,432	(536)
3825 Reimbursement for Property Tax Relief (Tier 3)	1,550,201	1,564,118	13,917
3827 \$2.5 Million Bonus	-	-	-
3830 Merchant's Inventory Tax	52,000	52,231	231
3840 Manufacturers Depreciation Reimbursement	490,000	620,132	130,132
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	35,000	29,355	(5,645)
Total Revenue from State Sources	13,675,146	12,194,313	(1,480,833)
<b>TOTAL REVENUE ALL SOURCES</b>	<b>23,969,148</b>	<b>22,494,217</b>	<b>(1,474,931)</b>
<b>EXPENDITURES</b>			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	672,628	606,421	66,207
200 Employee Benefits	239,901	184,399	55,502
400 Supplies and Materials	9,336	7,498	1,838
112 Primary Programs:			
100 Salaries	2,265,079	2,194,839	70,240
140 Terminal Leave	-	2,801	(2,801)
200 Employee Benefits	716,859	672,844	44,015
300 Purchased Services	1,613	1,613	-
400 Supplies and Materials	26,515	24,600	1,915
600 Other Objects	2,800	2,800	-
113 Elementary Programs:			
100 Salaries	3,444,675	3,097,508	347,167
200 Employee Benefits	1,079,702	944,314	135,388
300 Purchased Services	6,740	8,080	(1,340)
400 Supplies and Materials	106,790	85,553	21,237
600 Other Objects	\$ 1,400	1,400	\$ -

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule A-2**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2010**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
114 High School Programs:			
100 Salaries	\$ 2,293,525	2,203,905	\$ 89,620
200 Employee Benefits	692,755	626,707	66,048
300 Purchased Services	20,075	23,199	(3,124)
400 Supplies and Materials	71,575	54,246	17,329
600 Other Objects	700	700	-
115 Career and Technology Education Program:			
100 Salaries	44,334	47,534	(3,200)
200 Employee Benefits	16,134	15,857	277
300 Purchased Services - Other Than Tuition	233,720	218,175	15,545
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	116,914	95,942	20,972
200 Employee Benefits	38,459	29,391	9,068
400 Supplies and Materials	4,000	3,999	1
600 Other Objects	300	-	300
122 Trainable Mentally Handicapped:			
100 Salaries	75,570	-	75,570
200 Employee Benefits	22,794	(1)	22,795
123 Orthopedically Handicapped:			
100 Salaries	4,619	1,836	2,783
200 Employee Benefits	981	390	591
126 Speech Handicapped:			
100 Salaries	127,290	92,289	35,001
200 Employee Benefits	43,204	30,852	12,352
300 Purchased Services	-	45,455	(45,455)
400 Supplies and Materials	2,500	1,667	833
127 Learning Disabilities:			
100 Salaries	601,845	593,995	7,850
200 Employee Benefits	185,527	178,098	7,429
400 Supplies and Materials	4,000	3,964	36
128 Emotionally Handicapped:			
100 Salaries	88,039	88,079	(40)
200 Employee Benefits	33,310	30,590	2,720
400 Supplies and Materials	2,500	2,333	167
130 Pre-School Programs:			
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	350	-	350
139 Early Childhood Programs:			
100 Salaries	200	76,938	(76,738)
200 Employee Benefits	-	17,909	(17,909)
300 Purchased Services	600	662	(62)
400 Supplies and Materials	\$ -	123	\$ (123)

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule A-2**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2010**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
140 Special Programs:			
141 Gifted and Talented - Academic:			
200 Employee Benefits	\$ 3,705	-	\$ 3,705
400 Supplies and Materials	6,000	5,862	138
145 Homebound:			
100 Salaries	25,000	30,069	(5,069)
200 Employee Benefits	5,330	6,292	(962)
300 Purchased Services	3,000	3,456	(456)
149 Other Special Programs:			
100 Salaries	45,077	37,963	7,114
200 Employee Benefits	9,610	6,237	3,373
190 Instructional Pupil Activity:			
100 Salaries	17,750	18,000	(250)
200 Employee Benefits	3,783	3,774	9
Total Instruction	<u>13,419,113</u>	<u>12,431,157</u>	<u>987,956</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	450	-	450
200 Employee Benefits	96	-	96
400 Supplies and Materials	500	1,049	(549)
212 Guidance Services:			
100 Salaries	536,098	539,077	(2,979)
200 Employee Benefits	160,011	155,847	4,164
300 Purchased Services	788	794	(6)
400 Supplies and Materials	9,591	7,017	2,574
213 Health Services:			
100 Salaries	172,598	174,998	(2,400)
200 Employee Benefits	51,714	56,554	(4,840)
300 Purchased Services	6,037	5,971	66
400 Supplies and Materials	8,226	7,109	1,117
500 Capital Outlay	797	774	23
214 Psychological Services:			
100 Salaries	50,816	86,930	(36,114)
200 Employee Benefits	15,015	23,933	(8,918)
300 Purchased Services	4,700	4,748	(48)
400 Supplies and Materials	1,300	1,151	149
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	369,188	358,563	10,625
200 Employee Benefits	115,262	106,383	8,879
300 Purchased Services	4,200	5,194	(994)
400 Supplies and Materials	26,794	18,882	7,912
600 Other Objects	\$ 7,000	6,447	\$ 553

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule A-2**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2010**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
222 Library and Media Services:			
100 Salaries	\$ 467,250	368,466	\$ 98,784
200 Employee Benefits	149,738	99,759	49,979
300 Purchased Services	8,511	8,029	482
400 Supplies and Materials	89,899	87,250	2,649
500 Capital Outlay	11,284	11,106	178
223 Supervision of Special Programs:			
100 Salaries	120,651	141,824	(21,173)
200 Employee Benefits	29,411	36,698	(7,287)
300 Purchased Services	1,860	1,110	750
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	1,000	6,996	(5,996)
200 Employee Benefits	84	-	84
300 Purchased Services	29,716	8,856	20,860
400 Supplies and Materials	16,500	1,846	14,654
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	43,475	41,850	1,625
318 Audit Services	39,700	39,700	-
400 Supplies and Materials	4,000	3,016	984
600 Other Objects	25,000	19,806	5,194
232 Office of Superintendent:			
100 Salaries	203,137	193,096	10,041
200 Employee Benefits	82,577	76,830	5,747
300 Purchased Services	6,900	2,704	4,196
400 Supplies and Materials	3,600	1,095	2,505
600 Other Objects	3,000	2,854	146
233 School Administration:			
100 Salaries	1,346,534	1,323,235	23,299
200 Employee Benefits	408,952	389,221	19,731
300 Purchased Services	96,744	56,968	39,776
400 Supplies and Materials	29,659	27,303	2,356
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	345,698	313,402	32,296
200 Employee Benefits	152,472	180,106	(27,634)
300 Purchased Services	90,760	66,276	24,484
400 Supplies and Materials	11,000	7,541	3,459
500 Capital Outlay	2,000	-	2,000
600 Other Objects	\$ 49,373	2,615	\$ 46,758

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule A-2**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2010**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 1,230,798	1,089,770	\$ 141,028
200 Employee Benefits	410,630	376,585	34,045
300 Purchased Services	593,550	602,344	(8,794)
400 Supplies and Materials	896,500	823,561	72,939
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	80,000	86,491	(6,491)
500 Capital Outlay	14,000	16,060	(2,060)
255 Student Transportation (State Mandated):			
100 Salaries	663,530	617,511	46,019
140 Terminal Leave	-	6,038	(6,038)
200 Employee Benefits	263,810	213,435	50,375
300 Purchased Services	28,432	23,849	4,583
400 Supplies and Materials	8,000	56,311	(48,311)
256 Food Service:			
200 Employee Benefits	11,925	10,563	1,362
257 Internal Services:			
300 Purchased Services	5,000	5,168	(168)
400 Supplies and Materials	1,000	1,244	(244)
258 Security:			
100 Salaries	-	1,937	(1,937)
200 Employee Benefits	-	412	(412)
300 Purchased Services	60,810	97,330	(36,520)
400 Supplies and Materials	2,590	2,715	(125)
260 Central Support Services:			
263 Information Services:			
100 Salaries	12,593	10,721	1,872
200 Employee Benefits	2,685	2,282	403
300 Purchased Services	4,000	11,799	(7,799)
400 Supplies and Materials	15,000	13,022	1,978
264 Staff Services:			
100 Salaries	44,796	42,999	1,797
200 Employee Benefits	16,233	15,250	983
300 Purchased Services	5,000	2,658	2,342
400 Supplies and Materials	-	117	(117)
266 Technology and Data Processing Services:			
100 Salaries	58,022	48,200	9,822
200 Employee Benefits	12,489	11,716	773
300 Purchased Services	159,100	18,638	140,462
400 Supplies and Materials	24,400	7,321	17,079
500 Capital Outlay	\$ 68,000	54,414	\$ 13,586

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule A-2**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
FINAL BUDGET AND ACTUAL**

**YEAR ENDED JUNE 30, 2010**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	\$ 199,441	188,844	\$ 10,597
200 Employee Benefits (Optional)	40,751	37,361	3,390
300 Purchased Services (Optional)	14,222	12,678	1,544
600 Other Objects (Optional)	15,300	15,233	67
Total Support Services	<u>10,374,273</u>	<u>9,605,556</u>	<u>768,717</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	50,000	102,834	(52,834)
Total Intergovernmental Expenditures	<u>50,000</u>	<u>102,834</u>	<u>(52,834)</u>
500 Debt Service:			
610 Redemption of Principal	416,300	233,069	183,231
620 Interest	27,389	20,205	7,184
Total Debt Service	<u>443,689</u>	<u>253,274</u>	<u>190,415</u>
<b>TOTAL EXPENDITURES</b>	<b><u>24,287,075</u></b>	<b><u>22,392,821</u></b>	<b><u>1,894,254</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	413,166	400,319	(12,847)
5280 Transfer from Other Funds Indirect Costs	-	14,622	14,622
421-710 Transfer to Special Revenue Fund	-	(104,171)	(104,171)
426-710 Transfer to Pupil Activity Fund	(95,239)	(120,387)	(25,148)
TOTAL OTHER FINANCING SOURCES (USES)	<u>317,927</u>	<u>190,383</u>	<u>(127,544)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>291,779</b>	<b>291,779</b>
FUND BALANCES, Beginning of Year	<u>2,918,703</u>	<u>2,918,703</u>	<u>-</u>
<b>FUND BALANCES, End of Year</b>	<b><u>\$ 2,918,703</u></b>	<b><u>3,210,482</u></b>	<b><u>\$ 291,779</u></b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2010**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
<b>REVENUES</b>		
1000 Revenue from Local Sources:		
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	\$ -	-
1930 Medicaid	-	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	-	-
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3116 EEDA Miscellaneous	-	-
3117 EEDA Middle and High School Career Awareness	-	-
3118 EEDA Career Specialist	-	-
3120 General Education:		
3125 Career and Technology Education Equipment	-	-
3126 Refurbishment of K-8 Science Kits	-	-
3127 Student Health and Fitness - PE Teachers	-	-
3128 High Schools That Work/Making Middle Grades Work	-	-
3130 Special Programs:		
3136 Student Health and Fitness - Nurses	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement (Carryover Provision)	-	-
3610 K-5 Enhancement (Carryover Provision)	-	-
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	-	-
Total Revenue from State Sources	-	-
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	566,296	-
4315 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs (C	-	-
4331 Enhancing Education through Technology (E2T2), Title II (Carryover Provision)	-	-
4333 Enhancing Education through Technology (E2T2), Title II (ARRA) (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4350 State Fiscal Stabilization Fund (ARRA)	-	-
4351 Improving Teacher Quality (Carryover Provision)	\$ -	-

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	870	\$ 870
-	-	-	-	195,271	195,271
-	-	-	-	162,407	162,407
-	-	-	-	358,548	358,548
-	-	-	10,689	-	10,689
-	-	-	1,702	-	1,702
-	-	-	122,243	-	122,243
-	-	-	17,375	-	17,375
-	-	-	13,645	-	13,645
-	-	-	30,366	-	30,366
-	-	-	12,742	-	12,742
-	-	-	121,484	-	121,484
-	-	-	344	-	344
-	-	-	3,359	-	3,359
-	-	-	114,449	-	114,449
-	-	-	2,650	-	2,650
-	-	-	451,048	-	451,048
-	36,916	-	-	-	36,916
-	-	-	-	-	566,296
-	-	-	-	189,022	189,022
-	-	-	-	6,150	6,150
-	-	-	-	40,000	40,000
-	-	-	-	15,370	15,370
-	-	-	-	855,162	855,162
-	-	-	-	127,347	\$ 127,347

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2010**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	\$ -	674,614
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4540 IDEA (ARRA 611)	-	-
4550 IDEA Preschool (ARRA 619)	-	-
4900 Other Federal Sources:		
4920 Drug and Violence Prevention Program (Title IV, 21st Century Schools)	-	-
4930 Workforce Investment Act	-	-
4998 After School Day Care	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>566,296</u>	<u>674,614</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>566,296</u></b>	<b><u>674,614</u></b>
<b>EXPENDITURES</b>		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
112 Primary Programs:		
100 Salaries	221,186	-
200 Employee Benefits	66,112	-
300 Purchased Services	7,901	-
400 Supplies and Materials	53,868	-
500 Capital Outlay	-	-
113 Elementary Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	\$ 674,614
32,856	-	-	-	-	32,856
-	-	-	-	350,795	350,795
-	-	-	-	15,342	15,342
-	-	5,600	-	-	5,600
-	-	-	-	203,512	203,512
-	-	-	-	30,680	30,680
-	-	-	-	129,320	129,320
32,856	36,916	5,600	-	1,962,700	3,278,982
32,856	36,916	5,600	451,048	2,321,248	4,088,578
-	-	-	23,211	50,226	73,437
-	-	-	7,155	36,740	43,895
-	-	-	-	168,808	389,994
-	-	-	-	66,411	132,523
-	-	-	1,845	-	9,746
-	-	-	-	1,299	55,167
-	-	-	32,096	-	32,096
-	-	-	378	107,665	108,043
-	-	-	61	36,866	36,927
-	-	-	18,634	4,555	23,189
-	-	-	-	27,214	27,214
-	-	-	-	40,000	40,000
-	-	-	425	100,639	101,064
-	-	-	88	18,392	18,480
-	-	-	1,650	29,886	31,536
-	-	-	8,871	51,506	60,377
-	-	-	9,403	-	9,403
-	26,640	-	-	-	26,640
-	7,540	-	-	-	7,540
-	-	-	7,971	-	\$ 7,971

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2010**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	\$ -	74,318
200 Employee Benefits	-	26,167
400 Supplies and Materials	-	242
123 Orthopedically Handicapped:		
100 Salaries	-	-
200 Employee Benefits	-	-
126 Speech Handicapped:		
100 Salaries	-	60,740
200 Employee Benefits	-	20,030
300 Purchased Services	-	1,344
400 Supplies and Materials	-	35
600 Other Objects	-	620
127 Learning Disabilities:		
100 Salaries	-	166,533
200 Employee Benefits	-	53,625
400 Supplies and Materials	-	625
128 Emotionally Handicapped:		
100 Salaries	-	26,973
200 Employee Benefits	-	13,075
130 Pre-School Programs:		
133 Pre-School Handicapped Self-Contained (5-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
135 Pre-School Handicapped Speech (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
139 Early Childhood Programs:		
100 Salaries	104,113	-
200 Employee Benefits	33,114	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	1,573
200 Employee Benefits	-	334
180 Adult/Continuing Educational Programs:		
188 Parenting/Family Literacy:		
300 Purchased Services	-	-
400 Supplies and Materials	7,503	-
Total Instruction	<u>\$ 493,797</u>	<u>446,234</u>

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	53,289	\$ 127,607
-	-	-	-	17,790	43,957
-	-	-	-	65	307
-	-	-	-	3,691	3,691
-	-	-	-	779	779
-	-	-	-	-	60,740
-	-	-	-	-	20,030
-	-	-	-	-	1,344
-	-	-	-	-	35
-	-	-	-	-	620
-	-	-	-	214,800	381,333
-	-	-	-	58,954	112,579
-	-	-	-	-	625
-	-	-	-	1,231	28,204
-	-	-	-	260	13,335
25,508	-	-	-	11,176	36,684
6,716	-	-	-	4,166	10,882
632	-	-	-	-	632
-	-	-	-	67,001	67,001
-	-	-	-	15,859	15,859
-	-	-	-	2,020	2,020
-	-	-	-	1,016	1,016
-	-	-	-	-	104,113
-	-	-	-	-	33,114
-	-	-	-	-	1,573
-	-	-	-	-	334
-	-	-	4,204	-	4,204
-	-	-	-	-	7,503
32,856	34,180	-	115,992	1,192,304	\$ 2,315,363

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2010**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
300 Purchased Services	\$ -	-
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	119
200 Employee Benefits	-	25
300 Purchased Services	-	6,384
214 Psychological Services:		
100 Salaries	-	86,726
200 Employee Benefits	-	24,300
300 Purchased Services	-	3,431
400 Supplies and Materials	-	156
215 Exceptional Program Services:		
300 Purchased Services	-	220
217 Career Specialists Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
600 Other Objects	-	-
222 Library and Media:		
100 Salaries	-	-
200 Employee Benefits	-	-
223 Supervision of Special Programs:		
100 Salaries	45,275	80,388
200 Employee Benefits	10,172	22,581
300 Purchased Services	-	1,465
400 Supplies and Materials	118	-
600 Other Objects	-	179
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	700
200 Employee Benefits	-	58
300 Purchased Services	2,312	1,648
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	585	4,832	-	-	\$ 5,417
-	-	768	1,700	-	2,468
-	-	-	108,148	7,781	116,048
-	-	-	32,662	3,035	35,722
-	-	-	-	-	6,384
-	-	-	-	-	86,726
-	-	-	-	-	24,300
-	-	-	-	335	3,766
-	-	-	-	-	156
-	-	-	-	-	220
-	-	-	96,619	-	96,619
-	-	-	25,624	-	25,624
-	-	-	40,000	142,722	182,722
-	-	-	-	46,300	46,300
-	-	-	-	7,113	7,113
-	-	-	5,088	32,942	38,030
-	-	-	-	5,000	5,000
-	-	-	-	97,896	97,896
-	-	-	-	46,529	46,529
-	-	-	-	116,392	242,055
-	-	-	-	28,522	61,275
-	-	-	-	8	1,473
-	-	-	-	-	118
-	-	-	-	-	179
-	-	-	20,000	-	20,700
-	-	-	7,814	-	7,872
-	2,151	-	14,161	2,640	22,912
-	-	-	2,530	-	\$ 2,530

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2010**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
230 General Administration Services:		
232 Office of the Superintendent:		
300 Purchased Services	\$ -	-
400 Supplies and Materials	-	-
600 Other Objects	-	-
233 School Administration:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
250 Finance and Operations Services:		
252 Fiscal Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
253 Facilities Acquisition and Construction:		
500 Capital Outlay:		
520 Construction Services	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
257 Internal Services:		
300 Purchased Services	-	-
260 Central Support Services:		
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
400 Supplies and Materials (Optional)	-	-
600 Other Objects (Optional)	-	-
Total Support Services	<u>57,877</u>	<u>228,380</u>
300 Community Services:		
350 Custody and Care of Children:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
Total Community Services	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 551,674</b>	<b>674,614</b>

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	792	\$ 792
-	-	-	-	16,586	16,586
-	-	-	-	1,961	1,961
-	-	-	-	64,188	64,188
-	-	-	-	14,563	14,563
-	-	-	-	34,912	34,912
-	-	-	-	1,771	1,771
-	-	-	-	118	118
-	-	-	-	110,404	110,404
-	-	-	-	11,135	11,135
-	-	-	-	1,877	1,877
-	-	-	-	12,970	12,970
-	-	-	-	24,917	24,917
-	-	-	-	131,156	131,156
-	-	-	-	4,785	4,785
-	-	-	-	14,861	14,861
-	-	-	-	1,199	1,199
-	-	-	-	960	960
-	2,736	5,600	354,346	986,370	1,635,309
-	-	-	-	104,746	104,746
-	-	-	-	28,179	28,179
-	-	-	-	216	216
-	-	-	-	24,361	24,361
-	-	-	-	157,502	157,502
32,856	36,916	5,600	470,338	2,336,176	\$ 4,108,174

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2010**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
5999 Other Financing Sources	\$ -	-
Interfund Transfers, From (To) Other Funds:		
5210 Transfer from General Fund (Exclude Indirect Costs)	-	-
5220 Transfer from Special Revenue Fund (Exclude Indirect Costs)	-	-
5230 Transfer from Special Revenue EIA Fund	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(14,622)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(14,622)</b>	<b>-</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, Beginning of Year</b>	<b>-</b>	<b>926</b>
<b>FUND BALANCES, End of Year</b>	<b>\$ -</b>	<b>926</b>

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>Occupational Education (VA Projects) (207)</b>	<b>Drug Free (FP/FQ Projects) (209)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	27,601	\$ 27,601
-	-	-	-	45,318	45,318
-	-	-	-	58,853	58,853
-	-	-	19,325	-	19,325
-	-	-	-	-	(14,622)
-	-	-	19,325	131,772	136,475
-	-	-	35	116,844	116,879
-	-	-	-	125,182	126,108
-	-	-	35	242,026	\$ 242,987

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule B-2**

**SPECIAL REVENUE FUND**

**SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES**

**YEAR ENDED JUNE 30, 2010**

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**OTHER DESIGNATED  
RESTRICTED STATE GRANTS**

905	Career Technology Education Equipment
908	Refurbishment of K-8 Science Kits (No Carryover Provision)
916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
919	Education License Plates
926	EEDA Miscellaneous
927	EEDA Middle and High School Awareness
928	EEDA Career Specialists
933	Formative Assessment
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
938	High Schools That Work/Making Middle Grades Work
960	K-5 Enhancement (Carryover Provision)
967	6-8 Enhancement (Carryover Provision)

**OTHER SPECIAL REVENUE  
PROGRAMS**

204	Therapeutic Child Care
211	JROTC
215	IDEA (ARRA 611) (84.391A)
216	IDEA Preschool (ARRA 619) (84.392A)
220	After School Care
222	American Recovery and Reinvestment Act (ARRA), title I Basic State Grant (84.389) (Carryover Provision)
230	Workforce Investment Act
231	WIA - Summer Program
250	State Fiscal Stabilization Fund (ARRA) (84.394)
253	Enhancing Education Through Technology (E2T2), Title II (84.318) (Carryover Provision)
254	E2T2 ARRA Grant
264	Title III
267	Improving Teacher Quality (84.367A) (Carryover Provision)
273	SC Energy Grant
801	Medicaid Administration
804	21st Century Community Learning
808	Project Lead The Way
820	Medicare
851	Scholars Academy
852	Teen Lean Grant

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2010

SUBFUND	REVENUE CODE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS IN (OUT)	DEFERRED
905	3125	VOC ED Equipment	\$ 17,375	17,375	-	-	\$ 5,524
908	3126	Refurbishment of K-8 Science Kits (No Carryover Provision)	13,645	13,645	-	-	7
916	3991	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	2,650	2,615	-	-	7,118
919	3193	Education License Plates	344	344	-	-	-
926	3116	EEDA 9th Grade Awareness	10,689	10,689	-	-	3,311
927	3117	EEDA 8th Grade Awareness	1,702	1,702	-	-	-
928	3118	EEDA Career Specialists	122,243	122,243	-	-	-
933	3123	School Resource Officer	-	-	-	-	12,971
936	3136	Student Health and Fitness - Nurses	121,484	140,809	19,325	-	-
937	3127	Student Health and Fitness - PE Teachers	30,366	30,366	-	-	-
938	3128	High Schools That Work	12,742	12,742	-	-	1,735
960	3610	K-5 Enhancement	114,449	114,449	-	-	189,425
967	3607	6-8 Enhancement	3,359	3,359	-	-	4,483
<b>Totals</b>			<b>\$ 451,048</b>	<b>470,338</b>	<b>19,325</b>	<b>-</b>	<b>\$ 224,574</b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	\$ 75,209
3511 Professional Development	19,849
3525 Career and Technology Education Equipment	10,529
3530 Trainable & Profoundly Mentally Disabled Student Services	8,663
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	253,134
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	267,876
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	82,014
3542 Preschool Programs for Children with Disabilities	19,325
3544 High Achieving Students	112,666
3550 Teacher Salary Increase (No Carryover Provision)	400,319
3568 EAA Technical Assistance	54,575
3577 Teacher Supplies (No Carryover Provision)	58,850
3582 Principal Salary/Fringe Increase (No Carryover Provision)	9,584
3591 Excellence In Middle Schools	19,035
3592 Work-Based Learning	12,416
Total Revenue from State Sources	1,405,121
<b>TOTAL REVENUE ALL SOURCES</b>	<b>1,405,121</b>
<b>EXPENDITURES</b>	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	15,000
200 Employee Benefits	2,181
112 Primary Programs:	
100 Salaries	37,590
200 Employee Benefits	7,891
300 Purchased Services	5,615
400 Supplies and Materials	57,610
500 Capital Outlay	5,224
113 Elementary Programs:	
100 Salaries	53,605
200 Employee Benefits	10,633
400 Supplies and Materials	12,925
500 Capital Outlay	\$ 7,818

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
114 High School Programs:	
100 Salaries	\$ 88,348
200 Employee Benefits	23,737
300 Purchased Services	1,827
400 Supplies and Materials	17,120
500 Capital Outlay	9,210
115 Career and Technology Education Program:	
500 Capital Outlay	4,477
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	7,500
200 Employee Benefits	1,551
127 Learning Disabilities:	
100 Salaries	30,000
200 Employee Benefits	6,301
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	51,734
200 Employee Benefits	22,300
400 Supplies and Materials	7,980
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	76,621
200 Employee Benefits	20,158
148 Gifted and Talented - Artistic:	
400 Supplies and Materials	6,517
149 Other Special Programs:	
100 Salaries	16,714
200 Employee Benefits	5,337
170 Summer School Programs:	
171 Primary Summer School:	
100 Salaries	3,000
200 Employee Benefits	649
172 Elementary Summer School:	
100 Salaries	27,319
200 Employee Benefits	5,335
400 Supplies and Materials	812
173 High School Summer School:	
100 Salaries	27,438
200 Employee Benefits	\$ 5,916

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	\$ 38,267
200 Employee Benefits	7,700
180 Adult/Continuing Educational Programs:	
188 Parenting/Family Literacy:	
300 Purchased Services	992
Total Instruction	<u>730,952</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	2,751
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	66,935
200 Employee Benefits	17,049
400 Supplies and Materials	890
222 Library and Media:	
100 Salaries	15,000
200 Employee Benefits	3,165
400 Supplies and Materials	1,375
223 Supervision of Special Programs:	
100 Salaries	7,817
200 Employee Benefits	4,599
224 Improvement of Instruction - In-service and Staff Training:	
100 Salaries	7,500
200 Employee Benefits	1,568
300 Purchased Services	32,267
400 Supplies and Materials	5,252
230 General Administration Services:	
233 School Administration:	
100 Salaries	7,905
200 Employee Benefits	1,679
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	19,052
200 Employee Benefits	4,038
300 Purchased Services	3,363
258 Security:	
300 Purchased Services	\$ 19,035

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL PROGRAMS**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
100 Salaries	\$ 4,761
200 Employee Benefits	995
300 Purchased Services	7,080
Total Support Services	234,076
410 Intergovernmental Expenditures:	
412 Payments to Other Governmental Units	
720 Transits	20,449
Total Intergovernmental Expenditures	20,449
<b>TOTAL EXPENDITURES</b>	<b>985,477</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(400,319)
422-710 Transfer to EIA Fund	(19,325)
TOTAL OTHER FINANCING SOURCES (USES)	(419,644)
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>
FUND BALANCES, Beginning of Year	-
<b>FUND BALANCES, End of Year</b>	<b>\$ -</b>

SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
 GLENDALE, SOUTH CAROLINA

Schedule B-5

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2010

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3501 Increase High School Diploma Requirements	\$ 75,209	75,209	-	-	\$ -
3511 Professional Development	19,849	19,849	-	-	5,812
3525 Career and Technology Education Equipment	10,529	10,529	-	-	4,832
3530 Trainable & Profoundly Mentally Disabled Student Services	8,663	8,663	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover) Provision)	253,134	253,134	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3538 EAA Principal Leader (No Carryover Provision)	267,876	267,876	-	-	375,319
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Childre	82,014	82,014	-	-	-
3542 Preschool Programs for Children with Disabilities	19,325	-	-	(19,325)	-
3544 High Achieving Students	112,666	112,666	-	-	7,500
3550 Teacher Salary Increase (No Carryover Provision)	400,319	-	-	(400,319)	-
3558 Reading	-	-	-	-	17,735
3568 EAA Technical Assistance	54,575	54,575	-	-	6,087
3577 Teacher Supplies (No Carryover Provision)	58,850	58,850	-	-	-
3578 High Schools That Work	-	-	-	-	6,600
3582 Principal Salary/Fringe Increase (No Carryover Provision)	9,584	9,584	-	-	-
3591 Excellence In Middle Schools	19,035	19,035	-	-	-
3592 School-to-Work Transition Act	12,416	12,416	-	-	-
<b>Totals</b>	<b>\$ 1,405,121</b>	<b>985,477</b>	<b>-</b>	<b>(419,644)</b>	<b>\$ 423,885</b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule B-6**

**DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT**

**YEAR ENDED JUNE 30, 2010**

<b>Program</b>	<b>Project/Grant Number</b>	<b>Revenue &amp; Subfund Code</b>	<b>Description</b>	<b>Amount Due to State Department of Education or Federal Government</b>	<b>Status of Amount Due to Grantors</b>
None				\$ -	
<b>Total</b>				<u><u>\$ -</u></u>	

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule C-1**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 1,619,223
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	208,954
Total Revenue from Local Sources	<u>1,828,177</u>
 3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	101,851
3830 Merchant's Inventory Tax	13,379
3840 Manufacturers Depreciation Reimbursement	94,507
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	3,969
Total Revenue from State Sources	<u>213,706</u>
 <b>TOTAL REVENUE ALL SOURCES</b>	 <b><u>2,041,883</u></b>
 <b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	1,645,000
620 Interest	25,982
Total Debt Service	<u>1,670,982</u>
 <b>TOTAL EXPENDITURES</b>	 <b><u>1,670,982</u></b>
 <b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5250 Transfer from Capital Projects Fund	325,000
424-710 Transfer to Debt Service - EFC Fund	(490,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(165,000)</u>
 <b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	 <b>205,901</b>
 FUND BALANCE, Beginning of Year	 <u>335,016</u>
 FUND BALANCE, End of Year	 <u><u>\$ 540,917</u></u>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule C-2**

**DEBT SERVICE FUND - EFC**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 67,224
Total Revenue from Local Sources	<u>67,224</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>67,224</u></b>
<b>EXPENDITURES</b>	
500 Debt Service:	
395 Other Professional & Technical Services	4,000
610 Redemption of Principal	485,000
620 Interest	803,250
Total Debt Service	<u>1,292,250</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,292,250</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5250 Transfer from Capital Projects Fund	728,938
5275 Transfer from Debt Service Fund	490,000
424-710 Transfer to Capital Projects Fund	(212)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,218,726</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(6,300)</b>
FUND BALANCE, Beginning of Year	<u>942,636</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 936,336</u></b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule D-1**

**CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 248
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	17,693
Total Revenue from Local Sources	<u>17,941</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>17,941</u></b>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	49,955
400 Supplies and Materials	53,309
500 Capital Outlay:	
520 Construction Services	303,184
530 Improvements Other Than Buildings	42,096
540 Equipment	45,028
545 Technology, Equipment and Software	689,832
Total Support Services	<u>1,183,404</u>
500 Debt Service:	
690 Other Objects	25,911
Total Debt Service	<u>25,911</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,209,315</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
5110 Premium on Bonds Sold	14,850
5120 Proceeds of General Obligation Bonds	2,065,000
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service Fund	(1,053,938)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>1,025,912</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(165,462)</b>
FUND BALANCE, Beginning of Year	<u>398,364</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 232,902</u></b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule D-2**

**CAPITAL PROJECTS FUND - EFC**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2010**

	<b><u>ACTUAL</u></b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 969
Total Revenue from Local Sources	<u>969</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>969</u></b>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	84,979
400 Supplies and Materials	11,295
500 Capital Outlay:	
520 Construction Services:	3,505,851
Total Support Services	<u>3,602,125</u>
<b>TOTAL EXPENDITURES</b>	<b><u>3,602,125</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	212
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>212</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(3,600,944)</b>
<b>FUND BALANCE, Beginning of Year</b>	<u>4,018,982</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 418,038</u></b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule E-1**

**FOOD SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 292,032
1630 Special Sales to Pupils	79,419
1640 Lunch Sales to Adults	34,912
1660 Special Sales to Adults	8,645
	<hr/>
Total Revenue from Local Sources	415,008
	<hr/>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	2,114
	<hr/>
Total Revenue from State Sources	2,114
	<hr/>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	696,573
4830 School Breakfast Program	233,038
4870 School Food Service (Equipment)	18,415
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	116,429
	<hr/>
Total Revenue from Federal Sources	1,064,455
	<hr/>
<b>TOTAL REVENUE ALL SOURCES</b>	<b>1,481,577</b>
	<hr/>
<b>EXPENSES</b>	
256 Food Service:	
100 Salaries	22,282
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	1,218,940
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	100,937
500 Capital Outlay	25,949
600 Other Objects	2,474
	<hr/>
Total Food Services Expenses	1,370,582
	<hr/>
<b>TOTAL EXPENSES</b>	<b>1,370,582</b>
	<hr/>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>110,995</b>
	<hr/>
FUND NET ASSETS, Beginning of Year	55,228
	<hr/>
<b>FUND NET ASSETS, End of Year</b>	<b>\$ 166,223</b>
	<hr/>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule F-1**

**PUPIL ACTIVITY FUND**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO STUDENT ORGANIZATIONS**

**YEAR ENDED JUNE 30, 2010**

	<b>ACTUAL</b>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 119,304
1720 Bookstore Sales	18,355
1730 Pupil Organization Membership Dues and Fees	9,025
1740 Student Fees	105,816
1790 Other	582,659
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	13,025
1999 Revenue from Other Local Sources	7,272
Total Receipts from Local Sources	<u>855,456</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b><u>855,456</u></b>
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	11,710
200 Employee Benefits (Optional)	2,019
660 Pupil Activity	34,543
Total Instruction	<u>48,272</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	6,700
200 Employee Benefits (Optional)	1,334
300 Purchased Services (Optional)	77,241
400 Supplies and Materials (Optional)	105,770
660 Pupil Activity	671,273
Total Pupil Activity Expenditures	<u>862,318</u>
400 Intergovernmental Expenditures:	
412 Payments to Other Governmental Units	
720 Transits	9,873
Total Intergovernmental Expenditures	<u>9,873</u>
<b>TOTAL DISBURSEMENTS</b>	<b><u>\$ 920,463</u></b>

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**Schedule F-1**

**PUPIL ACTIVITY FUND**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO STUDENT ORGANIZATIONS**

**YEAR ENDED JUNE 30, 2010**

---

	<b>ACTUAL</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	\$ 120,387
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>120,387</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>55,380</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	72,124
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<b>\$ 127,504</b>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**LOCATION RECONCILIATION SCHEDULE**

**YEAR ENDED JUNE 30, 2010**

<b>Location ID</b>	<b>Location Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
01	Cannons Elementary	Elementary School	School	\$ 3,057,743
02	Clifdale Elementary	Elementary School	School	3,265,045
03	Cowpens Elementary	Elementary School	School	3,502,758
05	District Office	Non-School	Central	4,327,270
06	Pacolet Elementary	Elementary School	School	3,521,730
07	Cowpens Middle	Middle School	School	4,012,796
08	Middle School of Pacolet	Middle School	School	2,005,254
09	Broome High	High School	School	12,119,638
10	Broome High Athletics	High School	School	1,432
11	Special Education Center	Non-School	Central	232,774
14	Staff and Media Center	Non-School	Central	98,248
15	Superintendent and Board	Non-School	Central	345,754
16	Business Office	Non-School	Central	599,295
17	Maintenance Center	Non-School	Central	66,447
18	Transportation Center	Non-School	Central	37,562
19	District Special Projects	Non-School	Central	356,326
35	Daniel Morgan	High School	School	2,117
				<u><u>\$ 37,552,189</u></u>

The above expenditures are reconciled to the School District's basic financial statements as follows:

<b>Fund</b>	<b>Amount</b>
General Fund	\$ 22,392,821
Special Revenue Fund	4,108,174
Special Revenue - EIA Fund	985,477
Special Revenue - Food Service Fund	1,370,582
Debt Service Fund	1,670,982
Debt Service - EFC Fund	1,292,250
Capital Projects Fund	1,209,315
Capital Projects -EFC Fund	3,602,125
Pupil Activity Fund	920,463
	<u><u>\$ 37,552,189</u></u>

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2010**

<b>LEA Subfund Code</b>	<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b>US DEPARTMENT OF AGRICULTURE</b>				
Pass-through State Department of Education:				
600	National School Breakfast Program	10.553	N/A	\$ 233,038
600	National School Lunch Program - Cash Assistance	10.555	N/A	696,573
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	116,429
Total 10.553 & 10.555				<b>1,046,040</b>
601	ARRA - 2009 School Food Equipment Assistance	10.579	09-SE080	18,415
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>				<b>1,064,455</b>
<b>US DEPARTMENT OF EDUCATION</b>				
Pass-through State Department of Education:				
201	Title I Grants to LEA's	84.010	10-BA080	566,296
222	ARRA - Title I	84.389A	09-SA080	189,022
Total 84.010 & 84.389A				<b>755,318</b>
Individuals with Disabilities Education Act:				
203	IDEA	84.027A	10-CA080	674,614
205	Handicapped Preschool Grants	84.173A	10-CG-080	32,856
215	ARRA - IDEA 611	84.391A	09/10-SC080	350,795
216	ARRA - IDEA Preschool 619	84.392A	09/10-SG080	15,342
Total 84.027A, 84.173A, 84.391A & 84.392A				<b>1,073,607</b>
207	Occupational Education - WBL Activities	84.048	10VA080	36,916
209	Drug and Violence Prevention Programs	84.186	10-FQ080	5,600
250	ARRA - State Fiscal Stabilization Fund	84.394A	10-SF080	855,162
253	Enhancing Education Through Technology	84.318	10-ET080	6,150
254	ARRA - E2T2 Ed Tech Competitive Grant	84.386A	10-SS023-01	40,000
264	Language Instruction - Title III	84.365A	10-BP078	15,370
267	Improving Teacher Quality - Title II	84.367A	10-TQ080	127,347
852	Teen LEAD	84.215	10-FL080	1,997
<b>TOTAL US DEPARTMENT OF EDUCATION</b>				<b>2,917,467</b>
<b>US DEPARTMENT OF ENERGY</b>				
Pass-through South Carolina Energy Office:				
	ARRA - SCEO Energy Grant	81.041	S09-0034	110,404
<b>US DEPARTMENT OF LABOR</b>				
Pass-through Spartanburg County				
230	Workforce Investment Act Incentive Grant	17.259	9Y603S2-UWIB	\$ 203,512

(Continued)

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2010**

<b>LEA Subfund Code</b>	<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b><u>US DEPARTMENT OF DEFENSE</u></b>				
211	Direct Program: Air Force ROTC	12.000	N/A	<u>\$ 44,520</u>
<b><u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
220	Pass-through State Department of Education: Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	N/A	<u>30,680</u>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>				<b><u>\$ 4,371,038</u></b>

See accompanying notes to the schedule of expenditures of federal awards.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2010**

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**A – General**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Spartanburg County School District Three, South Carolina (the “School District”) for the year ended June 30, 2010. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

**B – Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the School District’s basic financial statements.

**C – Relationship to Basic Financial Statements**

Federal award expenditures are reported in the School District’s basic financial statements as expenditures or loans in the Special Revenue Fund and in the Special Revenue – Food Service Fund.

**D – Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

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

The Board of Trustees  
Spartanburg County School District Three  
Glendale, South Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spartanburg County School District Three, South Carolina (the "School District") as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 5, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

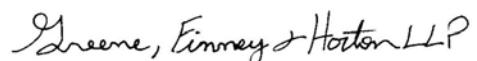
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's basic 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 basic 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*.

This report is intended solely for the information and use of management, the Board of Trustees, others within the School District, the South Carolina Department of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 5, 2010

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Trustees  
Spartanburg County School District Three  
Glendale, South Carolina

Compliance

We have audited Spartanburg County School District Three, South Carolina's (the "School District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2010. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2, and 2010-3.

Internal Control Over Compliance


Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-1, 2010-2, and 2010-3. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the School District, the South Carolina Department of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 5, 2010

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2010**

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There were no audit findings in the prior year.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2010**

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u> Yes	<u>    X    </u> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<u>          </u> Yes	<u>    X    </u> None Reported
Noncompliance material to financial statements noted?	<u>          </u> Yes	<u>    X    </u> No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?	<u>          </u> Yes	<u>    X    </u> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<u>    X    </u> Yes	<u>          </u> None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	<u>    X    </u> Yes	<u>          </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010, 84.389A	Title I Cluster, including ARRA program
84.027A, 84.173A, 84.391A, 84.392A	IDEA Cluster, including Handicapped Preschool and ARRA programs
84.394A	ARRA - State Fiscal Stabilization Fund
81.041	ARRA - SCEO Energy Grant

Dollar threshold used to distinguish between type A and type B programs	<u>                    300,000                    </u>
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Auditee qualified as low-risk auditee?	<u>    X    </u> Yes	<u>          </u> No
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**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2010**

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**Section II – Findings – 2010 Financial Statements Audit**

**NONE**

**Section III – Federal Awards Findings and Questioned Costs**

**Major Program**

**QUESTIONED COSTS**

**Federal Agency: US Department of Education**

**South Carolina Department of Education: Pass-Through Agency**

**Title I Cluster: CFDA # 84.010, Title 1; CFDA #84.389A, ARRA – Title 1**

**Pass-Through Grantor's Award Number and Year: 09/10-BA080, 08/09-SA080**

**IDEA Cluster: CFDA # 84.027A, IDEA; CFDA # 84.173A, Handicapped Preschool Grants; CFDA # 84.391A, ARRA – IDEA 611; and CFDA #84.392A, ARRA – IDEA Preschool 619**

**Pass-Through Grantor's Award Number and Year: 09/10-CA080, 09/10-CG080, 09/10-SC080, 09/10-SG080**

**2010-1: PROCUREMENT, SUSPENSION AND DEBARMENT - PURCHASE ORDERS**

**Condition:** We noted in our testing of procurement twelve instances involving Title I and IDEA transactions in which the District failed to comply with its procurement policy, as there was either no date noted on the purchase order or the expenditure was incurred prior to the purchase order date.

**\$ -0-**

**Criteria:** The District should follow its procurement policy for all purchases. The current procurement policy requires purchase orders prior to incurring any discretionary expenditure.

**Context:** We noted five transactions for a total of \$4,544 where the purchase order was prepared but not dated – and thus we were unable to determine if the purchase order was completed prior to the expenditure being incurred. We also noted seven transactions for a total of \$4,624 where the expenditure was incurred prior to the purchase order date.

**Effect:** There was no material financial effect to the District or its major programs as a result of the items noted.

**Cause:** Insufficient monitoring for the transactions as noted above.

**Recommendation:** We recommend that the District consider raising its purchase order threshold to a reasonable limit. We would also recommend that the purchase order monitoring efforts be improved, and that reminders be included in training sessions, to ensure that expenditures are not incurred prior to the issuance of purchase orders.

**Response:** The working paper that accompanies this finding indicates several very small amounts were involved, likely where the order was verbally authorized, placed, and received in the same day. In no instance was a payment processed without a purchase order. We have discussed raising the threshold of purchases requiring a purchase order, and will research an appropriate amount for possible implementation. The limit is currently ZERO.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2010**

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**Section III – Federal Awards Findings and Questioned Costs (Continued)**

**Major Program**

**QUESTIONED COSTS**

**Federal Agency: US Department of Education**

**South Carolina Department of Education: Pass-Through Agency**

**Title I Cluster: CFDA # 84.010, Title 1; CFDA #84.389A, ARRA – Title 1**

**Pass-Through Grantor's Award Number and Year: 09/10-BA080, 08/09-SA080**

**IDEA Cluster: CFDA # 84.027A, IDEA; CFDA # 84.173A, Handicapped Preschool Grants; CFDA # 84.391A, ARRA – IDEA 611; and CFDA #84.392A, ARRA – IDEA Preschool 619**

**Pass-Through Grantor's Award Number and Year: 09/10-CA080, 09/10-CG080, 09/10-SC080, 09/10-SG080**

**2010-2: ALLOWABLE COSTS – TIME AND REPORTING REQUIREMENTS**

**Condition:** The District was not fully complying with the South Carolina State Department of Education's ("SDE") requirements for support for federal salaries and wages for this program. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications. These certifications are to be prepared at least semi-annually and will be signed by the employee or the supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports. The District had reasonable supporting documentation for the payroll charged to IDEA and Title I programs, but was not complying with the formal certifications as required by the SDE.

**\$ -0-**

**Criteria, Context  
and Effect:**

The distribution of wages for the District's employees who had split time or different cost objectives or functions for the Title I and IDEA programs were not supported by either semi-annual certifications or monthly personnel activity reports, which was not in compliance with the SDE's time and reporting requirements.

**Cause:** The District was not fully aware of the SDE's requirements. We understand that continual changes were being made by the SDE, making it difficult for the District to keep up with the SDE's requirements.

**Recommendation:** We would encourage the District to implement procedures to ensure compliance with the SDE's requirements.

**Response:** Although this has been a requirement for all federal programs for several years according to the State Department of Education's Single Audit Guide, clarification on its application came out only this summer (2010, after the end of the fiscal year) and the vast majority of districts will have a finding in this area for this FY as a result. The District's federal fund managers have put a system in place to meet this requirement for FY 2011. It should also be noted that the District has been addressing this requirement for Title I funds for some time.

**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2010**

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**Section III – Federal Awards Findings and Questioned Costs (Continued)**

**Major Program**

**QUESTIONED COSTS**

**Federal Agency: US Department of Energy  
South Carolina Energy Office: Pass-Through Agency  
CFDA #81.041, ARRA – SCEO Energy Grant  
Pass-Through Grantor's Award Number and Year: S09-0034**

**2010-3: DAVIS-BACON ACT**

**Condition:** The District did not obtain copies of payroll from its contractors and subcontractors on a weekly basis for the Energy Grant project as required by the Davis-Bacon Act – but did obtain at the end of the project. As a result, the District was able to determine all laborers and mechanics employed by contractors or subcontractors were paid U.S. Department of Labor designated prevailing wage rates at the end of the project but not on an ongoing basis as required by the Davis-Bacon Act.

**\$ -0-**

**Criteria, Context  
and Effect:**

The District needs to comply with the Davis-Bacon requirements of federal awards on an ongoing basis. The District received the required reports at the end of the project and verified that the wages paid were in excess of the prevailing wage rates. There was no material financial effect to the District as a result of the item noted.

**Cause:**

The District was unaware of the Davis-Bacon requirements related to this grant.

**Recommendation:**

We would encourage the District to carefully review new federal grants to determine all of the applicable compliance requirements.

**Response:**

This finding applies to our ARRA Energy Office grant of \$110,404. This was District staff's first experience with federally funded construction projects. While all the basic requirements were met by the contractor and documented via payroll records at the end of the project, the part with which we did not comply amounts to the requirement to monitor during the construction cycle. We will ensure compliance via consultation with our bond attorney for other federally-funded projects now or in the future. Specifications will carry a Davis-Bacon clause and procedures, and appropriate monitoring will be carried out during the construction cycle.