

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**



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

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**YEAR ENDED JUNE 30, 2011**

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

**PRINCIPAL OFFICIALS**

**YEAR ENDED JUNE 30, 2011**

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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**





**GREENE FINNEY & HORTON**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **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, 2011, 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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2011 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  
September 30, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2011**

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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, 2011. 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 2011 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 \$21.6 million. Of this amount, approximately \$4.6 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 increased by approximately \$0.7 million. This increase is primarily due to deferred state revenue, the results of operations in the General Fund, and unspent capital funds on hand at June 30, 2011.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$6.8 million, an increase of approximately \$1.0 million from the prior year ending fund balance, which is primarily attributable to a profitable year in food service and an unspent operational transfer from general operations to capital projects accomplished at year-end. Approximately 48% 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 15% of General Fund expenditures.
- The School District's total net capital assets decreased by approximately \$0.2 million (0.6%) during the current fiscal year. Key factors in this decrease were depreciation expense of approximately \$1.1 million partially offset by the School District's expenditures for building improvements and other capital assets of approximately \$0.9 million.
- The School District's total debt and lease purchase obligations increased by approximately \$0.2 million (1%) during the current fiscal year primarily due to an increase in debt borrowings of approximately \$1.2 million partially offset by principal payments of approximately \$1.0 million.
- During 2011, the School District's governmental activities type revenues were approximately \$30.9 million compared to \$31.6 million in the prior year. This decrease of approximately 2.4% was primarily due to reductions in State and Federal funding during the year.
- The School District had approximately \$30.2 million in expenses related to governmental activities; approximately \$14.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of approximately \$16.2 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, 2011**

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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, 2011**

**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 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, 2011**

**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 \$21.6 million at the close of the most recent fiscal year.

Table 1 provides a summary of the School District's net assets for 2011 and 2010:

**Table 1**  
Net Assets

	Governmental Activities	
	2011	2010
<b>Assets</b>		
Current and Other Assets	\$ 11,370,147	\$ 9,374,534
Capital Assets, Net	32,428,339	32,614,033
Total Assets	<u>43,798,486</u>	<u>41,988,567</u>
<b>Liabilities</b>		
Other Liabilities	3,796,701	2,853,007
Long-Term Liabilities	18,356,236	18,186,194
Total Liabilities	<u>22,152,937</u>	<u>21,039,201</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	15,885,998	16,279,683
Restricted	1,139,107	925,384
Unrestricted	4,620,444	3,744,299
Total Net Assets	<u>\$ 21,645,549</u>	<u>\$ 20,949,366</u>

The School District's current and other assets at June 30, 2011 increased by approximately \$2.0 million from the prior year, attributable primarily to cash balances on hand at June 30, 2011 from unspent capital funds and state special revenue. The School District's capital assets at June 30, 2011 decreased by approximately \$0.2 million from the prior year. The decrease was primarily due to depreciation expense of approximately \$1.1 million, partially offset by building improvements and other additions of approximately \$0.9 million. Total liabilities at June 30, 2011 increased by approximately \$1.1 million from the prior year which was primarily due to increases in deferred State revenue and an increase in account payable at year end.

The School District's net assets increased by approximately \$0.7 million during 2011 which is primarily the result of deferred State revenue, the results of operations in the General Fund, and unspent capital funds on hand at June 30, 2011.

In the case of the School District, assets exceeded liabilities by approximately \$21.6 million at the close of the most recent fiscal year. By far the largest portion of the School District's net assets (\$15.9 million or 74%) 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, 2011**

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

An additional portion of the School District's net assets of approximately \$1.1 million (5%) 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 \$4.6 million (21%) 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 2011 and 2010:

**Table 2**  
Changes in Net Assets

<b>Revenues</b>	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Program Revenues:		
Charges for Services	\$ 1,464,018	\$ 1,486,068
Operating Grants	13,231,807	13,830,127
General Revenue:		
Property Taxes	11,824,558	12,073,275
Other	4,342,601	4,245,485
Total Revenues	<u>30,862,984</u>	<u>31,634,955</u>
<b>Program Expenses</b>		
Instruction	15,497,468	15,929,816
Support Services	13,569,607	14,689,146
Community Services	90,068	157,502
Intergovernmental	101,100	123,283
Interest and Fiscal Charges	908,558	881,922
Total Program Expenses	<u>30,166,801</u>	<u>31,781,669</u>
Change in Net Assets	696,183	(146,714)
Net Assets, Beginning of Year	<u>20,949,366</u>	<u>21,096,080</u>
Net Assets, End of Year	<u>\$ 21,645,549</u>	<u>\$ 20,949,366</u>

**Governmental Activities.** Governmental activities increased the School District's net assets from 2010 to 2011 by approximately \$0.7 million or approximately 3%. Key elements that impacted the change in net assets for 2011 are as follows:

- A reduction in instruction expenditures of approximately \$0.4 million.
- A reduction in support services expenditures of approximately \$1.1 million.
- A decrease in operating grants of approximately \$0.6 million
- A decrease in property taxes of approximately \$0.2 million.

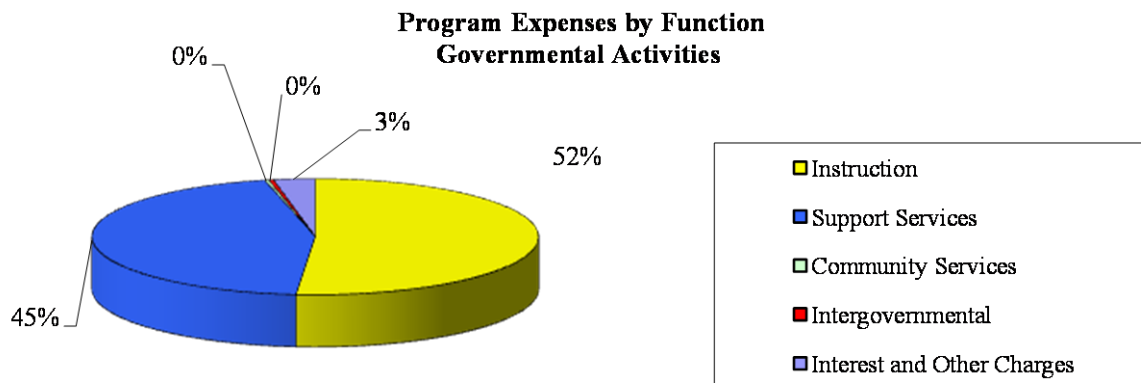
**SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2011**

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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, 2011, the School District's governmental funds reported a combined fund balance of approximately \$6.7 million, as compared to \$5.7 million for the prior year. The difference is primarily due to the increase in the cash balance from a profitable year in food service and an unspent operational transfer from general operations to capital projects accomplished at year-end. 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, 2011, the School District's unreserved, undesignated fund balance for all governmental funds was approximately \$3.2 million. The remaining amount of approximately \$3.5 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 \$0.03 million (1%) during fiscal year 2011.

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 \$0.2 million.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2011**

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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 decreased by approximately \$0.05 million from the prior year's balance primarily due to annual principal payments during the fiscal year. The fund balance at June 30, 2011 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, 2011 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 increased by approximately \$0.7 million in 2011 to approximately \$1.0 million at June 30, 2011. The fund balances for the Capital Projects – EFC Fund remained relatively flat at approximately \$0.4 million at June 30, 2011. 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 2011, no amendments to the School District's General Fund revenue or expense budgets were made. Key highlights are as follows:

- Transfers to capital budgets were made during the current fiscal year in the amount of \$655,000.
- 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 subsequent years' budget cuts, \$678,000 remained at the beginning of fiscal year 2011. None of this authorization was required to balance FY 2011 due to austere budgeting practices and the availability of State Fiscal Stabilization Funds.
- Local taxes were collected at 94.4% of budget. Overall, there was a deficit of local revenue collections of approximately \$389,000 due mostly to Ad Valorem Taxes.
- State revenues were collected at a surplus of \$604,777 due to under-budgeted Education Finance Act and State Special Revenue allocations in anticipation of mid-year budget cuts which did not come to fruition.
- Federal Stabilization Funds which were budgeted in the General Fund and reported as federal revenue in the Special Revenue section totaled approximately \$635,500.
- Enrollment experienced a slight decline, from 2,897 in fiscal year 2010 to 2,878 in fiscal year 2011, 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 2011, the School District's capital assets were approximately \$32.4 million, net of accumulated depreciation. The total decrease in the School District's net capital assets was approximately \$0.2 million, or approximately 1%. Major capital asset events during the current fiscal year included:

- The School District began a project reroofing Cowpens Middle School and added construction in progress of \$0.9 million.
- Other equipment purchases added approximately \$0.05 million.
- Depreciation expense of approximately \$1.1 million.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2011**

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

*Capital Assets (Continued)*

Table 3 shows fiscal 2011 and 2010 capital asset balances:

**Table 3**  
Capital Assets

	Governmental Activities	
	June 30, 2011	June 30, 2010
Land	\$ 377,528	\$ 377,528
Construction in Progress	884,988	-
Building and Improvements	54,549,240	54,549,240
Machinery and Equipment	1,680,630	1,635,242
Less: Accumulated Depreciation	(25,064,047)	(23,947,977)
Totals	<u>\$ 32,428,339</u>	<u>\$ 32,614,033</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 \$18.4 million and \$18.2 million as of June 30, 2011 and 2010, respectively. The School District made principal payments on debt and lease purchase obligations in 2011 of approximately \$1.0 million and interest payments of approximately \$0.8 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, 2011	June 30, 2010
Debt:		
2006 Installment Purchase Revenue Bonds	\$ 16,725,000	\$ 17,235,000
2010A GOB QSCB	1,080,000	-
2009B GOB	460,000	745,000
2009 SCE Note Payable	27,601	27,601
Premium on Installment Purchase Revenue Bonds	63,635	66,884
Lease Purchase Financing:		
2008 Equipment Lease	-	111,709
	<u>\$ 18,356,236</u>	<u>\$ 18,186,194</u>

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, 2011, was approximately \$4.3 million of which the School District had approximately \$1.5 million outstanding debt against this limit.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2011**

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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 18,500. 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 2011.

**FY 12 BUDGET**

Many factors were considered by the School District's administration during the process of developing the fiscal year 2011-12 budget, which is balanced without using reserve funds. The loss of American Recovery and Reinvestment Act ("ARRA") funding was more than offset by increases in Education Finance Act and State Special Revenue funding, allowing the overall General Fund budgeted revenue to increase by approximately \$630,000. This increase was primarily utilized to restore some of the more severe cuts made in fiscal year 2010-11. Salary increases for employees were limited to longevity step increases and all staff furloughs were restored, but the negotiated salary reductions for retirees remain in effect for budget year 2011-12. The School District's top goals continue to be improvement of academic achievement and continuation of its capital improvements and technology refresh programs, while minimizing the impact to the classroom of a budgetary climate which remains austere due to the continued weak economic recovery. There have been no announced reductions in state funding subsequent to the adoption of the fiscal year 2011-12 budget. Due to the overall weak and tenuous economic picture, however, mid-year reductions remain a possibility. Any midyear 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 managed to absorb the loss of approximately \$1.0 million in ARRA funding in balancing the fiscal year 2011-12 budget. This was accomplished through increases in state funding, both in Education Finance Act funding and in State Special Revenue funding areas. The fact remains, however, that the economic recovery is weak, and public education in South Carolina is ever more reliant on market sensitive revenue sources. This presents this and all public school districts in the state with a difficult and ongoing budget puzzle, particularly 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 continue to work 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 current circumstances.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2011**

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**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.

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

**STATEMENT OF NET ASSETS**

**JUNE 30, 2011**

	<b>PRIMARY GOVERNMENT Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 6,558,980
Cash and Cash Equivalents, Restricted	113,198
Investments, Restricted	1,352,716
Cash and Investments Held by County Treasurer	620
Property Taxes Receivable, Net	417,355
Accounts Receivable, Net	557,961
Due from Other Governments	1,881,321
Inventories and Prepaid Items	14,694
Bond Issuance Costs, Net	473,302
Capital Assets:	
Non-Depreciable	1,262,516
Depreciable, Net	31,165,823
<b>TOTAL ASSETS</b>	<b>43,798,486</b>
<b>LIABILITIES</b>	
Accounts Payable	1,376,588
Accrued Salaries, Fringe & Benefits	1,142,734
Accrued Interest Payable	80,452
Unearned Revenue	1,196,927
Non-Current Liabilities:	
Due Within One Year	953,800
Due in More than One Year	17,402,436
<b>TOTAL LIABILITIES</b>	<b>22,152,937</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	15,885,998
Restricted For:	
Debt Service	467,606
Special Revenue	352,133
Food Service	319,368
Unrestricted	4,620,444
<b>TOTAL NET ASSETS</b>	<b>\$ 21,645,549</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, 2011**

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	\$ 15,497,468	4,750	8,850,468	-	\$ (6,642,250)
Support Services	13,569,607	1,459,268	4,381,339	-	(7,729,000)
Community Services	90,068	-	-	-	(90,068)
Intergovernmental	101,100	-	-	-	(101,100)
Interest and Other Charges	908,558	-	-	-	(908,558)
Total Governmental Activities	<u>30,166,801</u>	<u>1,464,018</u>	<u>13,231,807</u>	<u>-</u>	<u>(15,470,976)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 30,166,801</u></b>	<b><u>1,464,018</u></b>	<b><u>13,231,807</u></b>	<b><u>-</u></b>	<b><u>(15,470,976)</u></b>
<b>GENERAL REVENUES:</b>					
Property Taxes Levied for General Purposes					9,706,999
Property Taxes Levied for Debt Service					2,117,559
State Revenue in Lieu of Taxes					3,962,413
Other Taxes					124,008
Investment Earnings					76,727
Miscellaneous					179,453
<b>TOTAL GENERAL REVENUES</b>					<u>16,167,159</u>
<b>CHANGE IN NET ASSETS</b>					<b>696,183</b>
NET ASSETS - Beginning of Year					<u>20,949,366</u>
<b>NET ASSETS - Ending of Year</b>					<b><u>\$ 21,645,549</u></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, 2011**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>	<b>SPECIAL REVENUE - EIA</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,252,206	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Investments, Restricted	-	-	-
Cash and Investments Held by County Treasurer	-	-	-
Receivables, Net:			
Taxes	356,046	-	-
Accounts	101,745	14,400	-
Daniel Morgan Technology Center	441,816	-	-
Due From:			
County Treasurer	-	-	-
State Agencies	239,889	42,641	467,054
Federal Agencies	-	979,225	-
Other Funds	1,561,365	535,314	494,249
Other Governments	116,333	-	-
Prepaid Items	14,694	-	-
<b>TOTAL ASSETS</b>	<b>\$ 9,084,094</b>	<b>1,571,580</b>	<b>961,303</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 871,223	-	-
Accounts Payable - Daniel Morgan Technology Center	409,690	-	-
Accrued Salaries, Fringe & Benefits	1,142,734	-	-
Due To:			
Other Funds	3,060,198	987,378	-
Deferred/Unearned Revenue	359,601	232,069	961,303
<b>TOTAL LIABILITIES</b>	<b>5,843,446</b>	<b>1,219,447</b>	<b>961,303</b>
<b>FUND BALANCES:</b>			
Fund Balances			
Nonspendable:			
Prepaid Items	14,694	-	-
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	-
Special Revenue	-	352,133	-
Food Service	-	-	-
Assigned for:			
Capital Projects	-	-	-
Unassigned	3,225,954	-	-
<b>TOTAL FUND BALANCES</b>	<b>3,240,648</b>	<b>352,133</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,084,094</b>	<b>1,571,580</b>	<b>961,303</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
306,774	-	-	-	-	\$ 6,558,980
-	-	-	60,757	52,441	113,198
-	-	1,352,716	-	-	1,352,716
-	620	-	-	-	620
-	61,309	-	-	-	417,355
-	1	-	-	-	116,146
-	-	-	-	-	441,816
-	23,585	-	-	-	23,585
-	-	-	-	-	749,584
12,594	-	-	-	-	991,819
-	459,886	-	1,083,168	421,997	4,555,979
-	-	-	-	-	116,333
-	-	-	-	-	14,694
<b>319,368</b>	<b>545,401</b>	<b>1,352,716</b>	<b>1,143,925</b>	<b>474,438</b>	<b>\$ 15,452,825</b>
-	(2,658)	-	98,333	-	\$ 966,898
-	-	-	-	-	409,690
-	-	-	-	-	1,142,734
-	-	421,997	21,842	64,564	4,555,979
-	50,585	-	-	-	1,603,558
-	47,927	421,997	120,175	64,564	8,678,859
-	-	-	-	-	14,694
-	497,473	930,719	-	-	1,428,192
-	-	-	-	409,874	409,874
-	-	-	-	-	352,133
319,368	-	-	-	-	319,368
-	-	-	1,023,750	-	1,023,750
-	-	-	-	-	3,225,954
319,368	497,473	930,719	1,023,750	409,874	6,773,965
<b>319,368</b>	<b>545,400</b>	<b>1,352,716</b>	<b>1,143,925</b>	<b>474,438</b>	<b>\$ 15,452,824</b>

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

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

**JUNE 30, 2011**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 6,773,965</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.	406,631
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 \$118,826.	473,302
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 \$57,492,386 and the accumulated depreciation was \$25,064,047.	32,428,339
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.	(80,452)
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)	(18,292,601)
Long-Term Premium	(63,635)

<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 21,645,549</u></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, 2011**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>	<b>SPECIAL REVENUE - EIA</b>
<b>REVENUES</b>			
Local Sources:			
Taxes	\$ 9,651,868	-	-
Investment Earnings	9,391	-	-
Other Local Sources	228,695	323,165	-
State Sources	11,939,936	551,209	-
Federal Sources	-	2,713,960	-
Intergovernmental Revenue	-	-	1,595,175
<b>TOTAL REVENUE ALL SOURCES</b>	<b>21,829,890</b>	<b>3,588,334</b>	<b>1,595,175</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	11,743,182	2,274,525	855,351
Support Services	9,389,970	1,161,064	300,844
Community Services	-	90,068	-
Intergovernmental	77,455	-	23,645
Capital Outlay	95,960	53,404	36,038
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	15,694	-	-
Other Charges	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>21,322,261</b>	<b>3,579,061</b>	<b>1,215,878</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>507,629</b>	<b>9,273</b>	<b>379,297</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Premium on General Obligation Bonds	-	-	-
Issuance of General Obligation Bonds	-	-	-
Transfers In	388,144	116,507	13,337
Transfers Out	(865,607)	(16,634)	(392,634)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(477,463)</b>	<b>99,873</b>	<b>(379,297)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>30,166</b>	<b>109,146</b>	<b>-</b>
FUND BALANCES, Beginning of Year	3,210,482	242,987	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 3,240,648</b>	<b>352,133</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>
-	1,998,888	-	-	-	\$ 11,650,756
-	-	66,894	439	2	76,726
382,427	-	-	-	-	934,287
-	236,324	-	-	-	12,727,469
1,074,776	26,283	-	-	-	3,815,019
2,065	-	-	-	-	1,597,240
<b>1,459,268</b>	<b>2,261,495</b>	<b>66,894</b>	<b>439</b>	<b>2</b>	<b>30,801,497</b>
-	-	-	-	-	14,873,058
1,304,869	-	-	98,260	7,226	12,262,233
-	-	-	-	-	90,068
-	-	-	-	-	101,100
1,254	-	-	1,455,841	1,593	1,644,090
-	516,709	510,000	-	-	1,026,709
-	63,589	782,106	-	-	861,389
-	-	4,000	24,270	-	28,270
1,306,123	580,298	1,296,106	1,578,371	8,819	30,886,917
<b>153,145</b>	<b>1,681,197</b>	<b>(1,229,212)</b>	<b>(1,577,932)</b>	<b>(8,817)</b>	<b>(85,420)</b>
-	-	-	13,500	-	13,500
-	-	-	1,200,000	-	1,200,000
-	-	1,224,361	1,155,280	653	2,898,282
-	(1,724,641)	(766)	-	-	(3,000,282)
-	(1,724,641)	1,223,595	2,368,780	653	1,111,500
<b>153,145</b>	<b>(43,444)</b>	<b>(5,617)</b>	<b>790,848</b>	<b>(8,164)</b>	<b>1,026,080</b>
166,223	540,917	936,336	232,902	418,038	5,747,885
<b>319,368</b>	<b>497,473</b>	<b>930,719</b>	<b>1,023,750</b>	<b>409,874</b>	<b>\$ 6,773,965</b>

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

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

**YEAR ENDED JUNE 30, 2011**

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<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>1,026,080</b>
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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.	1,026,709
--	-----------

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.	(1,200,000)
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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.	61,487
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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.	(11,480)
--	----------

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
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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 (\$930,376) exceeded depreciation expense (\$1,116,070) in the current year.	(185,694)
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<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>696,183</b>
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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, 2011**

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	<b>AGENCY</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 108,035
Receivables	47,636
<b>TOTAL ASSETS</b>	<b>\$ 155,671</b>
<b>LIABILITIES</b>	
Due to Student Organizations	\$ 155,671
<b>TOTAL LIABILITIES</b>	<b>\$ 155,671</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, 2011**

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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, 2011**

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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, 2011

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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 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, federal and state grant programs 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 is 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 other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned 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.

SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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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 and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The School District has the following major 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 that are restricted, committed or assigned for special education programs.
- 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) which are restricted for specific programs authorized or mandated by the EIA.
- 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 and report 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* use the economic resources measurement focus and the accrual basis of accounting; they 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 fund:

The *Agency 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 general operation of the School District. This accounting reflects the agency relationship of the School District with the student activity organizations. Agency funds do not have a measurement focus.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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

**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.

***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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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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)***

- (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).

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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

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

**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.

**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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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

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

**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.

**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.

SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

7. *Fund Balance*

The District implemented GASB #54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54") in the current year. The objective of GASB #54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarify the existing governmental fund type definitions. GASB #54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The District classifies governmental fund balances as follows:

**Nonspendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

**Restricted** – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (The Board) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the District consist of amounts approved by a majority vote of the Board Members (a) in the annual budget or (b) in subsequent requests made throughout the year.

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Board in its August meeting formally granted the Superintendent and the Finance Director the right to make assignments of fund balance for the District.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formally approved minimum fund balance policy, but generally attempts to keep its unassigned fund balance in the General Fund to be approximately two months of General Fund operating expenditures.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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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, 2011**

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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 Assistant Superintendent for Finance & Operations 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, 2011, none of the School District's total bank balances (including Pupil Activity) of approximately \$5,902,000 (with a carrying value of approximately \$5,503,000) were exposed to custodial credit risk.

***Investments***

As of June 30, 2011, 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 ^	\$ 1,273,869	\$ 1,273,869
Cash and Investments Held by County Treasurer	Unrated ^	620	620
Federal National Mtg Assn Pool	AA+, AAA	1,292,103	1,292,103
Government Money Market Funds	AAAm, Aaa	64,397	64,397
Total		<u>\$ 2,630,989</u>	<u>\$ 2,630,989</u>

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

**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, 2011

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

A. Deposits and Investments (Continued)

*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, 2011, 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, 2011, the operating and debt service millage rates were 219.2 mills (219.2 mills in the prior year) and 37.1 mills (33.5 mills in the prior year), respectively, based on an assessed value of approximately \$53.9 million for the School District.

On the government-wide and fund basic financial statements, taxes receivable are approximately \$417,000 (net of an allowance for uncollectibles of approximately \$417,000) at June 30, 2011. Allowances for uncollectibles were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$11,000 for Debt Service have been recognized as revenue at June 30, 2011, 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, 2011**

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

**C. Interfund Receivables and Payables**

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, 2011, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Deferred Property Taxes - General Fund	\$	356,046
Deferred Property Taxes - Debt Service Fund		50,585
Unearned Revenue from Prepaid Tuition - General Fund		3,555
Unearned Revenue from Special Revenue and Special Revenue - EIA Funds		1,193,372
Total Deferred/Unearned Revenue for Governmental Funds	\$	<u>1,603,558</u>

Interfund receivables and payables at June 30, 2011 (all of which are expected to be repaid within one year), are summarized as follows:

Fund	Receivables	Payables
<u>Governmental Funds:</u>		
General Fund	\$ 1,561,365	\$ 3,060,198
Special Revenue Fund	535,314	987,378
Special Revenue - EIA Fund	494,249	-
Debt Service Fund	459,886	-
Debt Service EFC Fund	-	421,997
Capital Projects Fund	1,083,168	21,842
Capital Projects EFC Fund	421,997	64,564
Total	<u>\$ 4,555,979</u>	<u>\$ 4,555,979</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 the 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, 2011**

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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, 2011, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ 388,144	\$ 865,607
Special Revenue Fund	116,507	16,634
Special Revenue - EIA Fund	13,337	392,634
Debt Service Fund	-	1,724,641
Debt Service Fund - EFC	1,224,361	766
Capital Projects Fund	1,155,280	-
Capital Projects Fund - EFC	653	-
<u>Fiduciary Funds:</u>		
Agency Fund	102,000	-
Totals	<u>\$ 3,000,282</u>	<u>\$ 3,000,282</u>

The funds transferred into the General Fund from the pupil activity funds were to cover the School District's activity costs. The Debt Service Fund transferred approximately \$1,224,000 to the EFC Debt Service Fund to pay off the 2010B GO Bond and to set up a debt service reserve fund in compliance with the EFC Installment Purchase and Use Agreement. The \$500,000 transferred from the Debt Service Fund to the Capital Projects Fund and the \$655,000 transferred from the General Fund to the Capital Projects Fund was used to pay for construction during fiscal year 2011. 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, 2011**

**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, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Non-Depreciable:				
Land	\$ 377,528	-	-	\$ 377,528
Construction in Progress	-	884,988	-	884,988
Total Capital Assets, Non-Depreciable	<u>377,528</u>	<u>884,988</u>	<u>-</u>	<u>1,262,516</u>
Capital Assets, Depreciable:				
Buildings and Improvements	54,549,240	-	-	54,549,240
Machinery and Equipment	1,635,242	45,388	-	1,680,630
Total Capital Assets, Depreciable	<u>56,184,482</u>	<u>45,388</u>	<u>-</u>	<u>56,229,870</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	22,921,872	964,118	-	23,885,990
Machinery and Equipment	1,026,105	151,952	-	1,178,057
Total Accumulated Depreciation	<u>23,947,977</u>	<u>1,116,070</u>	<u>-</u>	<u>25,064,047</u>
Total Capital Assets, Depreciable, Net	<u>32,236,505</u>	<u>(1,070,682)</u>	<u>-</u>	<u>31,165,823</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,614,033</u>	<u>(185,694)</u>	<u>-</u>	<u>\$ 32,428,339</u>

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

<b>Governmental Activities:</b>	
Instruction	\$ 45,388
Support Services	884,988
Total Additions - Governmental Activities	<u>\$ 930,376</u>

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

<b>Governmental Activities:</b>	
Instruction	\$ 580,356
Support Services	535,714
Total Depreciation Expense - Governmental Activities	<u>\$ 1,116,070</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, 2011**

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

**F. Short-Term Obligations**

In July 2010, the School District issued a \$3,502,000 tax anticipation note ("2010 TAN") at a rate of 0.36% to help cover current operating needs. The School District drew down \$2,500,000 that was subsequently repaid in March 2011 for approximately \$2,516,000 (including interest). In September 2010, the School District issued a \$515,000 general obligation bond ("2010B GOB") at a rate of 0.750% for the principal portion of the debt service on the Installment Purchase Revenue Bonds. The School District subsequently repaid the 2010B GOB in March 2011 for approximately \$517,000 (including interest). In September 2010 the District issued a \$1,215,000 general obligation bond ("2010C GOB") at a rate of 2.00% for the principal portion of the debt service on the Installment Purchase Revenue Bonds. The School District subsequently repaid the 2010C GOB in March of 2011 for approximately \$1,226,000 (including interest). Following is a summary of the changes in the School District short-term obligations for the year ended June 30, 2011:

Short-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance
2010 TAN	\$ -	2,500,000	2,500,000	\$ -
2010B GOB	-	515,000	515,000	-
2010C GOB	-	1,215,000	1,215,000	-
Total	<u>\$ -</u>	<u>4,230,000</u>	<u>4,230,000</u>	<u>\$ -</u>

**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, 2011, 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, 2011 were \$63,635 and \$473,302, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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

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

2010A GOB QSCB: Original issue of \$1,200,000, due in annual installments of \$120,000; interest at 4.75% paid semiannually, with a final maturity date in March 2020. These bonds receive a rebate at a rate of 4.75% semiannually which is included as revenue in Debt Service Fund. These proceeds were used for construction at Cowpens Elementary.

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:

- 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 \$1,353,000 at June 30, 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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

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

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, 2011:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Debt:					
2006 IPRB *	\$ 17,235,000	-	510,000	16,725,000	\$ 530,000
2009B GOB	745,000	-	285,000	460,000	290,000
2010A GOB QSCB	-	1,200,000	120,000	1,080,000	120,000
2009 SCE Note Payable *	27,601	-	-	27,601	13,800
Total Debt:	18,007,601	1,200,000	915,000	18,292,601	953,800
Lease Purchase Financing:					
2008 Computer *	111,709	-	111,709	-	-
Total Lease Purchase	111,709	-	111,709	-	-
Premium on IPRBs	66,884	-	3,249	63,635	-
Total Governmental Activities	\$ 18,186,194	1,200,000	1,029,958	18,356,236	\$ 953,800

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

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		Total
	Principal	Interest	
2012	\$ 953,800	821,911	\$ 1,775,711
2013	743,801	784,549	1,528,350
2014	760,000	749,029	1,509,029
2015	790,000	715,184	1,505,184
2016	755,000	683,144	1,438,144
2017-2021	4,085,000	2,897,697	6,982,697
2022-2026	4,495,000	1,949,064	6,444,064
2027-2031	5,710,000	742,250	6,452,250
Total	\$ 18,292,601	9,342,828	\$ 27,635,429

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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

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

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, 2011.

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, 2011, was approximately \$4,311,000. The School District had \$1,540,000 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.

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, 2011, 2010, and 2009, respectively. The employer required contribution rate to the SCRS plan was 9.24% for the years ended June 30, 2011, 2010, and 2009, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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**IV. OTHER INFORMATION (CONTINUED)**

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

Employee required contribution rates to the State ORP was 6.50% of covered salary for the years ended June 30, 2011, 2010, and 2009, respectively. The employer required contribution rates are 4.24% for the years ended June 30, 2011, 2010, and 2009. 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) 3.90%, 3.50%, and 3.50% surcharge on payroll for retiree health and dental insurance and group life insurance benefit for their active participants for the years ended June 30, 2011, 2010, and 2009, respectively. All employers contribute at the actuarially required contribution rates.

The School District had total wages of approximately \$16,939,000, \$17,872,000, and \$18,142,000 for the years ended June 30, 2011, 2010, and 2009, 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>				
2011	\$ 16,180,145	1,051,709	2,236,979	\$ 3,288,688
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
<b><u>State ORP</u></b>				
2011	\$ 681,467	44,295	56,494	\$ 100,789
2010	677,240	44,021	53,434	97,455
2009	\$ 655,172	42,586	32,758	\$ 75,344

**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 (3.90%, 3.50% and 3.50% for 2011, 2010, and 2009, 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, 2011 was approximately \$707,000.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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**IV. OTHER INFORMATION (CONTINUED)**

**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 Restrictions, Assignments and Nonspendable Amounts**

In the Fund Financial Statements, the School District restricts 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. Unassigned fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Assignments of fund balance represent tentative management plans that are subject to change. The School District has restricted, assigned and nonspendable portions of fund balance at June 30, 2011 as follows:

<u>Restricted, Assigned and Nonspendable</u>	<u>Fund</u>		<u>Amount</u>
Nonspendable for Prepaid Items	General Fund	\$	14,694
Restricted for Special Programs	Special Revenue		352,133
Restricted for Food Service	Special Revenue - Food Service		319,368
Restricted for Debt Service	Debt Service		497,473
Restricted for Debt Service	Debt Service - EFC		930,719
Restricted for Capital Projects	Capital Projects - EFC		409,874
Assigned for Capital Projects	Capital Projects	\$	1,023,750

**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, 2011, approximately \$157,000 was recorded as General Fund expenditures for Career & Technical Education Tuition paid to the DMTC. In addition at June 30, 2011, there was approximately \$410,000 due to the DMTC and approximately \$442,000 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 2011 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

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**IV. OTHER INFORMATION (CONTINUED)**

**H. Other Matters**

**State Budget Cuts**

As of October 2011, 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 on-going 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. Commitments**

At June 30, 2011, the School District had a construction commitment of approximately \$510,000, which includes retainage payable of approximately \$98,000 for the completion of a roof at Cowpens Middle School.

**J. Subsequent Events**

**Issuances of Debt**

In September 2011, the School District had one debt issuance for \$1,779,000 with a net effective rate of 0.19%. This debt issuance is due in March 2012. This was issued for the payments of the installment debt and for capital maintenance items.

In July 2011, the School District entered into a tax anticipation note ("TAN") for approximately \$2,905,000 at a net effective rate of .25% due in April 2012.

**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, 2011**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL (BUDGETARY BASIS)</b>	<b>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 10,229,257	10,229,257	9,651,868	\$ (577,389)
Investment Earnings	50,000	50,000	9,391	(40,609)
Other Local Sources	-	-	228,695	228,695
State Sources	11,970,659	11,970,659	11,939,936	(30,723)
<b>TOTAL REVENUE ALL SOURCES</b>	<b>22,249,916</b>	<b>22,249,916</b>	<b>21,829,890</b>	<b>(420,026)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	12,713,142	12,713,142	11,743,182	969,960
Support Services	9,664,448	9,664,448	9,389,970	274,478
Intergovernmental	77,000	77,000	77,455	(455)
Capital Outlay	84,892	84,892	95,960	(11,068)
Debt Service:				
Interest and Fiscal Charges	13,300	13,300	15,694	(2,394)
<b>TOTAL EXPENDITURES</b>	<b>22,552,782</b>	<b>22,552,782</b>	<b>21,322,261</b>	<b>1,230,521</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(302,866)</b>	<b>(302,866)</b>	<b>507,629</b>	<b>810,495</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	392,866	392,866	388,144	(4,722)
Transfers Out	(90,000)	(90,000)	(865,607)	(775,607)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>302,866</b>	<b>302,866</b>	<b>(477,463)</b>	<b>(780,329)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>30,166</b>	<b>30,166</b>
<b>FUND BALANCES, Beginning of Year</b>	<b>-</b>	<b>3,210,482</b>	<b>3,210,482</b>	<b>-</b>
<b>FUND BALANCES, End of Year</b>	<b>\$ -</b>	<b>3,210,482</b>	<b>3,240,648</b>	<b>\$ 30,166</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, 2011**

	<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)	\$ 8,979,257	8,290,449	\$ (688,808)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,250,000	1,361,419	111,419
1300 Tuition:			
1310 From Patrons for Regular Day School	-	4,750	4,750
1500 Earnings on Investments:			
1510 Interest on Investments	50,000	9,391	(40,609)
1900 Other Revenue from Local Sources:			
1930 Medicaid	-	44,492	44,492
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	2,701	2,701
1999 Revenue from Other Local Sources	-	176,752	176,752
Total Revenue from Local Sources	<u>10,279,257</u>	<u>9,889,954</u>	<u>(389,303)</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3129 Consolidated Funding	-	93,054	93,054
3130 Special Programs:			
3131 Handicapped Transportation	-	6,210	6,210
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	140,346	165,083	24,737
3162 Transportation Workers' Compensation	-	13,692	13,692
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	2,338,285	2,369,667	31,382
3181 Retiree Insurance (No Carryover Provision)	388,313	488,501	100,188
3197 Textbook Cost Savings	-	76,286	76,286
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	275,302	242,803	(32,499)
3312 Primary	751,411	790,916	39,505
3313 Elementary	1,208,600	1,245,904	37,304
3314 High School	537,021	596,841	59,820
3315 Trainable Mentally Handicapped	20,596	21,349	753
3316 Speech Handicapped (Part-Time Program)	329,160	348,509	19,349
3317 Homebound	14,602	16,116	1,514
3320 Part-Time Programs:			
3321 Emotionally Handicapped	84,277	66,999	(17,278)
3322 Educable Mentally Handicapped	35,156	36,576	1,420
3323 Learning Disabilities	585,058	652,866	67,808
3324 Hearing Handicapped	18,284	25,999	7,715
3325 Visually Handicapped	6,360	6,508	148
3326 Orthopedically Handicapped	20,167	18,898	(1,269)
3327 Vocational	\$ 661,558	657,523	\$ (4,035)

(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, 2011**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
3330 Other EFA Programs:			
3331 Autism	\$ 19,524	21,483	\$ 1,959
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)	1,583,201	1,599,256	16,055
3830 Merchant's Inventory Tax	52,200	52,231	31
3840 Manufacturers Depreciation Reimbursement	575,000	631,107	56,107
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	35,000	24,617	(10,383)
3900 Other State Revenue:			
3999 Revenue from Other State Sources	-	15,740	15,740
Total Revenue from State Sources	11,335,159	11,939,936	604,777
4900 Other Federal Sources:			
4999 Revenue from Other Federal Sources	635,500	-	(635,500)
Total Revenue from Federal Sources	635,500	-	(635,500)
<b>TOTAL REVENUE ALL SOURCES</b>	<b>22,249,916</b>	<b>21,829,890</b>	<b>(420,026)</b>
<b>EXPENDITURES</b>			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	648,509	433,492	215,017
200 Employee Benefits	233,509	179,500	54,009
400 Supplies and Materials	8,781	6,447	2,334
112 Primary Programs:			
100 Salaries	2,064,131	1,982,805	81,326
140 Terminal Leave	-	10,564	(10,564)
200 Employee Benefits	714,359	669,035	45,324
300 Purchased Services	-	1,613	(1,613)
400 Supplies and Materials	25,118	22,021	3,097
600 Other Objects	2,800	2,800	-
113 Elementary Programs:			
100 Salaries	3,136,189	2,866,820	269,369
200 Employee Benefits	972,296	932,936	39,360
300 Purchased Services	4,700	4,937	(237)
400 Supplies and Materials	105,714	81,307	24,407
600 Other Objects	1,400	1,400	-
114 High School Programs:			
100 Salaries	2,211,534	2,161,096	50,438
200 Employee Benefits	676,660	675,513	1,147
300 Purchased Services	22,350	19,917	2,433
400 Supplies and Materials	71,340	50,077	21,263
600 Other Objects	\$ 700	700	\$ -

(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, 2011**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
115 Career and Technology Education Program:			
100 Salaries	\$ 44,978	45,481	\$ (503)
200 Employee Benefits	16,918	16,453	465
300 Purchased Services - Other Than Tuition	200,000	156,761	43,239
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	87,036	82,177	4,859
200 Employee Benefits	28,218	27,195	1,023
400 Supplies and Materials	2,500	1,490	1,010
122 Trainable Mentally Handicapped:			
100 Salaries	73,939	100	73,839
200 Employee Benefits	23,018	22	22,996
123 Orthopedically Handicapped:			
100 Salaries	25	-	25
200 Employee Benefits	5	-	5
126 Speech Handicapped:			
100 Salaries	133,199	149,981	(16,782)
200 Employee Benefits	56,467	51,413	5,054
400 Supplies and Materials	2,500	2,443	57
127 Learning Disabilities:			
100 Salaries	585,165	591,525	(6,360)
200 Employee Benefits	193,198	185,587	7,611
400 Supplies and Materials	2,500	2,202	298
128 Emotionally Handicapped:			
100 Salaries	86,287	86,857	(570)
200 Employee Benefits	30,790	30,730	60
400 Supplies and Materials	2,500	1,094	1,406
130 Pre-School Programs:			
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	35,754	42	35,712
200 Employee Benefits	11,559	4	11,555
135 Pre-School Handicapped-Speech (3 & 4-Yr. Olds)			
100 Salaries	(632)	675	(1,307)
139 Early Childhood Programs:			
100 Salaries	63,582	65,862	(2,280)
200 Employee Benefits	20,664	20,143	521
300 Purchased Services	560	402	158
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	(1,854)	-	(1,854)
400 Supplies and Materials	5,500	3,102	2,398
145 Homebound:			
100 Salaries	25,000	30,395	(5,395)
200 Employee Benefits	5,310	5,692	(382)
300 Purchased Services	\$ 2,500	2,718	\$ (218)

(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, 2011**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
149 Other Special Programs:			
100 Salaries	\$ 44,501	50,743	\$ (6,242)
200 Employee Benefits	9,544	9,495	49
190 Instructional Pupil Activity:			
100 Salaries	18,000	16,000	2,000
200 Employee Benefits	3,821	3,418	403
Total Instruction	<u>12,713,142</u>	<u>11,743,182</u>	<u>969,960</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	1,129	(629)
212 Guidance Services:			
100 Salaries	518,180	495,665	22,515
200 Employee Benefits	159,845	156,370	3,475
300 Purchased Services	500	758	(258)
400 Supplies and Materials	9,040	6,131	2,909
213 Health Services:			
100 Salaries	165,526	185,026	(19,500)
200 Employee Benefits	61,083	63,872	(2,789)
300 Purchased Services	6,600	8,108	(1,508)
400 Supplies and Materials	6,700	6,875	(175)
500 Capital Outlay	700	529	171
214 Psychological Services:			
100 Salaries	69,776	68,762	1,014
140 Terminal Leave	-	6,038	(6,038)
200 Employee Benefits	21,821	22,369	(548)
300 Purchased Services	9,150	7,660	1,490
400 Supplies and Materials	1,200	1,294	(94)
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	325,390	344,797	(19,407)
200 Employee Benefits	107,914	108,827	(913)
300 Purchased Services	4,000	2,813	1,187
400 Supplies and Materials	25,200	20,614	4,586
600 Other Objects	6,300	4,323	1,977
222 Library and Media Services:			
100 Salaries	435,704	334,552	101,152
200 Employee Benefits	154,075	98,018	56,057
300 Purchased Services	6,607	4,980	1,627
400 Supplies and Materials	77,582	74,355	3,227
500 Capital Outlay	\$ 9,692	8,082	\$ 1,610

(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, 2011**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
223 Supervision of Special Programs:			
100 Salaries	\$ 176,383	94,637	\$ 81,746
200 Employee Benefits	64,988	30,724	34,264
300 Purchased Services	1,000	1,464	(464)
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	276	-	276
200 Employee Benefits	84	-	84
300 Purchased Services	14,900	7,868	7,032
400 Supplies and Materials	1,200	-	1,200
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	40,109	24,611	15,498
318 Audit Services	41,200	41,200	-
400 Supplies and Materials	3,191	3,191	-
600 Other Objects	23,180	20,703	2,477
232 Office of Superintendent:			
100 Salaries	187,950	171,427	16,523
200 Employee Benefits	71,484	70,450	1,034
300 Purchased Services	6,000	3,294	2,706
400 Supplies and Materials	2,400	1,121	1,279
600 Other Objects	3,600	3,054	546
233 School Administration:			
100 Salaries	1,281,225	1,265,154	16,071
200 Employee Benefits	398,209	398,718	(509)
300 Purchased Services	89,900	93,828	(3,928)
400 Supplies and Materials	27,664	23,084	4,580
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	302,640	305,986	(3,346)
200 Employee Benefits	4,766	126,437	(121,671)
300 Purchased Services	70,100	69,432	668
400 Supplies and Materials	9,500	6,673	2,827
500 Capital Outlay	1,000	-	1,000
600 Other Objects	3,000	1,335	1,665
253 Facilities Acquisition and Construction:			
254 Operation and Maintenance of Plant:			
100 Salaries	1,188,840	1,059,359	129,481
200 Employee Benefits	421,379	383,371	38,008
300 Purchased Services	481,920	582,738	(100,818)
400 Supplies and Materials	782,900	845,678	(62,778)
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	87,300	67,078	20,222
500 Capital Outlay	12,500	13,327	(827)
255 Student Transportation (State Mandated):			
100 Salaries	659,390	593,299	66,091
200 Employee Benefits	257,109	210,717	46,392
300 Purchased Services	27,000	12,595	14,405
400 Supplies and Materials	\$ 7,000	56,768	\$ (49,768)

(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, 2011**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
256 Food Service:			
100 Salaries	\$ (667)	-	\$ (667)
200 Employee Benefits	12,203	10,590	1,613
257 Internal Services:			
300 Purchased Services	35,400	39,807	(4,407)
400 Supplies and Materials	3,300	2,963	337
258 Security:			
100 Salaries	-	4,229	(4,229)
200 Employee Benefits	-	917	(917)
300 Purchased Services	109,200	124,905	(15,705)
400 Supplies and Materials	2,700	13,004	(10,304)
260 Central Support Services:			
263 Information Services:			
100 Salaries	12,362	10,560	1,802
200 Employee Benefits	2,675	2,292	383
300 Purchased Services	3,250	11,167	(7,917)
400 Supplies and Materials	13,600	11,781	1,819
264 Staff Services:			
100 Salaries	43,882	44,611	(729)
200 Employee Benefits	16,481	15,948	533
300 Purchased Services	4,500	3,270	1,230
400 Supplies and Materials	400	-	400
266 Technology and Data Processing Services:			
100 Salaries	53,249	50,813	2,436
200 Employee Benefits	12,269	12,283	(14)
300 Purchased Services	149,300	173,873	(24,573)
400 Supplies and Materials	19,000	24,569	(5,569)
500 Capital Outlay	61,000	74,022	(13,022)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	192,889	172,867	20,022
200 Employee Benefits (Optional)	39,031	35,318	3,713
300 Purchased Services (Optional)	11,648	8,123	3,525
600 Other Objects (Optional)	16,750	16,750	-
Total Support Services	<u>9,749,340</u>	<u>9,485,930</u>	<u>263,410</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	77,000	77,455	(455)
Total Intergovernmental Expenditures	<u>\$ 77,000</u>	<u>77,455</u>	<u>\$ (455)</u>

(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, 2011**

	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
500 Debt Service:			
620 Interest	\$ 13,300	15,694	\$ (2,394)
Total Debt Service	13,300	15,694	(2,394)
<b>TOTAL EXPENDITURES</b>	<b>22,552,782</b>	<b>21,322,261</b>	<b>1,230,521</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	392,866	371,397	(21,469)
5240 Transfer from Debt Service Fund	-	113	113
5280 Transfer from Other Funds Indirect Costs	-	16,634	16,634
421-710 Transfer to Special Revenue Fund	-	(108,607)	(108,607)
424-710 Transfer to Capital Projects Fund	-	(655,000)	(655,000)
426-710 Transfer to Pupil Activity Fund	(90,000)	(102,000)	(12,000)
TOTAL OTHER FINANCING SOURCES (USES)	302,866	(477,463)	(780,329)
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>30,166</b>	<b>30,166</b>
FUND BALANCES, Beginning of Year	3,210,482	3,210,482	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 3,210,482</b>	<b>3,240,648</b>	<b>\$ 30,166</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, 2011**

	<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	-	-
3118 EEDA Career Specialist	-	-
3120 General Education:		
3123 Formative Assessment	-	-
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:		
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)	548,430	-
4315 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs (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)	\$ -	-
4400 Adult Education:		

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (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>
-	-	-	-	90,635	\$ 90,635
-	-	-	-	103,275	103,275
-	-	-	-	129,255	129,255
-	-	-	-	323,165	323,165
-	-	-	26,961	-	26,961
-	-	-	122,243	-	122,243
-	-	-	12,775	-	12,775
-	-	-	1,000	-	1,000
-	-	-	7	-	7
-	-	-	28,205	-	28,205
-	-	-	9,720	-	9,720
-	-	-	117,870	-	117,870
-	-	-	428	-	428
-	-	-	227,561	-	227,561
-	-	-	4,439	-	4,439
-	-	-	551,209	-	551,209
-	86,671	-	-	-	86,671
-	-	-	-	-	548,430
-	-	-	-	51,847	51,847
-	-	-	-	8,867	8,867
-	-	-	-	754,731	754,731
-	-	-	-	95,211	\$ 95,211

(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, 2011**

	<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)	\$ -	664,387
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)	-	-
4924 21st Century Community Learning Center Program (Title IV, 21st Century Schools)	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>548,430</u>	<u>664,387</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>548,430</b></u>	<u><b>664,387</b></u>
<b>EXPENDITURES</b>		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	167,950	-
200 Employee Benefits	56,535	-
300 Purchased Services	5,621	-
400 Supplies and Materials	35,300	-
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	-	-
500 Capital Outlay	\$ -	-

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (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>
-	-	-	-	-	\$ 664,387
32,952	-	-	-	-	32,952
-	-	-	-	358,458	358,458
-	-	-	-	15,767	15,767
-	-	4,719	-	-	4,719
-	-	-	-	28,525	28,525
-	-	-	-	63,395	63,395
32,952	86,671	4,719	-	1,376,801	2,713,960
<b>32,952</b>	<b>86,671</b>	<b>4,719</b>	<b>551,209</b>	<b>1,699,966</b>	<b>3,588,334</b>
-	-	-	15,558	217,078	232,636
-	-	-	5,096	52,207	57,303
-	-	-	-	951	951
-	-	-	36,308	114,360	318,618
-	-	-	13,617	57,027	127,179
-	-	-	-	500	6,121
-	-	-	-	10,455	45,755
-	-	-	13,193	102,923	116,116
-	-	-	3,628	37,611	41,239
-	-	-	5,574	489	6,063
-	-	-	-	31,710	31,710
-	-	-	7,800	-	7,800
-	-	-	-	93,109	93,109
-	-	-	-	17,155	17,155
-	-	-	544	5,045	5,589
-	2,526	-	15,412	37,256	55,194
-	44,604	-	-	-	44,604
-	26,640	-	-	-	26,640
-	7,804	-	-	-	7,804
-	-	-	1,000	-	\$ 1,000

(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, 2011**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	\$ -	83,651
200 Employee Benefits	-	30,241
400 Supplies and Materials	-	-
126 Speech Handicapped:		
100 Salaries	-	59,224
200 Employee Benefits	-	20,894
300 Purchased Services	-	223
400 Supplies and Materials	-	365
600 Other Objects	-	620
127 Learning Disabilities:		
100 Salaries	-	153,263
200 Employee Benefits	-	46,833
300 Purchased Services	-	434
400 Supplies and Materials	-	343
128 Emotionally Handicapped:		
100 Salaries	-	26,998
200 Employee Benefits	-	14,043
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	104,299	-
200 Employee Benefits	34,389	-
170 Summer School Programs:		
172 Elementary Summer School:		
100 Salaries	1,935	-
200 Employee Benefits	429	-
173 High School Summer School:		
100 Salaries	-	-
200 Employee Benefits	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	43,282	\$ 126,933
-	-	-	-	16,404	46,645
-	-	-	-	40	40
-	-	-	-	-	59,224
-	-	-	-	-	20,894
-	-	-	-	-	223
-	-	-	-	-	365
-	-	-	-	-	620
-	-	-	-	227,860	381,123
-	-	-	-	70,912	117,745
-	-	-	-	-	434
-	-	-	-	-	343
-	-	-	-	-	26,998
-	-	-	-	-	14,043
25,402	-	-	-	11,305	36,707
6,878	-	-	-	4,462	11,340
672	-	-	-	-	672
-	-	-	-	44,069	44,069
-	-	-	-	13,008	13,008
-	-	-	-	819	819
-	-	-	-	1,363	1,363
-	-	-	-	9,852	114,151
-	-	-	-	5,050	39,439
-	-	-	-	5,755	7,690
-	-	-	-	1,245	1,674
-	-	-	9,400	-	9,400
-	-	-	2,033	-	\$ 2,033

(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, 2011**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
180 Adult/Continuing Educational Programs:		
188 Parenting/Family Literacy:		
100 Salaries	\$ 120	-
200 Employee Benefits	25	-
300 Purchased Services	-	-
400 Supplies and Materials	3,954	-
Total Instruction	<u>410,557</u>	<u>437,132</u>
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	3,850
214 Psychological Services:		
100 Salaries	-	91,049
200 Employee Benefits	-	28,017
300 Purchased Services	-	4,393
400 Supplies and Materials	-	1,672
215 Exceptional Program Services:		
300 Purchased Services	-	4,070
217 Career Specialists Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	55,734	-
200 Employee Benefits	13,944	-
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	27,855	70,111
200 Employee Benefits	8,760	19,653
300 Purchased Services	368	399
400 Supplies and Materials	87	21
600 Other Objects	\$ -	179

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (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>
-	-	-	-	-	\$ 120
-	-	-	-	-	25
-	-	-	840	-	840
-	-	-	-	2,409	6,363
32,952	81,574	-	130,003	1,235,711	2,327,929
-	585	2,614	-	-	3,199
-	-	2,105	-	-	2,105
-	-	-	93,699	7,961	101,660
-	-	-	29,971	3,307	33,278
-	-	-	-	-	3,850
-	-	-	-	-	91,049
-	-	-	-	-	28,017
-	-	-	-	-	4,393
-	-	-	-	-	1,672
-	-	-	-	-	4,070
-	-	-	91,821	-	91,821
-	-	-	30,422	-	30,422
-	-	-	82,249	36,123	174,106
-	-	-	28,121	13,315	55,380
-	-	-	27,002	1,954	28,956
-	-	-	5,088	19,363	24,451
-	-	-	-	4,500	4,500
-	-	-	-	89,655	89,655
-	-	-	-	47,411	47,411
-	-	-	-	25,094	123,060
-	-	-	-	5,454	33,867
-	-	-	-	1,039	1,806
-	-	-	-	-	108
-	-	-	-	-	\$ 179

(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, 2011**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	\$ 3,690	165
200 Employee Benefits	663	14
300 Purchased Services	12,615	3,459
400 Supplies and Materials	797	203
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	-	-
250 Finance and Operations Services:		
252 Fiscal Services:		
300 Purchased Services	-	-
254 Operation and Maintenance of Plant:		
400 Supplies and Materials	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
600 Other Objects (Optional)	-	-
Total Support Services	<u>124,513</u>	<u>227,255</u>
300 Community Services:		
350 Custody and Care of Children:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
Total Community Services	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 535,070</u></b>	<b><u>664,387</u></b>

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (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>
-	-	-	-	-	\$ 3,855
-	-	-	-	-	677
-	4,512	-	23,520	2,883	46,989
-	-	-	17,213	-	18,213
-	-	-	-	206	206
-	-	-	-	15,034	15,034
-	-	-	-	2,699	2,699
-	-	-	-	50,938	50,938
-	-	-	-	11,897	11,897
-	-	-	-	1,118	1,118
-	-	-	-	1,349	1,349
-	-	-	-	13,615	13,615
-	-	-	-	1,839	1,839
-	-	-	-	11,285	11,285
-	-	-	-	485	485
-	-	-	-	1,850	1,850
-	5,097	4,719	429,106	370,374	1,161,064
-	-	-	-	62,841	62,841
-	-	-	-	12,199	12,199
-	-	-	-	15,028	15,028
-	-	-	-	90,068	90,068
<b>32,952</b>	<b>86,671</b>	<b>4,719</b>	<b>559,109</b>	<b>1,696,153</b>	<b>\$ 3,579,061</b>

(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, 2011**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
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)	(13,360)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(13,360)</b>	<b>-</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>
FUND BALANCES, Beginning of Year	-	926
<b>FUND BALANCES, End of Year</b>	<b>\$ -</b>	<b>926</b>

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (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>
-	-	-	-	63,758	\$ 63,758
-	-	-	-	44,849	44,849
-	-	-	7,900	-	7,900
-	-	-	-	(3,274)	(16,634)
-	-	-	7,900	105,333	99,873
-	-	-	-	<b>109,146</b>	<b>109,146</b>
-	-	-	35	242,026	242,987
-	-	-	<b>35</b>	<b>351,172</b>	<b>\$ 352,133</b>

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2011

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OTHER DESIGNATED  
RESTRICTED STATE GRANTS

905	Career Technology Education Equipment
908	Refurbishment of K-8 Science Kits
916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
919	Education License Plates
926	EEDA Miscellaneous
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

211	JROTC
215	IDEA (ARRA 611)
216	IDEA Preschool (ARRA 619)
220	After School Care
222	American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant (Carryover Provision)
224	21st Century Community Learning Centers Program (Title IV, 21st Century Schools)
250	State Fiscal Stabilization Fund (ARRA)
264	Title III
267	Improving Teacher Quality (Carryover Provision)
801	Medicaid Administration
804	Centurion Toy Manufacturing Project
820	Medicaid
838	Mary Black Foundation Grant
839	Spark Grant
851	Scholars Academy

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

**Schedule B-3**

**SPECIAL REVENUE FUND**

**SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS**

**YEAR ENDED JUNE 30, 2011**

SUBFUND	REVENUE CODE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS IN (OUT)	DEFERRED
905	3125	VOC ED Equipment	\$ 1,000	1,000	-	-	\$ 4,524
908	3126	Refurbishment of K-8 Science Kits	7	7	-	-	-
916	3991	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	4,439	4,439	-	-	7,579
919	3193	Education License Plates	428	428	-	-	-
926	3116	EEDA 9th Grade Awareness	26,961	26,961	-	-	7,483
928	3118	EEDA Career Specialists	122,243	122,243	-	-	-
933	3123	Formative Assessment	12,775	12,775	-	-	14,108
936	3136	Student Health and Fitness - Nurses	117,870	123,670	5,800	-	-
937	3127	Student Health and Fitness - PE Teachers	28,205	30,305	2,100	-	-
938	3128	High Schools That Work	9,720	9,720	-	-	916
960	3610	K-5 Enhancement	227,561	227,561	-	-	180,182
967	3607	6-8 Enhancement	-	-	-	-	12,796
<b>Totals</b>			<b>\$ 551,209</b>	<b>559,109</b>	<b>7,900</b>	<b>-</b>	<b>\$ 227,588</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, 2011**

	<b>ACTUAL</b>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3511 Professional Development	\$ 15,630
3525 Career and Technology Education Equipment	28,709
3526 EAA Principal/Teacher Specialist (No Carryover Provision)	10,839
3530 Trainable & Profoundly Mentally Disabled Student Services	9,279
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	238,436
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	515,158
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	70,623
3542 Preschool Programs for Children with Disabilities	21,237
3544 High Achieving Students	118,067
3550 Teacher Salary Increase (No Carryover Provision)	371,397
3558 Reading	29,728
3568 EAA Technical Assistance	80,691
3577 Teacher Supplies (No Carryover Provision)	58,300
3578 High Schools That Work/Making Middle Grades Work	5,952
3592 Work-Based Learning	12,450
3598 Bus Driver Salary Supplement	7,602
Total Revenue from State Sources	<u>1,595,175</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>1,595,175</u></b>
<b>EXPENDITURES</b>	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	14,606
200 Employee Benefits	2,246
112 Primary Programs:	
100 Salaries	36,515
200 Employee Benefits	7,817
300 Purchased Services	4,229
400 Supplies and Materials	52,069
113 Elementary Programs:	
100 Salaries	108,178
200 Employee Benefits	29,056
300 Purchased Services	12,954
400 Supplies and Materials	21,141
500 Capital Outlay	\$ 6,283

(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, 2011**

	<b>ACTUAL</b>
114 High School Programs:	
100 Salaries	\$ 30,109
200 Employee Benefits	6,546
300 Purchased Services	1,985
400 Supplies and Materials	63,836
500 Capital Outlay	1,047
115 Career and Technology Education Program:	
300 Purchased Services - Other Than Tuition	928
500 Capital Outlay	28,709
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	7,303
200 Employee Benefits	1,538
127 Learning Disabilities:	
100 Salaries	29,212
200 Employee Benefits	6,237
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	61,371
200 Employee Benefits	23,647
300 Purchased Services	141
400 Supplies and Materials	4,780
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	75,599
200 Employee Benefits	20,830
148 Gifted and Talented - Artistic:	
400 Supplies and Materials	6,812
149 Other Special Programs:	
100 Salaries	62,713
200 Employee Benefits	16,741
170 Summer School Programs:	
172 Elementary Summer School:	
100 Salaries	50,771
200 Employee Benefits	10,107
400 Supplies and Materials	605
173 High School Summer School:	
100 Salaries	18,150
200 Employee Benefits	\$ 4,065

(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, 2011**

	<b>ACTUAL</b>
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	\$ 52,097
200 Employee Benefits	9,665
180 Adult/Continuing Educational Programs:	
188 Parenting/Family Literacy:	
300 Purchased Services	751
Total Instruction	<u>891,389</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	2,475
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	120,457
200 Employee Benefits	31,925
400 Supplies and Materials	42,288
222 Library and Media:	
100 Salaries	21,907
200 Employee Benefits	4,690
400 Supplies and Materials	1,650
223 Supervision of Special Programs:	
100 Salaries	7,457
200 Employee Benefits	4,993
224 Improvement of Instruction - In-service and Staff Training:	
300 Purchased Services	18,771
400 Supplies and Materials	14,769
250 Finance and Operations Services:	
254 Operation and Maintenance of Plant:	
400 Supplies and Materials	(1,349)
255 Student Transportation (State Mandated):	
100 Salaries	14,372
200 Employee Benefits	3,547
300 Purchased Services	5,410
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
100 Salaries	4,139
200 Employee Benefits	877
300 Purchased Services	2,466
Total Support Services	<u>\$ 300,844</u>

(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, 2011**

	<b>ACTUAL</b>
410 Intergovernmental Expenditures:	
412 Payments to Other Governmental Units	
720 Transits	\$ 23,645
Total Intergovernmental Expenditures	23,645
<b>TOTAL EXPENDITURES</b>	<b>1,215,878</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	13,337
420-710 Transfer to General Fund (Exclude Indirect Costs)	(371,397)
422-710 Transfer to EIA Fund	(21,237)
TOTAL OTHER FINANCING SOURCES (USES)	(379,297)
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>
<b>FUND BALANCES, Beginning of Year</b>	<b>-</b>
<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, 2011**

<b>Program</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>EIA Interfund Transfers In/(Out)</b>	<b>Other Fund Transfers In/(Out)</b>	<b>EIA Fund Deferred Revenue</b>
3500 Education Improvement Act:					
3511 Professional Development	\$ 15,630	15,630	-	-	\$ 10,685
3525 Career and Technology Education Equipment	28,709	28,709	-	-	8,417
3526 Science Kit Refurbishment	10,839	10,839	-	-	5,779
3530 Trainable & Profoundly Mentally Disabled Student Services	9,279	9,279	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	238,436	238,436	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	515,158	521,995	6,837	-	448,982
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	70,623	77,123	6,500	-	-
3542 Preschool Programs for Children with Disabilities	21,237	-	-	(21,237)	-
3544 High Achieving Students	118,067	118,067	-	-	4,009
3550 Teacher Salary Increase (No Carryover Provision)	371,397	-	-	(371,397)	-
3558 Reading	29,728	29,728	-	-	16,377
3568 EAA Technical Assistance	80,691	80,691	-	-	-
3577 Teacher Supplies (No Carryover Provision)	58,300	58,300	-	-	-
3578 High Schools That Work	5,952	5,952	-	-	-
3588 IDEA MOE Special Allocation	-	-	-	-	467,054
3592 School-to-Work Transition Act	12,450	12,450	-	-	-
3598 Bus Driver Salary Supplement (No Carryover Provision)	7,602	7,602	-	-	-
<b>Totals</b>	<b>\$ 1,595,175</b>	<b>1,215,878</b>	<b>13,337</b>	<b>(392,634)</b>	<b>\$ 961,303</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, 2011**

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<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					

**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, 2011**

	<b><u>ACTUAL</u></b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes - Including Delinquent (Fiscally Independent LEA)	\$ 1,768,465
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	230,423
Total Revenue from Local Sources	<u>1,998,888</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	112,316
3830 Merchant's Inventory Tax	13,379
3840 Manufacturers Depreciation Reimbursement	106,737
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	3,892
Total Revenue from State Sources	<u>236,324</u>
4000 Revenue from Federal Sources:	
4900 Other Federal Sources:	
4999 Revenue from Other Federal Sources	26,283
Total Revenue from Federal Sources	<u>26,283</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>2,261,495</u></b>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	516,709
620 Interest	46,901
690 Other Objects (Includes Fees for Servicing Bonds)	16,688
Total Debt Service	<u>580,298</u>
<b>TOTAL EXPENDITURES</b>	<b><u>580,298</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Capital Projects Fund	(500,280)
424-710 Transfer to Debt Service - EFC Fund	(1,224,361)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,724,641)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(43,444)</b>
FUND BALANCE, Beginning of Year	<u>540,917</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 497,473</u></b>

**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, 2011**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 66,894
Total Revenue from Local Sources	66,894
<b>TOTAL REVENUE ALL SOURCES</b>	<b>66,894</b>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	510,000
620 Interest	782,106
690 Other Objects (Includes Fees for Servicing Bonds)	4,000
Total Debt Service	1,296,106
<b>TOTAL EXPENDITURES</b>	<b>1,296,106</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5275 Transfer from Debt Service Fund	1,224,361
420-710 Transfer to General Fund (Excludes Indirect Costs)	(113)
424-710 Transfer to Capital Projects Fund	(653)
TOTAL OTHER FINANCING SOURCES (USES)	1,223,595
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(5,617)</b>
FUND BALANCE, Beginning of Year	936,336
<b>FUND BALANCE, End of Year</b>	<b>\$ 930,719</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, 2011**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 439
Total Revenue from Local Sources	<u>439</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>439</b></u>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	63,666
400 Supplies and Materials	34,594
500 Capital Outlay:	
520 Construction Services	1,193,947
530 Improvements Other Than Buildings	25,640
545 Technology, Equipment and Software	236,254
Total Support Services	<u>1,554,101</u>
500 Debt Service:	
690 Other Objects	24,270
Total Debt Service	<u>24,270</u>
<b>TOTAL EXPENDITURES</b>	<u><b>1,578,371</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
5110 Premium on Bonds Sold	13,500
5120 Proceeds of General Obligation Bonds	1,200,000
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	655,000
5240 Transfer from Debt Service Fund	500,280
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>2,368,780</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>790,848</b>
FUND BALANCE, Beginning of Year	<u>232,902</u>
<b>FUND BALANCE, End of Year</b>	<u><u><b>\$ 1,023,750</b></u></u>

**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, 2011**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2
Total Revenue from Local Sources	<u>2</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>2</b></u>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	7,226
500 Capital Outlay:	
520 Construction Services:	
530 Improvements Other Than Buildings	1,593
Total Support Services	<u>8,819</u>
<b>TOTAL EXPENDITURES</b>	<u><b>8,819</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	653
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>653</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(8,164)</b>
<b>FUND BALANCE, Beginning of Year</b>	<u>418,038</u>
<b>FUND BALANCE, End of Year</b>	<u><u><b>\$ 409,874</b></u></u>

**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, 2011**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 269,047
1630 Special Sales to Pupils	72,268
1640 Lunch Sales to Adults	33,377
1660 Special Sales to Adults	7,735
Total Revenue from Local Sources	<u>382,427</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	2,065
Total Revenue from State Sources	<u>2,065</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	728,447
4830 School Breakfast Program	243,428
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	100,901
4999 Revenue from Other Federal Sources	2,000
Total Revenue from Federal Sources	<u>1,074,776</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>1,459,268</u></b>
<b>EXPENSES</b>	
256 Food Service:	
100 Salaries	21,204
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	1,175,125
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	105,492
500 Capital Outlay	1,254
600 Other Objects	3,048
Total Food Services Expenses	<u>1,306,123</u>
<b>TOTAL EXPENSES</b>	<b><u>1,306,123</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>153,145</b>
FUND NET ASSETS, Beginning of Year	<u>166,223</u>
<b>FUND NET ASSETS, End of Year</b>	<b><u>\$ 319,368</u></b>

**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, 2011**

	<b>ACTUAL</b>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 112,347
1720 Bookstore Sales	15,902
1730 Pupil Organization Membership Dues and Fees	8,619
1740 Student Fees	89,830
1790 Other	639,432
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	2,411
1999 Revenue from Other Local Sources	8,690
Total Receipts from Local Sources	<u>877,231</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b><u>877,231</u></b>
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	10,352
200 Employee Benefits (Optional)	1,761
660 Pupil Activity	21,551
Total Instruction	<u>33,664</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	30,993
200 Employee Benefits (Optional)	6,997
300 Purchased Services (Optional)	35,766
400 Supplies and Materials (Optional)	105,152
660 Pupil Activity	726,206
Total Pupil Activity Expenditures	<u>905,114</u>
400 Intergovernmental Expenditures:	
412 Payments to Other Governmental Units	
720 Transits	12,286
Total Intergovernmental Expenditures	<u>12,286</u>
<b>TOTAL DISBURSEMENTS</b>	<b><u>\$ 951,064</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, 2011**

---

	<u><b>ACTUAL</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	\$ 102,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>102,000</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>28,167</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>127,504</u>
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<u><b>\$ 155,671</b></u>

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

**LOCATION RECONCILIATION SCHEDULE**

**YEAR ENDED JUNE 30, 2011**

<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	\$ 2,848,233
02	Clifdale Elementary	Elementary School	School	3,111,351
03	Cowpens Elementary	Elementary School	School	3,381,653
05	District Office	Non-School	Central	3,087,917
06	Pacolet Elementary	Elementary School	School	3,317,523
07	Cowpens Middle	Middle School	School	4,906,155
08	Middle School of Pacolet	Middle School	School	1,783,077
09	Broome High	High School	School	7,833,283
11	Special Education Center	Non-School	Central	201,036
14	Staff and Media Center	Non-School	Central	106,201
15	Superintendent and Board	Non-School	Central	301,274
16	Business Office	Non-School	Central	552,184
17	Maintenance Center	Non-School	Central	66,361
18	Transportation Center	Non-School	Central	26,144
19	District Special Projects	Non-School	Central	315,589
				<u><u>\$ 31,837,981</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	\$ 21,322,261
Special Revenue Fund	3,579,061
Special Revenue - EIA Fund	1,215,878
Special Revenue - Food Service Fund	1,306,123
Debt Service Fund	580,298
Debt Service - EFC Fund	1,296,106
Capital Projects Fund	1,578,371
Capital Projects -EFC Fund	8,819
Pupil Activity Fund	951,064
	<u><u>\$ 31,837,981</u></u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2011**

<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	\$ 243,428
600	National School Lunch Program - Cash Assistance	10.555	N/A	728,447
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	100,901
Total 10.553 & 10.555				<b>1,072,776</b>
600	Team Nutrition Grant	10.574	N/A	2,000
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>				<b>1,074,776</b>
<b>US DEPARTMENT OF EDUCATION</b>				
Pass-through State Department of Education:				
201	Title I Grants to LEA's	84.010	11-BA080	548,430
222	ARRA - Title I	84.389A	09-SA080	51,847
Total 84.010 & 84.389A				<b>600,277</b>
Individuals with Disabilities Education Act:				
203	IDEA	84.027A	11-CA080	664,387
205	Handicapped Preschool Grants	84.173A	11-CG-080	32,952
215	ARRA - IDEA 611	84.391A	09/10-SC080	358,458
216	ARRA - IDEA Preschool 619	84.392A	09/10-SG080	15,767
Total 84.027A, 84.173A, 84.391A & 84.392A				<b>1,071,564</b>
207	Occupational Education - WBL Activities	84.048	11VA080	86,671
209	Drug and Violence Prevention Programs	84.186	11-FQ080	4,719
224	21st Century Community Learning Centers Grants, Title IV	84.287	11CL080-01	28,525
250	ARRA - State Fiscal Stabilization Fund	84.394A	11-SF080	754,731
264	Language Instruction - Title III	84.365A	11-BP078	8,867
267	Improving Teacher Quality - Title II	84.367A	11-TQ080	95,211
<b>TOTAL US DEPARTMENT OF EDUCATION</b>				<b>2,650,565</b>
<b>US DEPARTMENT OF DEFENSE</b>				
Direct Program:				
211	Air Force ROTC	12.000	N/A	63,395
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>				<b>\$ 3,788,736</b>

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

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

**YEAR ENDED JUNE 30, 2011**

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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, 2011. 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.

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**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, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 30, 2011. 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.

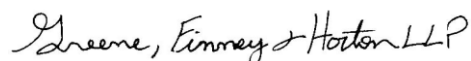
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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  
September 30, 2011

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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, 2011. 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, 2011.

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 over compliance 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.

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.

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
September 30, 2011

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2011**

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**FINDINGS - 2010 FINANCIAL STATEMENTS**

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

**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**

**Award Year: July 1, 2009 through June 30, 2010**

**Questioned Costs**

**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.

None

**Status:** The District has taken steps to ensure compliance in the future.

**2010-2: ALLOWABLE COSTS - TIME AND EFFORT REQUIREMENTS**

**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**

**Award Year: July 1, 2009 through June 30, 2010**

**Questioned Costs**

**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.

None

**Status:** The District has taken steps to ensure compliance in the future.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2011**

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**FINDINGS - 2010 FINANCIAL STATEMENTS (CONTINUED)**

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

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

**Award Year: July 1, 2009 through June 30, 2010**

**Questioned Costs**

**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.

None

**Status:** The District has taken steps to ensure compliance in the future.

SPARTANBURG COUNTY SCHOOL DISTRICT THREE  
GLENDALE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

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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?	_____ Yes	_____ X _____ No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ 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?	_____ Yes	_____ X _____ No
--	-----------	------------------

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
10.555, 10.553	National School Breakfast and Lunch Cluster

Dollar threshold used to distinguish between type A and type B programs:	_____ \$ 300,000 _____
--	------------------------

Auditee qualified as low-risk auditee?	_____ Yes	_____ X _____ No
--	-----------	------------------

Section II - Financial Statement Findings

NONE

Section III - Federal Awards Findings and Questioned Costs

NONE