

**ANDERSON COUNTY SCHOOL DISTRICT  
NUMBER THREE**

**IVA, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT  
June 30, 2009**

**(With Independent Auditors' Report Thereon)**



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IVA, SOUTH CAROLINA  
Annual Financial Report  
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# MARTIN SMITH & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, PA

## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Board of Trustees  
Anderson County School District Number Three  
Iva, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Anderson County School District Number Three as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Anderson County School District Number Three as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily 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 performed for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section, combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards are presented for purposes of individual analysis and are not a required part of the basic financial statements of Anderson County School District Number Three. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2009, on our consideration of Anderson County School District Number Three's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

October 26, 2009

*Martin Smith & Company CPAs PA*

*Member: American Institute of Certified Public Accountants • South Carolina Association of Certified Public Accountants*

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**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED June 30, 2009**

This discussion and analysis of Anderson County School District Number Three's (the "District's") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2009 are as follows:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$11,782,242. Of this amount, \$3,417,685 may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets decreased by \$1,399,721, compared to an increase of \$1,160,957 in the prior year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,803,769, a decrease of \$1,518,569. The majority of this decrease occurred in the school building fund as it expended funds for construction projects funded in a previous year. \$2,959,470 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 \$2,959,470, which is 18 percent of total general fund expenditures.
- The District's total net fixed assets increased by \$209,809 during the current fiscal year.
- During the 2009 fiscal year, the District's governmental fund type revenues were \$22,103,374 compared to \$22,567,745 in the prior year.
- The District had \$23,423,369 in expenses related to governmental activities; of these expenses \$13,592,829 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8,375,059 provided the remaining funding for these programs.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – the basic financial statements, required supplementary information (which includes this management's discussion and analysis section), an optional section that presents combining and individual fund statements and schedules for major governmental funds, and the compliance section.

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

The statement of net assets presents information on all of the 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 District is improving or deteriorating.

The statement of activities presents information showing how the government's 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.

Both of the government-wide financial statements distinguish functions of the 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 District include instruction, supporting services, community services and intergovernmental. The business type activities of the District include a food service operation.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2009**

**Fund financial statements.** The remaining basic financial statements are fund financial statements that focus on individual parts of the District, reporting the 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 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 District can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term 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 financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 District maintains five 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 projects fund, EIA fund, debt service fund and the capital projects fund, all of which are considered major funds.

**Proprietary Fund.** The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the food service operation, which is considered a major fund of the District.

**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 District's own programs. The District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** The District adopts an annual appropriated budget for its general fund, special projects fund and EIA fund. A budgetary comparison statement has been provided in the basic financial section of these funds to demonstrate compliance with their budgets.



**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2009**

Major Features of the District's Government-wide and Fund Financial Statements

<b>Fund Financial Statements</b>				
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
<b>Required financial statements</b>	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets, Statement of revenues, expenses, and changes in net assets, Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	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 financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
<b>Type of inflow/outflow information</b>	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/services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2009**

**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 District, assets exceeded liabilities by \$11,782,242 at the close of the most recent fiscal year.

The following table provides a summary of the School District's net assets for 2008 compared to 2009:

<b>Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Assets</b>						
Current and Other Assets	\$ 4,955,403	\$ 7,667,636	\$ 471,055	\$ 413,276	\$ 5,426,458	\$ 8,080,912
Capital Assets	<u>25,609,469</u>	<u>25,076,989</u>	<u>115,628</u>	<u>138,299</u>	<u>25,725,097</u>	<u>25,215,288</u>
Total Assets	<u>30,564,872</u>	<u>32,744,625</u>	<u>586,683</u>	<u>551,575</u>	<u>31,151,555</u>	<u>33,296,200</u>
<b>Liabilities</b>						
Long-term Liabilities	18,204,839	17,746,588	-	-	18,204,839	17,746,588
Other Liabilities	<u>1,151,634</u>	<u>2,345,298</u>	<u>12,840</u>	<u>22,351</u>	<u>1,164,474</u>	<u>2,367,649</u>
Total Liabilities	<u>19,356,473</u>	<u>20,091,886</u>	<u>12,840</u>	<u>22,351</u>	<u>19,369,313</u>	<u>20,114,237</u>
<b>Net Assets</b>						
Invested in Capital						
Assets, Net of Debt	7,404,630	7,330,401	115,628	138,299	7,520,258	7,468,700
Restricted	844,299	1,700,954	-	-	844,299	1,700,954
Unrestricted	<u>2,959,470</u>	<u>3,621,384</u>	<u>458,215</u>	<u>390,925</u>	<u>3,417,685</u>	<u>4,012,309</u>
Total Net Assets	<u>\$ 11,208,399</u>	<u>\$ 12,652,739</u>	<u>\$ 573,843</u>	<u>\$ 529,224</u>	<u>\$ 11,782,242</u>	<u>\$ 13,181,963</u>

Net assets of the District's governmental activities decreased (\$11,208,399 compared to \$12,652,739). Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased from \$3,621,384 at June 2007 to \$2,959,470 at June 2009.

This reduction in unrestricted governmental net assets was higher in FYE 2009 as compared with FYE 2008.

The net assets of business-type activities increased (\$573,843 compared to \$529,224) for the year ended June 30, 2009.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2009**

The following table shows the changes in net assets for fiscal year 2009 compared to 2008.

<b>Changes in Net Assets</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 11,141	\$ 10,607	\$ 424,636	\$ 409,470	\$ 435,777	\$ 420,077
Operating Grants	13,592,829	14,254,427	1,032,914	986,745	14,625,743	15,241,172
Capital Grants	-	-	-	-	-	-
General Revenue:						
Property Taxes	8,066,705	7,815,118	-	-	8,066,705	7,815,118
Other	280,354	506,756	15,753	6,964	296,107	513,720
<b>Total Revenues</b>	<b>21,951,029</b>	<b>22,586,908</b>	<b>1,473,303</b>	<b>1,403,179</b>	<b>23,424,332</b>	<b>23,990,087</b>
<b>Program Expenses</b>						
Instruction	13,696,363	12,909,516	-	-	13,696,363	12,909,516
Support Services	8,643,544	7,545,577	-	-	8,643,544	7,545,577
Community Services	42,882	52,472	-	-	42,882	52,472
Intergovernmental	54,482	24,133	-	-	54,482	24,133
Interest and Fiscal Charges	986,098	902,570	-	-	986,098	902,570
Food Service	-	-	1,400,684	1,394,862	1,400,684	1,394,862
<b>Total Expenses</b>	<b>23,423,369</b>	<b>21,434,268</b>	<b>1,400,684</b>	<b>1,394,862</b>	<b>24,824,053</b>	<b>22,829,130</b>
Excess (Deficiency)						
Before Transfer	(1,472,340)	1,152,640	72,619	8,317	(1,399,721)	1,160,957
Transfer (Food Service)	28,000	28,000	(28,000)	(28,000)	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (1,444,340)</b>	<b>\$ 1,180,640</b>	<b>\$ 44,619</b>	<b>\$ (19,683)</b>	<b>\$ (1,399,721)</b>	<b>\$ 1,160,957</b>

**Governmental Activities.** Governmental activities decreased the District's net assets in 2009 by \$1,444,340. Key elements of this change are as follows:

Decreased revenues from operating grants of approximately \$650,000.

Increased revenues from property taxes of approximately \$250,000.

Increased instruction and support services expenses of approximately \$1,885,000 due to staff salary increases and additional teaching positions.

**Business Type Activities.** Business-type activities increased the District's net assets by \$44,619. This change was a result, in part, of an increase in proceeds from meal sales, coupled with staff salary increases and other expense increases.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2009**

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

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

**Governmental Funds**

The analysis of governmental funds serve the purpose of looking at what resources came into the funds, 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, 2009, the District's governmental funds reported a combined fund balance of \$3,803,769, as compared to \$5,322,338 for the prior year. In particular, unreserved 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, 2009, the District's unreserved, undesignated fund balance for all governmental funds was \$2,959,470 which solely represents the General Fund. The remainder is reserved for items such as capital projects and debt service, with \$150,572 residing in capital projects and \$693,727 in debt service which is representative of the District's building plan.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved, undesignated, fund balance of the general fund was \$2,959,470, while total fund balance reached \$3,803,769.

The District's General Fund balance decreased by \$661,914 during the current fiscal year.

The District's Major Funds include the General Fund, as described above, Special Revenue-Special Projects, Special Revenue-EIA, Debt Service, and Capital Projects Funds.

The District's Special Revenue Funds, Special Projects and EIA, are used to account for revenues derived from local sources, the State of South Carolina, and the Federal Government. Special Revenue Funds do not have fund balances as revenues should be expended, deferred, or returned to the grantor.

The District's Debt Service Fund is shown in the accompanying financial statements of the District. The Debt Service Fund balance has remained relatively stable, increasing by \$58,979 from fiscal year ended 2008. The fiscal year ended 2009 fund balance is \$693,727, all of which is reserved for the payment of debt service. The District's debt millage rate continues to be static, although it will increase to accommodate the increased bond levels.

The District's Capital Projects Fund is used to account for most of the District's capital improvement expenditures. The Capital Project Fund balance decreased by \$915,634 from fiscal year ended 2008 to 2009. The District expended significant funds on capital projects during the year.

**Proprietary Funds**

The District's only Proprietary Fund is the Food Service Fund. This program had a net increase of \$44,619 for the fiscal year ended June 30, 2009. This increase was primarily a function of higher meal sales revenue and increased salary and other expenses.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2009**

**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 most significant budgeted fund is the General Fund. During the course of the fiscal year 2009, substantial amendments to the District's general fund revenue budget were made. However, net differences between the original budget and the final amended budget for revenues were relatively minor.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2009, the District had \$25,725,097 invested in capital assets, net of depreciation.

The total increase in the District's investment in capital assets, not considering depreciation, was \$1,229,019 or approximately 4%. Major capital asset events during the current fiscal year included the continued construction on a new school facility.

The following table shows fiscal 2009 balances compared to 2008.

**Capital Assets at June 30  
(Net of Depreciation)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land	\$ 1,043,161	\$ 817,246	\$ -	\$ -	\$ 1,043,161	\$ 817,246
Buildings	23,923,136	10,728,563	-	-	23,923,136	10,728,563
Improvements	593,599	629,021	-	-	593,599	629,021
Equipment	49,573	55,031	115,628	138,299	165,201	193,330
Construction in progress	-	12,847,128	-	-	-	12,847,128
<b>Totals</b>	<b>\$ 25,609,469</b>	<b>\$ 25,076,989</b>	<b>\$ 115,628</b>	<b>\$ 138,299</b>	<b>\$ 25,725,097</b>	<b>\$ 25,215,288</b>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2009**

**Long-term Debt**

At fiscal year-end, the District had \$18,204,859 in bonds and related bond premiums outstanding versus \$17,951,588 in the prior year, an increase of 1.4 % as shown in the following table. During the current fiscal year the District issued \$7,675,000 in General Obligation Refunding Bonds which were used to advance refund the outstanding bonds from the 2000 Issue. The net proceeds from the issuance were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the District's balance sheet. All of the District's debt is backed by the full faith and credit of the District as is typical with General Obligation Bonded Indebtedness.

**Outstanding Debt, at Year End**

	<u>Governmental Activities</u> <u>2009</u>	<u>Governmental Activities</u> <u>2008</u>
General Obligation Bonds:		
2009 Series	\$ 7,675,000	\$ -
2008 Series	140,000	-
2006 Series	10,000,000	10,000,000
2000 Series	<u>-</u>	<u>7,746,588</u>
Total bonds	17,815,000	17,746,588
Premium	<u>389,859</u>	<u>205,000</u>
Total long-term obligations	<u>\$ 18,204,859</u>	<u>\$ 17,951,588</u>

Section 15 of Article X of the South Carolina state constitution allows school districts to incur a legal debt limit not to exceed 8% of the assessed value of all property within the school district (as of the date of debt issuance), unless approved by a majority vote in a referendum authorized by law. The District's computed debt limitation as of June 30, 2009, is \$2,750,278. The bond issues in 2000 and 2006 were approved by majority vote in authorized referenda.

**Economic Factors**

The District is located in the southern part of Anderson County, South Carolina and contains the small towns of Iva and Starr. The District has a population of approximately 15,700 and operates one high school, one middle school and three elementary schools.

Manufacturing is the largest employment sector in the District, followed by wholesale and retail. Wholesale and retail trade and services represent the fastest growing sectors of the District.

The District's tax base has shown slight growth over the past five years. The assessed value of taxable property within the District has increased 1% during that period, with manufacturing property showing a decline and real estate property increasing. Total property tax collections have historically been strong and increasing. Difficulties with manufacturing industries and textiles specifically, have been a drag on continued growth within the District.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE FISCAL YEAR ENDED June 30, 2009**

In 2007, South Carolina enacted Act 388, which was effective for the District beginning July 1, 2007. Act 388 provides an exemption for one hundred percent of the fair market value of owner occupied residential property, to the extent it is not already covered by other property tax relief exemptions, for all property taxes imposed for school operating purposes, but not including millage imposed for the repayment of general obligation debt for property tax years beginning after January 1, 2007. Act 388 also created a new Homestead Exemption fund (Homestead Exemption Fund) which is funded from an additional 1 cent sales tax imposed by Act 388.

Act 388 created three tiers of distribution to school districts. Tier one distributions equal the amounts that were received by the school districts for the fiscal year ended June 30, 2007, relating to an earlier property tax relief provision for owner occupied residential property. In the case of the District, that amount was \$539,881.

Tier two distributions equal the amounts received by school districts for the school operating portion of the homestead exemption for the elderly, disabled, and blind. In the case of the District, that amount was \$300,578. Tier one and two distributions are fixed and do not change.

Tier three distributions are state funded payments to school districts to replace revenues formerly derived from taxation by school districts of owner occupied residential property. For the fiscal year ended June 30, 2008, those distributions were expected to equal, dollar for dollar, the revenue that would have been collected by the school districts from property taxes for school operating purposes imposed by the school districts on owner occupied residential property for that fiscal year as if no reimbursed exemptions applied. Beginning with the 2008-2009 fiscal year, the tier three distributions will be the sum of the amount of the fiscal year 2007-2008 tier three distributions plus the tier three reimbursement increases. Act 388 requires the tier three reimbursements to be increased annually by (i) an inflation factor equal to the percentage increase in the previous year Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics, plus (ii) the percentage increase in the previous year in the population of the State as determined by the Office of Research and Statistics of the State Budget and Control Board. The tier three increases are aggregated for the entire state and the amount going to any particular school district is equal to an amount that is the district's proportionate share of the aggregated funds based on the school district's weighted pupil units as a percentage of the statewide weighted pupil units as determined annually pursuant to the EFA, with an adjustment for certain poverty factors to provide programs for the affected students. There are provisions in the tier three reimbursement that could, in any given year, result in a minimum increase of four percent to the extent funds are available in the Homestead Exemption Fund. There are also provisions that require the total tier three reimbursements to the school districts in a county to be not less than \$2,500,000. If the amount of tier three distributions other than those dependent upon balances in the Homestead Exemption Fund exceed amounts in the Homestead Exemption Fund, the excess is required to be paid from the general fund of the State. The District's reimbursement for fiscal 2009 for tier three was \$620,249.

Act 388 requires that, to the extent revenues in the Homestead Exemption Fund are insufficient to pay all required reimbursements to a school district, the State will pay the difference from its general fund. However, there can be no assurances that such funds will be appropriated in the event there is such an insufficiency or that the change in funding sources resulting from Act 388 will not have an adverse effect on the District's operations. The District recognizes that Act 388 places increased reliance on state funds to fund the general fund. This increased reliance at the state level is being funded by the additional one penny sales tax, which in the District's opinion is not as stable as property tax revenue which the sales tax replaced.

In addition, Act 388 removes the authority of governing bodies of school districts to increase operating millage in any year to meet the required local EFA inflation factor and the per pupil maintenance of effort requirement.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Statement of Net Assets**  
**June 30, 2009**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,141,879	\$ 412,785	\$ 2,554,664
Investments	580,000	-	580,000
Accounts receivable	36,444	10,455	46,899
Property taxes receivable, net	256,640	-	256,640
Due from other governmental units	1,773,045	-	1,773,045
Other receivables	165,955	217	166,172
Internal balances	1,440	(1,440)	-
Inventories and prepaid expenses	-	49,038	49,038
Capital assets			
Land	1,043,161	-	1,043,161
Buildings	32,037,604	-	32,037,604
Improvements other than buildings	1,154,711	-	1,154,711
Equipment	1,789,545	322,538	2,112,083
Less accumulated depreciation	<u>(10,415,552)</u>	<u>(206,910)</u>	<u>(10,622,462)</u>
Total capital assets, net of depreciation	<u>25,609,469</u>	<u>115,628</u>	<u>25,725,097</u>
 Total assets	 <u>30,564,872</u>	 <u>586,683</u>	 <u>31,151,555</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and other current liabilities	558,530	-	558,530
Deferred revenue	574,157	12,840	586,997
Other liabilities	18,947	-	18,947
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	205,000	-	205,000
Due in more than one year:			
Bonds, capital leases, and contracts	<u>17,999,839</u>	<u>-</u>	<u>17,999,839</u>
 Total liabilities	 <u>19,356,473</u>	 <u>12,840</u>	 <u>19,369,313</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	7,404,630	115,628	7,520,258
Restricted for:			
Capital projects	150,572	-	150,572
Debt service	693,727	-	693,727
Unrestricted (deficit)	<u>2,959,470</u>	<u>458,215</u>	<u>3,417,685</u>
 Total net assets	 <u>\$ 11,208,399</u>	 <u>\$ 573,843</u>	 <u>\$ 11,782,242</u>

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



**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Statement of Activities  
For the Year Ended June 30, 2009**

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Assets		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental activities:							
Instruction	\$ 13,696,363	\$ 11,141	\$ 10,937,110	\$ -	\$ (2,748,112)		\$ (2,748,112)
Support services	8,643,544	-	2,579,194	-	(6,064,350)		(6,064,350)
Community services	42,882	-	22,043	-	(20,839)		(20,839)
Intergovernmental	54,482	-	54,482	-	-		0
Interest and other charges	986,098	-	-	-	(986,098)		(986,098)
Total governmental activities	<u>23,423,369</u>	<u>11,141</u>	<u>13,592,829</u>	<u>-</u>	<u>(9,819,399)</u>		<u>(9,819,399)</u>
Business-type activities:							
Food service	1,400,684	424,636	1,032,914	-	-	\$ 56,866	56,866
Total business-type activities	<u>1,400,684</u>	<u>424,636</u>	<u>1,032,914</u>	<u>-</u>	<u>-</u>	<u>56,866</u>	<u>56,866</u>
Total	<u>\$ 24,824,053</u>	<u>\$ 435,777</u>	<u>\$ 14,625,743</u>	<u>\$ -0-</u>	<u>(9,819,399)</u>	<u>56,866</u>	<u>(9,762,533)</u>
General revenues:							
Property taxes levied for:							
General purposes					6,406,822	-	6,406,822
Debt service					1,659,883	-	1,659,883
Miscellaneous					207,788	1,909	209,697
Unrestricted investment earnings					72,566	13,844	86,410
Transfers - food service					28,000	(28,000)	-
Total general revenues, special items, and extraordinary items					<u>8,375,059</u>	<u>(12,247)</u>	<u>8,362,812</u>
Change in net assets					(1,444,340)	44,619	(1,399,721)
Net assets, beginning of year					<u>12,652,739</u>	<u>529,224</u>	<u>13,181,963</u>
Net assets, end of year					<u>\$ 11,208,399</u>	<u>\$ 573,843</u>	<u>\$ 11,782,242</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Balance Sheet - Governmental Funds  
June 30, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Debt Service</u>	<u>School Building</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 2,122,931	\$ 18,948	\$ -	\$ -	\$ -	\$ 2,141,879
Investments	580,000	-	-	-	-	580,000
Accounts receivable	36,444	-	-	-	-	36,444
Property taxes receivable, net	256,640	-	-	-	-	256,640
Due from governmental agencies	-	794,714	95,634	693,727	188,970	1,773,045
Due from other funds	521,985	-	233,312	-	-	755,297
Total assets	<u>\$ 3,518,000</u>	<u>\$ 813,662</u>	<u>\$ 328,946</u>	<u>\$ 693,727</u>	<u>\$ 188,970</u>	<u>\$ 5,543,305</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities						
Accounts payable	\$ 558,530	\$ -	\$ -	\$ -	\$ -	\$ 558,530
Due to other funds	-	549,504	-	-	38,398	587,902
Other liabilities	-	18,947	-	-	-	18,947
Deferred revenues	-	245,211	328,946	-	-	574,157
Total liabilities	<u>558,530</u>	<u>813,662</u>	<u>328,946</u>	<u>-</u>	<u>38,398</u>	<u>1,739,536</u>
Fund balances						
Reserved for						
Debt service	-	-	-	693,727	-	693,727
Capital projects	-	-	-	-	150,572	150,572
Unreserved, undesignated	2,959,470	-	-	-	-	2,959,470
Total fund balances	<u>2,959,470</u>	<u>-</u>	<u>-</u>	<u>693,727</u>	<u>150,572</u>	<u>3,803,769</u>
Total liabilities and fund balances	<u>\$ 3,518,000</u>	<u>\$ 813,662</u>	<u>\$ 328,946</u>	<u>\$ 693,727</u>	<u>\$ 188,970</u>	<u>\$ 5,543,305</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**June 30, 2009**

Total fund balances - governmental funds	\$ 3,803,769
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$36,025,021 and the accumulated depreciation is \$10,415,552.	25,609,469
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(18,204,839)</u>
Net assets of governmental activities	\$ <u><u>11,208,399</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Debt Service</u>	<u>School Building</u>	<u>Total Governmenta Funds</u>
<b>REVENUES</b>						
Local property taxes	\$ 4,759,683	\$ -	\$ -	\$ 1,509,173	\$ -	\$ 6,268,856
Other local	82,142	324,392	-	4,388	204,966	615,888
Total local	4,841,825	324,392	-	1,513,561	204,966	6,884,744
State	10,609,337	624,396	1,871,339	229,126	-	13,334,198
Federal	-	1,884,432	-	-	-	1,884,432
Intergovernmental	-	-	-	-	-	-
Total revenues all sources	15,451,162	2,833,220	1,871,339	1,742,687	204,966	22,103,374
<b>EXPENDITURES</b>						
Current						
Instruction	9,780,239	1,633,168	1,255,429	-	-	12,668,836
Support services	6,695,038	1,093,209	287,822	-	-	8,076,069
Community services	20,838	19,840	2,204	-	-	42,882
Intergovernmental	-	44,061	10,421	-	-	54,482
Debt service						
Principal	-	-	-	810,000	-	810,000
Interest	-	-	-	986,098	-	986,098
Capital outlay	-	-	-	-	2,127,482	2,127,482
Total expenditures	16,496,115	2,790,278	1,555,876	1,796,098	2,127,482	24,765,849
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,044,953)	42,942	315,463	(53,411)	(1,922,516)	(2,662,475)
<b>OTHER FINANCING SOURCES (USES)</b>						
Premium on bonds sold	-	-	-	208,778	6,882	215,660
General obligation bond proceeds	-	-	-	-	1,000,000	1,000,000
Refunding bond proceeds	-	-	-	7,175,000	-	7,175,000
Sale of fixed assets	25,806	-	-	-	-	25,806
Operating transfers in	386,405	-	254,085	-	-	640,490
Operating transfers out	(29,172)	-	(569,548)	-	-	(598,720)
Payment to bond escrow agent	-	-	-	(7,271,388)	-	(7,271,388)
Transfer of indirect costs	-	(42,942)	-	-	-	(42,942)
Total other financing sources (uses)	383,039	(42,942)	(315,463)	112,390	1,006,882	1,143,906
Net change in fund balances	(661,914)	-0-	-0-	58,979	(915,634)	(1,518,569)
FUND BALANCE, July 1, 2008	3,621,384	-0-	-0-	634,748	1,066,206	5,322,338
FUND BALANCE, June 30, 2009	\$ 2,959,470	\$ -0-	\$ -0-	\$ 693,727	\$ 150,572	\$ 3,803,769

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2009**

Total net change in fund balance -- governmental funds \$ (1,518,569)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$922,453) is less than capital outlays (\$1,454,933) in the period. 532,480

Bond and bond premium proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets (8,563,558)

Bond premiums are revenues the year they are received in governmental funds, but are amortized over the lives of the bonds in the statement of activities 23,919

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 8,081,388

Change in net assets of governmental activities \$ (1,444,340)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Local	\$ 5,076,787	\$ 5,076,787	\$ 4,841,825	\$ (234,962)
State	11,793,011	11,793,011	10,609,337	(1,183,674)
Federal	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>16,869,798</u>	<u>16,869,798</u>	<u>15,451,162</u>	<u>(1,418,636)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	10,173,794	10,173,794	9,780,239	393,555
Support services	7,031,888	7,031,888	6,695,038	336,850
Community services	28,217	28,217	20,838	7,379
Intergovernmental	<u>16,388</u>	<u>16,388</u>	<u>-</u>	<u>16,388</u>
Total expenditures	<u>17,250,287</u>	<u>17,250,287</u>	<u>16,496,115</u>	<u>754,172</u>
Excess (deficiency) of revenues over expenditures	(380,489)	(380,489)	(1,044,953)	(664,464)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets	-	-	25,806	25,806
Transfer from food service fund	57,509	57,509	-	(57,509)
Transfer from special revenue fund	25,625	25,625	70,942	45,317
Transfer from EIA fund	326,527	326,527	315,463	(11,064)
Transfer to pupil activity fund	<u>(29,172)</u>	<u>(29,172)</u>	<u>(29,172)</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	(661,914)	\$ <u>(661,914)</u>
Fund balance, July 1, 2008			<u>3,621,384</u>	
Fund balance, June 30, 2009			\$ <u>2,959,470</u>	

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**Special Revenue Funds - Special Projects Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Local	\$ 122,810	\$ 122,810	\$ 324,392	\$ 201,582
State	614,996	614,996	624,396	9,400
Federal	2,179,428	2,179,428	1,884,432	(294,996)
Intergovernmental	-	-	-	-
Total revenues	<u>2,917,234</u>	<u>2,917,234</u>	<u>2,833,220</u>	<u>(84,014)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	1,681,775	1,686,775	1,633,168	53,607
Support services	1,008,331	1,051,057	1,093,209	(42,152)
Community services	15,500	15,500	19,840	(4,340)
Intergovernmental	-	-	44,061	(44,061)
Total expenditures	<u>2,705,606</u>	<u>2,753,332</u>	<u>2,790,278</u>	<u>(36,946)</u>
Excess (deficiency) of revenues over expenditures	<u>211,628</u>	<u>163,902</u>	<u>42,942</u>	<u>(120,960)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Special revenue fund indirect costs	<u>(50,564)</u>	<u>(50,564)</u>	<u>(42,942)</u>	<u>7,622</u>
Total other financing sources (uses)	<u>(50,564)</u>	<u>(50,564)</u>	<u>(42,942)</u>	<u>7,622</u>
Net change in fund balance	\$ <u>161,064</u>	\$ <u>113,338</u>	-0-	\$ <u>(113,338)</u>
Fund balance, July 1, 2008			<u>-0-</u>	
Fund balance, June 30, 2009			\$ <u>-0-</u>	

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual**  
**Special Revenue Funds - Education Improvement Act**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>REVENUES</b>				
Local	\$ -	\$ -	\$ -	\$ -
State	1,899,539	1,899,539	1,871,339	(28,200)
Federal	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>1,899,539</u>	<u>1,899,539</u>	<u>1,871,339</u>	<u>(28,200)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	1,283,735	1,283,735	1,255,429	28,306
Support services	280,906	280,906	287,822	(6,916)
Community services	-	-	2,204	(2,204)
Intergovernmental	-	-	10,421	(10,421)
Total expenditures	<u>1,564,641</u>	<u>1,564,641</u>	<u>1,555,876</u>	<u>8,765</u>
Excess (deficiency) of revenues over expenditures	334,898	334,898	315,463	(19,435)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer from special revenue EIA fund	-	-	254,085	254,085
Transfer to general fund	(318,765)	(318,765)	(315,463)	3,302
Transfer to special revenue fund	<u>(185,044)</u>	<u>(185,044)</u>	<u>(254,085)</u>	<u>(69,041)</u>
Net change in fund balance	\$ <u>(168,911)</u>	\$ <u>(168,911)</u>	-0-	\$ <u>168,911</u>
Fund balance, July 1, 2008			<u>-0-</u>	
Fund balance, June 30, 2009			\$ <u>-0-</u>	

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



**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	<b><u>Enterprise Fund</u></b> <b><u>Food Services</u></b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 412,785
USDA receivables	10,455
Other receivables	217
Inventories - supplies and materials	49,038
Total current assets	<u>472,495</u>
Noncurrent assets	
Furniture and equipment	322,538
Less accumulated depreciation	<u>(206,910)</u>
Total noncurrent assets	<u>115,628</u>
Total assets	<u>588,123</u>
<b>LIABILITIES</b>	
Current liabilities	
Due to other funds	1,440
Deferred revenue	12,840
Total current liabilities	<u>14,280</u>
Total liabilities	<u>14,280</u>
<b>NET ASSETS</b>	
Invested in capital assets	115,628
Unrestricted	<u>458,215</u>
Total net assets	<u>\$ 573,843</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2009**

	<b>Enterprise Fund Food Services</b>
<b>OPERATING REVENUES</b>	
Proceeds from sale of meals	\$ 424,636
Total operating revenues	<u>424,636</u>
<b>OPERATING EXPENSES</b>	
Food costs	719,493
Salaries and wages	554,139
Supplies and materials	62,861
Depreciation	22,671
Other operating costs	41,520
Total operating expenses	<u>1,400,684</u>
Operating income (loss)	<u>(976,048)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	13,844
USDA reimbursements	1,032,914
Other income	1,909
Total nonoperating revenues (expenses)	<u>1,048,667</u>
Income (loss) before operating transfers	72,619
Transfers in (out)	<u>(28,000)</u>
Change in net assets	44,619
Total net assets - July 1, 2008	<u>529,224</u>
Total net assets - June 30, 2009	<u>\$ 573,843</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2009**

	<b>Enterprise Fund Food Services</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from patrons	\$ 415,046
Payments to employees for services	(554,139)
Operating transfer to other fund	(28,000)
Payments to suppliers for goods and services	(942,135)
Net cash received from (used by) operating activities	<u>(1,109,228)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash received from USDA reimbursements	1,029,148
Other income	1,909
Net cash received from (used for) noncapital financing activities	<u>1,031,057</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>13,844</u>
Net cash received from (used by) investing activities	<u>13,844</u>
Net increase (decrease) in cash and cash equivalents	(64,327)
Cash and cash equivalents - July 1, 2008	<u>477,112</u>
Cash and cash equivalents - June 30, 2009	<u>\$ 412,785</u>
<b>Reconciliation of operating income (loss) to net cash received from (used by) operating activities</b>	
Operating income (loss) - Exhibit K	\$ (976,048)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities	
Depreciation	22,671
Operating transfer to other fund	(28,000)
Change in assets and liabilities	
(Increase) decrease in other receivables	(79)
(Increase) decrease in inventories	(12,056)
Increase (decrease) in due to other fund	(106,205)
Increase (decrease) in deferred revenue	<u>(9,511)</u>
Net cash received from (used by) operating activities	<u>\$ (1,109,228)</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
June 30, 2009**

	<b><u>Agency Fund</u> <u>Pupil Activity</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 154,902
Investments	<u>156,453</u>
Total assets	<u>311,355</u>
<b>LIABILITIES</b>	
Due to student organizations	145,387
Due to other funds	<u>165,958</u>
Total liabilities	<u>311,345</u>
<b>NET ASSETS</b>	
Unreserved - undesignated	<u>-0-</u>
Total net assets	<u><u>\$ -0-</u></u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b><u>Agency Fund</u></b> <b><u>Pupil Activity</u></b>
<b>ADDITIONS</b>	
Receipts	
Admissions	\$ 78,945
Bookstore sales	39,533
Student fees	72,040
Other	485,568
Transfer from other funds	<u>29,172</u>
Total receipts	<u>705,258</u>
Investment earnings	
Interest	<u>14,214</u>
Total additions	<u>719,472</u>
<b>DEDUCTIONS</b>	
Pupil activity programs	703,736
Increase in due to student organizations	<u>15,736</u>
	.
Total deductions	<u>719,472</u>
<b>CHANGE IN NET ASSETS</b>	-0-
Net assets, beginning of year	<u>-0-</u>
Net assets, end of year	<u><u>\$ -0-</u></u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009**

Anderson County School District Number Three, South Carolina (the District) is a school district created by the South Carolina Legislature to provide public education services to students of a specified geographical district of Anderson County, South Carolina. The District receives funding from local, state and federal sources and must comply with any requirements of the funding source entities.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Reporting Entity**

The Board of Trustees (the Board) of the District controls the District and has oversight responsibility over all activities related to public school education in the District.

The District's financial statements include the operations of all organizations for which the District Board exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The District does not exercise oversight responsibility over any additional organizations.

**b) Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 District.

**c) Measurement Focus, Basis of Accounting and Basis of Presentation**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the District.

Governmental fund types are those through which most governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities (except for those accounted for in the proprietary and expendable trust funds) 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 District's major governmental fund types:

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

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

- i) The Special Projects Fund, a major fund, is used to account for financial resources provided by federal, state, and local projects and grants.
- ii) The Education Improvement Act (EIA) Fund, a major fund, 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.

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

The Capital Projects Fund, a major fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities except for those financed in the enterprise fund.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Proprietary Fund types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the requirements for Financial Accounting Standards Board (FASB) Statements and Interpretations. In addition, the School District applies all FASB Statements and Interpretations issued after November 30, 1989 except for those that conflict with or contradict GASB pronouncements in accounting and reporting for its operations. Proprietary fund types include the following fund:

The Enterprise Fund is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. The Food Service Fund is the School District's only enterprise fund and is used to account for the United States Department of Agriculture's (USDA) approved school breakfast and lunch programs.

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

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

**d) Cash, Cash Equivalents and Investments**

Custodial credit risk for cash deposits and investments is the risk that, in the event of a bank failure, the District's deposits or investments might not be recovered. The District does not have a formal deposit policy for credit risk, but follows the investment policy statutes of the state of South Carolina.

The District's bank cash, cash equivalents and investments balance (which was different from the District's book balances of \$2,721,879 because of outstanding checks, deposits in transit, and other reconciling items) of \$3,604,287 at June 30, 2009, was insured or fully collateralized. Cash and savings accounts and certificates of deposit are placed with a banking institution and are protected by federal depository insurance up to \$250,000 and collateral pledged by the bank for 100% of the amount in excess of \$250,000. The collateral generally consists of obligations of the United States and its agencies or general obligations of the State of South Carolina or any of its political units. The collateral consists of investments that are insured or registered in the District's name or held by the District or its agents in the District's name.

Insured and collateralized amounts at June 30, 2009 are as follows:

Insured	\$ 250,000
Collateralized	3,354,207
Uncollateralized	<u>-</u>
Total bank balance	<u>\$ 3,604,207</u>



ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

d) **Cash, Cash Equivalents and Investments, continued**

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

The District is authorized to invest in securities as allowed by South Carolina statute. Those investments are restricted to:

- 1) Obligations of the United States and agencies thereof;
- 2) General obligations of the State of South Carolina or any of its political units;
- 3) Savings and loan associations to the extent that the same are secured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation,
- 4) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) 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. Investments, which consist of certificates of deposit, are stated at cost which approximates market. During the year, investments made but not held as of the balance sheet date consisted of certificates of deposit.

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

The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds are exempt from concentration of credit risk disclosures.

For purposes of the statement of cash flows, the District's Proprietary fund type considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

e) **Receivables and Payables**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds" or "due to other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

f) **Inventories**

With the exception of the Proprietary fund, the District has elected to account for disbursements for inventory items as expenditures at the time of purchase. Accordingly, no inventories have been recorded in the financial statements of these funds. The Proprietary fund inventories are recorded at cost using the first-in, first-out method as of June 30, 2009.

g) **Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally 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 financial statements. Capital assets utilized by the proprietary funds are reported both in the business type activities column of the government-wide statement of net assets and in the respective fund financial statements.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

g) **Capital Assets, continued**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District's infrastructure assets are immaterial and have been reported with the buildings and improvements. 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 capitalized.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate fixed 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>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings	30 years	N/A
Buildings/ Improvements	10-30 years	N/A
Furniture and Equipment	5-10 years	7 years
Vehicles	10 years	N/A

h) **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current 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 financial statements until due.

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. 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 included with other assets and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

i) **Vacation and Sick Leave**

There is no vested or accumulated vacation or sick pay that is expected to be paid after year end.

j) **Fund Equity**

In the fund financial statements, the District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories of supplies and materials and prepaid items. Designations of fund equity represent tentative management plans that are subject to change and ultimately may not be legally authorized or result in an expenditure.

k) **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists 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 the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

l) **Total Columns on Combined Financial Statements**

The total columns presented in the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. No consolidating entries or other eliminations were made in the aggregation of the totals; thus, they do not present consolidated information and do not purport to present financial position or results of operations in conformity with generally accepted accounting principles.

m) **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures or expenses during the reporting period. Actual results could differ from those estimates.

n) **Comparative data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in all statements because inclusion would make certain statements unduly complex and difficult to understand. Certain 2008 amounts have been reclassified where appropriate, to correspond with the 2009 financial statement presentation. Accordingly, users should consult the District's 2008 financial statements to obtain details with respect to those summarized 2008 amounts presented at June 30, 2009.

2) **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Practices** – Formal budgetary accounting is employed as a management tool for the District. Budgets are presented in the basic financial statements section for the general fund and all major special revenue funds.

Each budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The budget includes proposed expenditures and the means of financing the expenditures.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009**

**2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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

- 1) In the fall of the preceding year, the District begins its budget process for the next succeeding fiscal year beginning on July 1.
- 2) After the District's budget committee reviews all requests and allocation requirements and related revenue, it presents a tentative proposed budget to the Superintendent for his review and adjustment.
- 3) The Superintendent 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.
- 5) The Board of Trustees recommends the budget to the Anderson County Board of Education.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. This 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 supplementary action. The legal level of control is at the fund level. During the year, the Board revised the budget.

**3) DUE FROM/DUE TO OTHER FUNDS**

Interfund balances at June 30, 2009, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 521,985	\$ -
Special revenue funds:		
Special projects fund	-	549,504
Education Improvement Act	233,312	-
Debt service fund	-	-
School building fund	-	38,398
Proprietary fund	-	1,440
Pupil activity fund	-	165,955
	<u>\$ 755,297</u>	<u>\$ 755,297</u>

The general fund receivable is a result of special revenue owing the general fund for claims that were filed but not yet received, the general fund owing the EIA fund for amounts received for state claims on behalf of the EIA fund, the general fund owing the school building fund for bond proceeds received in previous year, and the general fund paying payroll costs for the food service fund.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

4) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2009, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 817,246	\$ 225,915	\$ -	\$ 1,043,161
Capital assets, being depreciated				
Buildings	18,008,922	14,028,682	-	32,037,604
Improvements other than buildings	1,154,711	-	-	1,154,711
Equipment	1,742,080	47,465	-	1,789,545
Construction in progress	12,847,128	1,407,469	(14,254,597)	-
	<u>33,752,841</u>	<u>15,483,616</u>	<u>(14,254,597)</u>	<u>34,981,860</u>
Less accumulated depreciation for:				
Buildings	7,280,360	834,108	-	8,114,468
Improvements other than buildings	525,690	35,422	-	561,112
Equipment	1,687,049	52,923	-	1,739,972
	<u>9,493,099</u>	<u>922,453</u>	<u>-</u>	<u>10,415,552</u>
Total capital assets being depreciated, net	<u>24,259,742</u>	<u>14,561,163</u>	<u>(14,254,597)</u>	<u>24,566,308</u>
Governmental activities capital assets, net	<u>\$ 25,076,988</u>	<u>\$ 14,787,078</u>	<u>\$ (14,254,597)</u>	<u>\$ 25,609,469</u>
Business-type activities:				
Furniture and equipment	\$ 322,538	\$ -	\$ -	\$ 322,538
Accumulated depreciation	<u>184,239</u>	<u>22,671</u>	<u>-</u>	<u>206,910</u>
Business-type activities capital assets, net	<u>\$ 138,299</u>	<u>\$ 22,671</u>	<u>\$ -</u>	<u>\$ 115,628</u>

Depreciation was charged to functions/programs as follows:

Governmental activities:	
Instruction	\$ 590,370
Support	<u>332,083</u>
Total depreciation expense - governmental activities	<u>\$ 922,453</u>
Business-type activities:	
Food service fund	<u>\$ 22,671</u>
Total depreciation expense - business-type activities	<u>\$ 22,671</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009**

**5) LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2009:

General obligation bonds payable at beginning of year	\$ 17,746,588
Bonds issued	8,175,000
Bond refunding	(7,296,588)
Principal payments	<u>(810,000)</u>
General obligation bonds payable at end of year	<u>17,815,000</u>
Premium on bonds issued	459,427
Amortization of premium	<u>(69,568)</u>
Total long-term obligations at end of year	<u><u>\$ 18,204,859</u></u>

General obligation bonds payable are comprised of the following issues:

\$500,000 General Obligation Bonds, issued 2008, due in two annual installments of \$360,000 and \$140,000 beginning 2009, interest payable semi-annually at 3.00%	\$ 140,000
\$10,000,000 General Obligation Bonds, issued 2006, due in annual installments of \$30,000 to \$1,180,000 beginning 2011 and continuing through 2031, interest payable semi-annually at rates from 4.00% to 5.00%	10,000,000
\$7,675,000 General Obligation Bonds, issued 2009, due in annual installments of \$65,000 to \$750,000 beginning 2010 and continuing through 2025, interest payable semi-annually at rates from 2.00% to 4.25%	<u>7,675,000</u>
	<u><u>\$ 17,815,000</u></u>

The annual requirements to amortize all debt outstanding as of June 30, 2009, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 205,000	\$ 697,312	\$ 902,312
2011	605,000	691,840	1,296,840
2012	620,000	677,802	1,297,802
2013	635,000	664,702	1,299,702
Thereafter	<u>15,750,000</u>	<u>7,025,967</u>	<u>22,775,967</u>
	<u><u>\$ 17,815,000</u></u>	<u><u>\$ 9,757,623</u></u>	<u><u>\$ 27,572,623</u></u>

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

5) **LONG-TERM DEBT, CONTINUED**

Section 15 of Article X of the South Carolina state constitution allows school districts to incur a legal debt limit not to exceed 8% of the assessed value of all property within the school district (as of the date of debt issuance), unless approved by a majority vote in a referendum authorized by law. The District's computed debt limitation as of June 30, 2009, is \$2,522,733. The bond issues in 2000 and 2006 were approved by majority vote in authorized referenda.

For the payment of principal and interest on the bonds as they mature, the full faith, credit and taxing power of the District is irrevocably pledged.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The District is in compliance with all such significant limitations and restrictions at June 30, 2009.

During the fiscal year ended June 30, 2009, the District issued \$7,675,000 general obligation refunding and school building bonds, Series 2009. These bonds were issued to advance refund bonds of \$7,296,588 from a 2000 bond issue and for certain capital projects. The net proceeds from the issuance were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the District's balance sheet. Such bonds will be paid in full by the escrow agent during the fiscal year ended June 30, 2010. The advance refunding resulted in an economic gain of \$542,598.

The District borrowed \$500,000 through a bond issuance during the year ended June 30, 2009, and repaid \$340,000 of such bond during the same period.

6) **CHANGE IN GENERAL LONG-TERM DEBT**

The following is a summary of changes in long-term obligations for the year ended June 30, 2009:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
Amount available in debt service fund	\$ 634,748	\$ 58,979	\$ -	\$ 693,727
Amount to be provided for retirement of long-term obligations	<u>17,111,840</u>	<u>9,433</u>	<u>-</u>	<u>17,121,273</u>
Total available and to be provided	<u>\$ 17,746,588</u>	<u>\$ 58,979</u>	<u>\$ -</u>	<u>\$ 17,815,000</u>
Total long-term obligations	<u>\$ 17,746,588</u>	<u>\$ 58,979</u>	<u>\$ -</u>	<u>\$ 17,815,000</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009**

**7) RETIREMENT PLAN**

Substantially all District employees participate in the South Carolina Retirement System (the Plan), a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. The Plan offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, and life and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. Only the State Budget and Control Board has the authority to establish and amend benefits. The payroll for District employees covered by the Plan for the year ended June 30, 2009 was \$12,295,473; the District's total payroll was \$13,768,566.

All District full-time employees are required to participate in the Plan and make contributions as a condition of employment. A monthly pension benefit is payable to eligible employees at age 65 or upon attaining 30 years of credited service regardless of age, with reduced pension benefits payable as early as age 55 and 25 years of service. An employee is vested for a deferred annuity with 5 years service.

SCRS plan members are required to contribute 6.5% of their annual covered salary while the District is required to contribute an actuarially determined rate. The current rate for the SCRS is 12.74% of annual covered payroll. Additionally, the District must contribute .15% of covered payroll to a group life insurance benefit for SCRS participants.

Both employees and the District are required to contribute to the Plan at rates established under authority of Title 9 of the South Carolina Code of Laws. The contribution requirements for the current and two preceding years are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Contribution Amount</u>		<u>Contribution Percentage</u>	
	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>
2009	\$ 1,696,847	\$ 819,747	12.740%	6.50%
2008	1,574,708	771,469	12.480%	6.50%
2007	1,301,677	742,184	11.400%	6.50%

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 Internal Revenue Code. The State ORP is a defined contribution plan that provides retirement and survivor benefits as an alternative to the SCRS. Employees may choose between the State ORP and the SCRS plan.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement, P. O. Box 11960, Columbia, SC 29211-1960.

**8) DEFERRED COMPENSATION PLAN**

The District, through the South Carolina Deferred Compensation Commission, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, disability, death or unforeseeable emergency. Investments are managed by the plan's program administrator under a variety of investment options or a combination thereof. The participants make the choice of investment(s) option(s). Investments are carried at their market value. The District's administrative involvement is limited to transmitting amounts withheld from payroll to the program administrator.



ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

9) **POSTRETIREMENT BENEFITS**

The District is a member of the South Carolina Retirement System which was established July 1, 1945. The system covers public school employees, public higher-education personnel, state employees, city, county and other local public employees. It provides a complete schedule of benefits for regular retirement. A member is eligible for a full service retirement at age 65 or upon completion of thirty years membership. On or after January 1, 2002, members are eligible after twenty-eight years membership. Reduced benefits are payable as early as age 55.

As described more fully in Note 6, funding of the plan is made from employee/employer contributions. Benefits vest after five years of service. Vested members who retire at age 65 or with twenty-eight years of service at any age receive an annual benefit payable monthly for life. The benefit is based on length of service and on average final compensation.

In addition to providing pension plan and supplemental benefits, the state currently provides its retired employees with health care benefits. All postretirement benefits paid to District retired members are made from the South Carolina Retirement Systems and from South Carolina's General Fund (Health Care).

10) **POSTEMPLOYMENT BENEFITS**

The District provides death benefits to employees through the group life insurance program for members of the South Carolina Retirement System ("System"), which is explained further in Note 6. The beneficiaries of those employees who die in active service after one year of credited service are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the budgeted salary of the deceased member. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. For the year ended June 30, 2009, the District made contributions to the State for death benefits representing 0.15 percent of covered payroll.

Upon death of a retiree, a benefit will be paid to the designated beneficiary of an amount based on years of credit services as follows:

10 to 19 years of service credits	\$2,000
20 to 27 years of service credits	4,000
28 or more years of service credits	6,000

The District also provides its retired employees health care benefits through the State health insurance program for members of the System. The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The District does not determine the number of eligible participants. The District's contributions are financed on an advance funded actuarially-determined basis.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Notes to Financial Statements  
Year Ended June 30, 2009

11) **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. Because of the high cost of insurance purchased from commercial insurers, the District has chosen to participate with other school districts in the state in the South Carolina School Boards Insurance Trust/Workers' Compensation Pool (SCSBIT/WCP). This public entity risk pool operates as a common risk management and insurance program for member school districts. The District pays annual premiums to the public entity risk pool for its workers' compensation insurance coverage. The Agreement for Formation of the public entity risk pool provides that SCSBIT/WCP will be self-sustaining through member premiums and any deficiencies can be charged back the member school districts in the event that a fund deficit arises. The District also participates in the South Carolina School Boards Insurance Trust for all other risks of loss.

The District carries commercial insurance for certain risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District has elected to be self-insured for unemployment taxes, whereby it would reimburse the South Carolina Employment Security Commission for actual claims paid attributable to service in the employ of the District. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

12) **COMMITMENTS AND CONTINGENCIES**

The District participates in a number of federal and state assisted grant programs. Although the District has been audited in accordance with provisions of OMB Circular A-133, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's management believes such disallowances, if any, would not be significant.

13) **PROPERTY TAXES**

Anderson County, South Carolina (the County) is responsible for levying and collecting sufficient property taxes to meet its funding obligation the District. This obligation is established each year by the Anderson County Board of Education and does not necessarily represent taxes levied or collected. Property taxes are levied and billed by the County on real and personal properties on October 1 based on assessed values at established millage rates. These taxes are due without penalty through January 15. Penalties are added to taxes based on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 15	10% of tax
After March 15	15% of tax, plus collection costs

Current year real and personal taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Taxes receivable includes an allowance for uncollectible taxes. An allowance for uncollectible amounts is not necessary for other receivable accounts.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1200 Revenue from local governmental units other than LEAs			
1210 Ad valorem taxes - including delinquent (dependent)	\$ 4,516,855	\$ 4,218,094	\$ (298,761)
1280 Revenue in lieu of taxes (independent and dependent)	515,432	541,588	26,156
1300 Tuition			
1310 From patrons for regular day school	4,000	11,141	7,141
1500 Earnings on investments			
1510 Interest on investments	30,500	63,213	32,713
1900 Other revenue from local sources			
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	10,000	7,789	(2,211)
Total local sources	<u>5,076,787</u>	<u>4,841,825</u>	<u>(234,962)</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3130 Special programs			
3131 Handicapped transportation	750	755	5
3132 Home schooling	2,500	-	(2,500)
3160 School bus driver's salary	219,201	233,673	14,472
3162 Transportation workers' compensation	19,184	18,959	(225)
3180 Fringe benefits employer contributions (no carryover provision)	2,535,639	2,486,250	(49,389)
3300 Education Finance Act			
3310 Full-time programs			
3311 Kindergarten	499,892	371,273	(128,619)
3312 Primary	1,476,604	1,196,001	(280,603)
3313 Elementary	1,736,319	1,554,190	(182,129)

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
3314 High school	\$ 407,613	\$ 297,479	\$ (110,134)
3315 Trainable mentally handicapped	22,210	11,543	(10,667)
3316 Speech handicapped (part-time program)	661,646	534,433	(127,213)
3317 Homebound	17,284	8,196	(9,088)
3320 Part-time programs			
3321 Emotionally handicapped	62,009	22,211	(39,798)
3322 Educable mentally handicapped	26,521	38,788	12,267
3323 Learning disabilities	879,815	850,144	(29,671)
3324 Hearing handicapped	61,332	43,041	(18,291)
3325 Visually handicapped	24,119	13,108	(11,011)
3326 Orthopedically handicapped	7,596	1,815	(5,781)
3327 Vocational	1,385,453	1,232,240	(153,213)
3330 Other EFA programs			
3331 Autism	50,364	48,099	(2,265)
3800 State revenue in lieu of taxes			
3810 Reimbursement for local residential property tax relief (tier 1)	539,881	539,881	-
3820 Homestead exemption (tier 2)	303,162	300,578	(2,584)
3825 Reimbursement for property tax relief (tier 3)	676,510	620,249	(56,261)
3830 Merchant's inventory tax	7,507	7,510	3
3840 Manufacturers depreciation reimbursement	150,000	156,071	6,071
3890 Other state property tax revenues (includes motor carrier vehicle tax)	18,900	22,850	3,950
3900 Other state revenue			
3999 Revenue from other state sources	1,000	-	(1,000)
Total state sources	<u>11,793,011</u>	<u>10,609,337</u>	<u>(1,183,674)</u>
4000 Revenue from federal sources			
4900 Other federal sources			
4999 Revenue from other federal sources	-	-	-
Total federal sources	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue all sources	<u>16,869,798</u>	<u>15,451,162</u>	<u>(1,418,636)</u>

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	\$ 682,300	\$ 669,905	\$ 12,395
200 Employee benefits	221,919	208,824	13,095
300 Purchased services	10,492	9,117	1,375
400 Supplies and materials	4,103	3,405	698
500 Capital outlay	545	545	-
112 Primary programs			
100 Salaries	1,389,550	1,374,566	14,984
200 Employee benefits	434,328	425,591	8,737
300 Purchased services	22,205	18,095	4,110
400 Supplies and materials	10,726	8,846	1,880
500 Capital outlay	1,159	1,159	-
113 Elementary programs			
100 Salaries	2,380,818	2,307,631	73,187
200 Employee benefits	729,320	688,024	41,296
300 Purchased services	65,667	50,093	15,574
400 Supplies and materials	68,045	40,638	27,407
500 Capital outlay	13,887	10,002	3,885
114 High school programs			
100 Salaries	1,372,775	1,341,223	31,552
200 Employee benefits	429,570	396,310	33,260
300 Purchased services	56,017	40,467	15,550
400 Supplies and materials	45,355	26,078	19,277
500 Capital outlay	4,543	2,498	2,045
600 Other objects	3,865	4,058	(193)
115 Career and technology education programs			
100 Salaries	352,937	331,009	21,928
200 Employee benefits	100,902	93,616	7,286
300 Purchased services - other than tuition	16,216	9,437	6,779
400 Supplies and materials	3,608	3,608	-
500 Capital outlay	6,200	3,881	2,319

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
117 Driver education program			
300 Purchased services	\$ -	\$ 87	\$ (87)
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	111,698	51,622	60,076
200 Employee benefits	33,865	19,211	14,654
122 Trainable mentally handicapped			
100 Salaries	67,684	60,708	6,976
200 Employee benefits	27,983	23,773	4,210
123 Orthopedically handicapped			
200 Employee benefits	508	-	508
124 Visually handicapped			
100 Salaries	35,471	42,270	(6,799)
200 Employee benefits	12,272	13,046	(774)
125 Hearing handicapped			
100 Salaries	5,803	8,457	(2,654)
200 Employee benefits	1,875	1,982	(107)
126 Speech handicapped			
100 Salaries	96,234	92,368	3,866
200 Employee benefits	31,931	30,261	1,670
300 Purchased services	1,669	637	1,032
400 Supplies and materials	1,520	-	1,520
127 Learning disabilities			
100 Salaries	669,966	685,643	(15,677)
200 Employee benefits	207,679	205,954	1,725
300 Purchased services	1,742	17,374	(15,632)
400 Supplies and materials	-	16,178	(16,178)
128 Emotionally handicapped			
100 Salaries	12,634	13,315	(681)
200 Employee benefits	3,816	4,126	(310)
300 Purchased services	631	-	631

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
129 Coordinated early intervening services (CEIS)			
300 Purchased services	\$ 2,347	\$ 2,347	\$ -
130 Pre-school programs			
135 Pre-school handicapped - speech (3 & 4 year olds)			
200 Employee benefits	-	185	(185)
137 Pre-school handicapped - self-contained (3 & 4 year olds)			
100 Salaries	6,349	0	6,349
200 Employee benefits	1,879	230	1,649
139 Early childhood programs			
100 Salaries	8,521	10,473	(1,952)
200 Employee benefits	3,040	4,642	(1,602)
140 Special programs			
141 Gifted and talented - academic			
100 Salaries	197,287	192,076	5,211
200 Employee benefits	62,723	58,892	3,831
300 Purchased services	1,241	1,212	29
400 Supplies and materials	1,713	1,713	-
145 Homebound			
100 Salaries	29,751	13,125	16,626
200 Employee benefits	6,136	2,775	3,361
300 Purchased services	375	375	-
149 Other special programs			
100 Salaries	32,000	44,733	(12,733)
200 Employee benefits	8,257	9,363	(1,106)
160 Other exceptional programs			
161 Autism			
100 Salaries	43,289	60,510	(17,221)
200 Employee benefits	16,853	21,950	(5,097)
Total instruction	<u>10,173,794</u>	<u>9,780,239</u>	<u>393,555</u>

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	\$ 382,545	\$ 363,837	\$ 18,708
200 Employee benefits	108,268	105,509	2,759
300 Purchased services	776	652	124
400 Supplies and materials	4,165	2,873	1,292
500 Capital outlay	1,220	539	681
213 Health services			
100 Salaries	60,445	57,362	3,083
200 Employee benefits	27,485	25,741	1,744
300 Purchased services	14,087	9,066	5,021
400 Supplies and materials	7,023	6,258	765
500 Capital outlay	3,153	2,297	856
214 Psychological services			
100 Salaries	31,745	31,151	594
200 Employee benefits	10,227	9,575	652
600 Other objects	175	79	96
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
100 Salaries	224,939	223,072	1,867
200 Employee benefits	68,180	65,403	2,777
300 Purchased services	22,214	7,014	15,200
400 Supplies and materials	19,657	2,808	16,849
500 Capital outlay	7,030	-	7,030
600 Other objects	269	233	36
222 Library and media services			
100 Salaries	345,786	340,218	5,568
200 Employee benefits	117,018	111,656	5,362
300 Purchased services	5,607	5,571	36
400 Supplies and materials	23,817	21,371	2,446
500 Capital outlay	7,494	7,494	-

(continued)



**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
223 Supervision of special programs			
300 Purchased services	\$ 752	\$ 752	\$ -
400 Supplies and materials	90	77	13
600 Other objects	7,920	3,460	4,460
224 Improvement of instruction - inservice and staff training			
100 Salaries	37,930	37,207	723
200 Employee benefits	9,713	9,427	286
300 Purchased services	12,718	10,047	2,671
400 Supplies and materials	3,018	2,069	949
600 Other objects	79	79	-
230 General administration services			
231 Board of Education			
200 Employee benefits	10,000	1,737	8,263
300 Purchased services	10,980	8,989	1,991
318 Audit services	32,000	32,000	-
400 Supplies and materials	724	42	682
600 Other objects	81,051	79,678	1,373
232 Office of the superintendent			
100 Salaries	144,500	142,339	2,161
200 Employee benefits	38,212	36,858	1,354
300 Purchased services	11,197	9,687	1,510
400 Supplies and materials	1,017	1,017	-
500 Capital outlay	424	424	-
600 Other objects	2,394	2,100	294
233 School administration			
100 Salaries	987,111	928,702	58,409
200 Employee benefits	307,733	291,221	16,512
300 Purchased services	21,425	16,755	4,670
400 Supplies and materials	5,145	4,558	587
500 Capital outlay	11,645	12,198	(553)
600 Other objects	3,193	1,949	1,244
250 Finance and operations services			
251 Student transportation (federal/district mandated)			
600 Other objects	5,956	5,439	517

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
252 Fiscal services			
100 Salaries	\$ 146,510	\$ 144,653	\$ 1,857
200 Employee benefits	48,207	45,785	2,422
300 Purchased services	43,630	43,705	(75)
400 Supplies and materials	5,419	5,419	-
600 Other objects	168	168	-
254 Operation and maintenance of plant			
100 Salaries	551,051	533,124	17,927
200 Employee benefits	218,468	198,174	20,294
300 Purchased services	365,968	361,817	4,151
321 Public utilities (excludes gas, oil, elec, other heating fuels)	39,311	30,420	8,891
400 Supplies and materials	181,938	201,959	(20,021)
470 Energy (includes gas, oil, elec, other heating fuels)	418,832	402,327	16,505
500 Capital outlay	9,600	6,059	3,541
255 Student transportation (state mandated)			
100 Salaries	513,024	533,169	(20,145)
200 Employee benefits	242,045	225,816	16,229
300 Purchased services	5,824	5,824	-
400 Supplies and materials	4,476	4,485	(9)
500 Capital outlay	1,571	1,533	38
256 Food service			
100 Salaries	24,128	25,812	(1,684)
200 Employee benefits	242,098	175,733	66,365
258 Security			
300 Purchased services	99,253	104,674	(5,421)
260 Central support services			
262 Planning, research, development and evaluation			
100 Salaries	37,930	37,207	723
200 Employee benefits	9,713	9,427	286
300 Purchased services	12,602	11,308	1,294
263 Information services			
300 Purchased services	1,776	2,739	(963)
400 Supplies and materials	13,224	8,581	4,643
500 Capital outlay	528	-	528

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
264 Staff services			
300 Purchased services	\$ 957	\$ 259	\$ 698
400 Supplies and materials	2,600	2,147	453
266 Technology and data processing services			
100 Salaries	179,804	177,659	2,145
200 Employee benefits	49,432	51,966	(2,534)
300 Purchased services	90,455	75,634	14,821
400 Supplies and materials	12,066	12,050	16
500 Capital outlay	14,112	15,131	(1,019)
270 Support services pupil activity			
271 Pupil services activities			
100 Salaries	156,034	156,065	(31)
200 Employee benefits	33,409	32,344	1,065
600 Other objects	15,473	13,275	2,198
Total support services	<u>7,031,888</u>	<u>6,695,038</u>	<u>336,850</u>
300 Community services			
390 Other community services			
300 Purchased services	28,217	20,838	7,379
Total community services	<u>28,217</u>	<u>20,838</u>	<u>7,379</u>
400 Other charges			
410 Intergovernmental expenditures			
411 Payments to the South Carolina Department of Education			
720 Transits	7,095	-	7,095
412 Payments to other governmental units			
720 Transits	9,293	-	9,293
Total intergovernmental expenditures	<u>16,388</u>	<u>-</u>	<u>16,388</u>
Total expenditures	<u>17,250,287</u>	<u>16,496,115</u>	<u>754,172</u>

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Fiscal Year Ended June 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of fixed assets	\$ -	\$ 25,806	\$ 25,806
Interfund transfers, from (to) other funds			
5220 Transfer from special revenue fund (excludes indirect cost)	25,625	-	(25,625)
5230 Transfer from special revenue EIA Fund	326,527	315,463	(11,064)
5260 Transfer from food service fund (excludes indirect cost)	57,509	-	(57,509)
5280 Transfer from other funds indirect costs	-	70,942	70,942
426-710 Transfer to pupil activity fund	<u>(29,172)</u>	<u>(29,172)</u>	<u>-</u>
Total other financing sources (uses)	<u>380,489</u>	<u>383,039</u>	<u>2,550</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ <u>-</u>	(661,914)	\$ <u>(661,914)</u>
FUND BALANCE, July 1, 2008		<u>3,621,384</u>	
FUND BALANCE, June 30, 2009		\$ <u>2,959,470</u>	

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
SPECIAL REVENUE FUND  
Combining Balance Sheet  
June 30, 2009**

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 18,948	\$ -	\$ 18,948
Due from governmental agencies	794,714	95,634	890,348
Due from other funds	<u>-</u>	<u>233,312</u>	<u>233,312</u>
Total assets	<u>\$ 813,662</u>	<u>\$ 328,946</u>	<u>\$ 1,142,608</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses and other liabilities	18,947	-	18,947
Deferred revenues	245,211	328,946	574,157
Due to other funds	<u>549,504</u>	<u>-</u>	<u>549,504</u>
Total liabilities	<u>813,662</u>	<u>328,946</u>	<u>1,142,608</u>
<b>FUND BALANCES</b>			
Unreserved - undesignated	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balances	<u>\$ 813,662</u>	<u>\$ 328,946</u>	<u>\$ 1,142,608</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
SPECIAL REVENUE FUND  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009**

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
<b>REVENUES</b>			
Local sources	\$ 324,392	\$ -	\$ 324,392
State sources	624,396	1,871,339	2,495,735
Federal sources	1,884,432	-	1,884,432
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues all sources	<u>2,833,220</u>	<u>1,871,339</u>	<u>4,704,559</u>
<b>EXPENDITURES</b>			
Instruction	1,633,168	1,255,429	2,888,597
Supporting services	1,093,209	287,822	1,381,031
Community services	19,840	2,204	22,044
Intergovernmental expenditures	<u>44,061</u>	<u>10,421</u>	<u>54,482</u>
Total expenditures	<u>2,790,278</u>	<u>1,555,876</u>	<u>4,346,154</u>
OTHER FINANCING SOURCES (USES)	<u>(42,942)</u>	<u>(315,463)</u>	<u>(358,405)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-
FUND BALANCE, July 1, 2008	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, June 30, 2009	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE

IVA, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
REVENUES									
1000 Revenue from local sources									
1900 Other revenue from local sources									
1930 Medicaid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,272	\$ 240,272
1999 Revenue from other local sources	-	-	-	-	-	-	-	84,120	84,120
Total local sources	-	-	-	-	-	-	-	324,392	324,392
3000 Revenue from state sources									
3100 Restricted state funding									
3110 Occupational education									
3113 12-months (Ag.) program	-	-	-	-	-	-	16,072	-	16,072
3116 EEDA - Misc	-	-	-	-	-	-	6,364	-	6,364
3117 EEDA 8th grade career awareness	-	-	-	-	-	-	1,538	-	1,538
3118 EEDA career specialist	-	-	-	-	-	-	81,154	-	81,154
3120 General education									
3123 Formative assessment	-	-	-	-	-	-	20,011	-	20,011
3125 Career and technology education equipment	-	-	-	-	-	-	59,935	-	59,935
3127 Student health and fitness - PE teachers	-	-	-	-	-	-	28,109	-	28,109
3130 Special programs									
3136 Student health and fitness - nurses	-	-	-	-	-	-	107,647	-	107,647
3190 Miscellaneous restricted state grants									
3193 Education license plates	-	-	-	-	-	-	538	-	538
3199 Other restricted state grants	-	-	-	-	-	-	36,768	-	36,768

\* See Schedule 4A for a listing of LEA subfund codes for each program.

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Total</b>
3600 Education Lottery Act revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ -	\$ 8,000
3607 6-8 enhancement	-	-	-	-	-	-	172,478	-	172,478
3610 K-5 enhancement	-	-	-	-	-	-	-	-	-
3900 Other state revenue	-	-	-	-	-	-	-	-	-
3991 ADEPT	-	-	-	-	-	-	8,141	-	8,141
3999 Revenue from other state sources	-	-	-	-	-	-	77,641	-	77,641
Total state sources	-	-	-	-	-	-	624,396	-	624,396
4000 Revenue from federal sources	-	-	-	-	-	-	-	-	-
4200 Occupational education	-	-	-	-	-	-	-	-	-
4210 Perkins, Title I	-	-	-	48,739	-	-	-	-	48,739
4300 Elementary and Secondary Education Act of 1965 (ESEA)	-	-	-	-	-	-	-	-	-
4310 Title I, basic state grant programs	859,025	-	-	-	-	-	-	28,140	887,165
4312 Rural and low-income school program, Title VI	-	-	-	-	-	-	-	66,505	66,505
4331 Enhancing education through technology (E2T2), Title II	-	-	-	-	-	-	-	7,422	7,422
4340 Promoting informed parental choice/ innov ed progr strategies, Title V	-	-	-	-	-	-	-	3,979	3,979
4341 Language instr for limited english proficient/immigrant students, Title III	-	-	-	-	-	-	-	3,273	3,273
4351 Improving teacher quality	-	-	-	-	-	-	-	128,419	128,419

\* See Schedule 4A for a listing of LEA subfund codes for each program

(continued)



ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE

IVA, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
4500 Programs for children with disabilities									
4510 Individuals with Disabilities Education Act (IDEA)	\$ -	\$ 678,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 678,945
4520 Pre-school grants	-	-	43,363	-	-	-	-	-	43,363
4900 Other federal sources									
4920 Drug and violence prevention, Title IV	-	-	-	-	11,436	-	-	-	11,436
4930 Work Link	-	-	-	-	-	-	-	5,186	5,186
Total federal sources	859,025	678,945	43,363	48,739	11,436	-	-	242,924	1,884,432
Total revenue all sources	859,025	678,945	43,363	48,739	11,436	-	624,396	567,316	2,833,220

\* See Schedule 4A for a listing of LEA subfund codes for each program

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education (EA Projects)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
<b>EXPENDITURES</b>									
100 Instruction									
110 General instruction									
111 Kindergarten programs									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,419	\$ -	\$ 19,419
200 Employee benefits	-	-	-	-	-	-	11,323	-	11,323
300 Purchased services	-	-	-	-	-	-	670	-	670
400 Supplies and materials	-	-	-	-	-	-	-	9,946	9,946
112 Primary programs									
100 Salaries	-	-	-	-	-	-	-	66,602	66,602
200 Employee benefits	-	-	-	-	-	-	-	21,769	21,769
400 Supplies and materials	-	-	-	-	-	-	-	12,446	12,446
113 Elementary programs									
100 Salaries	105,986	-	-	-	-	-	27,827	-	133,813
200 Employee benefits	35,703	-	-	-	-	-	5,952	-	41,655
400 Supplies and materials	397,063	-	-	-	-	-	-	49,850	446,913
500 Capital outlay	-	-	-	-	-	-	9,606	-	9,606
114 High school programs									
300 Purchased services	-	-	-	-	-	-	-	5,186	5,186
400 Supplies and materials	-	-	-	-	-	-	907	30,271	31,178
500 Capital outlay	-	-	-	-	-	-	6,118	-	6,118
115 Career and technology education programs									
100 Salaries	-	-	-	-	-	-	12,359	5,000	17,359
200 Employee benefits	-	-	-	-	-	-	3,713	-	3,713
500 Capital outlay	-	-	-	-	-	-	52,405	-	52,405

(continued)

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects) (211/212)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
117 Driver education program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
400 Supplies and materials								412	\$ 412
120 Exceptional programs									
121 Educable mentally handicapped									
100 Salaries	-	4,494	-	-	-	-	-	-	4,494
200 Employee benefits	-	2,572	-	-	-	-	-	-	2,572
300 Purchased services	-	1,221	-	-	-	-	-	-	1,221
400 Supplies and materials	-	5,021	-	-	-	-	-	-	5,021
122 Trainable mentally handicapped									
100 Salaries	-	17,622	-	-	-	-	176	-	17,798
200 Employee benefits	-	9,322	-	-	-	-	-	-	9,322
300 Purchased services	-	125	-	-	-	-	-	-	125
400 Supplies and materials	-	2,986	-	-	-	-	-	-	2,986
124 Visually handicapped									
100 Salaries	-	11,848	-	-	-	-	-	-	11,848
200 Employee benefits	-	4,935	-	-	-	-	-	-	4,935
300 Purchased services	-	15,715	-	-	-	-	-	-	15,715
400 Supplies and materials	-	342	-	-	-	-	-	-	342
125 Hearing handicapped									
100 Salaries	-	45,506	-	-	-	-	-	-	45,506
200 Employee benefits	-	12,558	-	-	-	-	-	-	12,558
300 Purchased services	-	1,318	-	-	-	-	-	576	1,894
400 Supplies and materials	-	3,938	-	-	-	-	-	95	4,033

(continued)

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
126 Speech handicapped									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,327	\$ 56,327
200 Employee benefits	-	-	-	-	-	-	-	14,784	14,784
300 Purchased services	-	6,905	-	-	-	-	-	64,967	71,872
400 Supplies and materials	-	2,907	-	-	-	-	-	65	2,972
127 Learning disabilities									
100 Salaries	141	37,601	-	-	-	-	919	1,069	39,730
200 Employee benefits	18	11,682	-	-	-	-	-	223	11,923
300 Purchased services	-	34,790	-	-	-	-	-	188	34,978
400 Supplies and materials	-	18,620	-	-	-	-	-	277	18,897
128 Emotionally handicapped									
100 Salaries	-	2,927	-	-	-	-	-	-	2,927
200 Employee benefits	-	889	-	-	-	-	-	-	889
130 Pre-school programs									
135 Pre-school handicapped speech (3 & 4-year olds)									
100 Salaries	-	-	29,102	-	-	-	-	-	29,102
200 Employee benefits	-	-	6,172	-	-	-	-	-	6,172
300 Purchased services	-	177	-	-	-	-	-	-	177
400 Supplies and materials	-	4	4,575	-	-	-	-	241	4,820
137 Pre-school handicapped self-contained (3 & 4-year olds)									
100 Salaries	-	9,297	-	-	-	-	-	-	9,297
200 Employee benefits	-	1,495	-	-	-	-	-	-	1,495

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education (EA Projects)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
139 Early childhood programs									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,006	\$ -	\$ 55,006
200 Employee benefits	-	-	-	-	-	-	15,613	-	15,613
300 Purchased services	-	-	-	-	-	-	1,737	-	1,737
400 Supplies and materials	-	-	-	-	-	-	5,285	-	5,285
140 Special programs									
149 Other special programs									
100 Salaries	6,031	-	-	-	-	-	-	-	6,031
200 Employee benefits	1,289	-	-	-	-	-	-	-	1,289
160 Other exceptional programs									
161 Autism									
100 Salaries	-	59,019	-	-	-	-	-	6,136	65,155
200 Employee benefits	-	26,884	-	-	-	-	-	2,681	29,565
300 Purchased services	-	46,086	-	-	-	-	-	-	46,086
400 Supplies and materials	-	2,214	-	-	-	-	-	-	2,214
170 Summer school programs									
175 Instructional programs beyond regular school day									
100 Salaries	15,332	-	-	-	-	-	-	597	15,929
200 Employee benefits	3,236	-	-	-	-	-	-	126	3,362

(continued)

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE

IVA, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
180 Adult/continuing educational programs									
188 Parenting/family literacy									
100 Salaries	\$ 29,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,287
200 Employee benefits	9,271	-	-	-	-	-	-	-	9,271
400 Supplies and materials	10,073	-	-	-	-	-	-	-	10,073
Total instruction	613,430	401,020	39,849	-	-	-	229,035	349,834	1,633,168
200 Support services									
210 Pupil services									
213 Health services									
100 Salaries	-	-	-	-	-	-	98,656	-	98,656
200 Employee benefits	-	-	-	-	-	-	32,997	-	32,997
300 Purchased services	-	21,240	296	-	-	-	-	59,638	81,174
400 Supplies and materials	-	-	280	-	-	-	-	2,280	2,560
214 Psychological services									
100 Salaries	-	79,717	-	-	-	-	-	-	79,717
200 Employee benefits	-	25,776	-	-	-	-	-	458	26,234
300 Purchased services	-	8,424	-	-	-	-	-	802	9,226
400 Supplies and materials	-	2,269	48	-	-	-	-	-	2,317
217 Career specialist services									
100 Salaries	-	-	-	-	-	-	44,446	-	44,446
200 Employee benefits	-	-	-	-	-	-	12,702	-	12,702

(continued)

## ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE

## IVA, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool		CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other		Total
			Handicapped (CG Projects) (205/206)	Designated Restricted State Grants (900s)				Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	
220 Instructional staff services										
221 Improvement of instruction - curriculum development										
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ 24,196	\$ -	\$ -	\$ 123,676	\$ 19,675	\$ 167,547
200 Employee benefits	-	-	-	-	5,061	-	-	34,940	5,096	45,097
300 Purchased services	84,545	-	-	-	11,225	6,867	-	37,320	21,300	161,257
400 Supplies and materials	-	896	-	-	8,257	4,569	-	7,024	3,861	24,607
500 Capital outlay	-	-	-	-	-	-	-	-	2,157	2,157
222 Library and media										
400 Supplies and materials	-	-	-	-	-	-	-	-	5,979	5,979
223 Supervision of special programs										
100 Salaries	96,768	26,383	-	-	-	-	-	-	402	123,553
200 Employee benefits	25,784	6,966	-	-	-	-	-	-	295	33,045
300 Purchased services	8,638	3,246	-	-	-	-	-	-	15,926	27,810
400 Supplies and materials	3,119	2,215	-	-	-	-	-	-	4,356	9,690
224 Improvement of instruction - inservice and staff training										
300 Purchased services	2,768	-	-	-	-	-	-	-	-	2,768
250 Finance and operations services										
251 Student transportation (federal/district mandated)										
100 Salaries	-	50,991	-	-	-	-	-	-	8,312	59,303
200 Employee benefits	-	23,760	-	-	-	-	-	-	251	24,011
300 Purchased services	-	4,612	1,560	-	-	-	-	-	-	6,172

(continued)

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE

IVA, SOUTH CAROLINA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund  
For the Fiscal Year Ended June 30, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education (EA Projects)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
255 Student transportation (state mandated)									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,009	\$ 2,009
200 Employee benefits	-	-	-	-	-	-	-	1,074	1,074
300 Purchased services	-	-	132	-	-	-	-	50	182
260 Central support services									
266 Technology and data processing services									
500 Capital outlay	-	-	-	-	-	-	3,600	-	3,600
270 Support services - pupil activity									
271 Pupil service activities		3,319	-	-	-	-	-	-	3,319
600 Other objects	-	-	-	-	-	-	-	-	-
Total support services	221,622	259,814	2,316	48,739	11,436	-	395,361	153,921	1,093,209
300 Community services									
360 Welfare services									
300 Purchased services	340	-	-	-	-	-	-	-	340
390 Other community services									
600 Other objects	-	-	-	-	-	-	-	19,500	19,500
Total community services	340	-	-	-	-	-	-	19,500	19,840

(continued)



[illegible]

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Schedule of Program Classifications - Special Projects Fund**  
**For the Fiscal Year Ended June 30, 2009**

<b>LEA</b>				
<b>Subfund</b>				
<b>Code</b>	<b>Program</b>		<b>Revenue</b>	<b>Revenue</b>
				<b>Code</b>
<b><u>OTHER RESTRICTED STATE GRANTS</u></b>				
898	12-months (Ag.) program	\$	16,072	3113
926	EEDA - Misc		6,364	3116
927	EEDA - 8th grade career awareness		1,538	3117
928	EEDA career specialist		81,154	3118
923	Formative assessment		20,011	3123
905	Career and technology education equipment		59,935	3125
937	Student health and fitness - PE teachers		28,109	3127
936	Student health and fitness - nurses		107,647	3136
919	Education license plates		538	3193
835	Handicapped - PMD		176	3199
875	SAT improvement		661	3199
803	Extended school year		919	3199
804	TCT Medicaid		31,412	3199
805	SDM Server		3,600	3199
967	6-8 enhancement		8,000	3607
960	K-5 enhancement		172,478	3610
916	ADEPT		8,141	3991
982	School-based family services		77,641	3999
		\$	<u>624,396</u>	

**OTHER SPECIAL REVENUE PROGRAMS**

270	Medicaid	\$	240,272	1930
870	Operations grant		5,093	1999
866	Foothills special needs		1,366	1999
872	School security - alternate schools		44,061	1999
876	Santee Cooper scholarship		19,500	1999
877	Fine Arts Festival		260	1999
879	Anderson University grant		1,000	1999
801	FRE Media grant		1,000	1999
802	Lowe's charitable grant		6,428	1999
878	Drivers ed		412	1999
898	12-month ag		5,000	1999
237	Title I, basic state grant programs		28,140	4310
251	Rural and low-income school program, Title VI		66,505	4312
253	Enhancing education through technology (E2T2), Title II		7,422	4331
241	Promoting informed parental choice/innov ed progr strategies, Title V		3,979	4340
264	Language instr for limited english proficient/immigrant students, Title III		3,273	4341
267	Improving teacher quality		128,419	4351
230	Work Link		5,186	4930
		\$	<u>567,316</u>	

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA**

**Summary Schedule for Designated State Restricted Grants  
For the Fiscal Year Ended June 30, 2009**

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
					Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	
898	3113	12-months (Ag.) program	\$ 16,072	\$ 16,072	\$ -	\$ -	\$ -
926	3116	EEDA - Misc	6,364	6,364	-	-	2,632
927	3117	EEDA - 8th grade career awareness	1,538	1,538	-	-	2,770
928	3118	EEDA career specialist	81,154	81,154	-	-	5,583
923	3123	Formative assessment	20,011	20,011	-	-	-
905	3125	Career and technology education equipment	59,935	59,935	-	-	6,281
937	3127	Student health and fitness - PE teachers	28,109	28,109	-	-	28,460
936	3136	Student health and fitness - nurses	107,647	107,647	-	-	310
919	3193	Education license plates	538	538	-	-	-
803	3199	Extended school year	919	919	-	-	-
804	3199	TCT Medicaid	31,412	31,412	-	-	-
805	3199	SDM Server	3,600	3,600	-	-	-
835	3199	Handicapped - PMD	176	176	-	-	-
875	3199	SAT improvement	661	661	-	-	-
967	3607	6-8 enhancement	8,000	8,000	-	-	7,800
960	3610	K-5 enhancement	172,478	172,478	-	-	59,570
916	3991	ADEPT	8,141	8,141	-	-	2,169
982	3999	School-based family services	77,641	77,641	-	-	-
			<u>\$ 624,396</u>	<u>\$ 624,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,575</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Education Improvement Act  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009**

REVENUES

3000 Revenue from state sources

3500 Education Improvement Act

3501 Increase high school diploma requirements	\$ 55,306
3505 School technology initiative	13,887
3513 Parenting/family literacy	42,667
3515 Advanced placement courses	2,550
3517 Advanced placement - Singleton (subfund 315)	2,000
3520 Gifted and talented - academic	95,680
3522 Gifted and talented - artistic	15,334
3523 Junior scholars program	101
3527 Critical teaching needs	2,625
3530 Trainable & profoundly mentally disabled student services	7,075
3532 National board certification (NBC) salary supplement	169,961
3533 Teacher of the year awards	1,077
3534 Professional development on standards	35,461
3540 Early childhood program (4k programs serving four-year-old children)	103,398
3542 Preschool programs for children with disabilities	15,970
3546 Academic assistance K-3	97,640
3548 Academic assistance 4-12	313,303
3549 Academic assistance reading recovery	11,624
3550 Teacher salary increase	261,882
3555 School employer contributions	53,581
3568 EAA technical assistance	164,542
3575 Competitive teacher grants	8,949
3577 Teacher supplies	48,400
3582 Principal's salary/fringe increase	10,895
3583 EAA summer school/comprehensive remediation	147,548
3588 EAA palmetto gold and silver awards	1,000
3591 Excellence in middle schools	17,343
3592 School-to-work transition act	13,644
3593 EAA reduce class size grades 1-3	146,475
3596 EAA alternative schools program	10,421
3599 Other EIA	1,000

Total state sources	1,871,339
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Total revenue all sources	1,871,339
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(continued)

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Education Improvement Act  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009

EXPENDITURES

100 Instruction	
110 General instruction	
111 Kindergarten programs	
100 Salaries	\$ 15,994
200 Employee benefits	3,878
400 Supplies and materials	2,475
112 Primary programs	
100 Salaries	239,162
200 Employee benefits	75,761
400 Supplies and materials	20,241
500 Capital outlay	1,000
113 Elementary programs	
100 Salaries	257,723
200 Employee benefits	91,000
300 Purchased services	101
400 Supplies and materials	8,250
114 High school programs	
100 Salaries	147,968
200 Employee benefits	40,143
300 Purchased services	3,985
400 Supplies and materials	11,023
115 Career and technology education programs	
100 Salaries	10,953
200 Employee benefits	2,691
400 Supplies and materials	1,375
120 Exceptional programs	
121 Educable mentally handicapped	
100 Salaries	5,828
200 Employee benefits	1,247
127 Learning disabilities	
100 Salaries	7,500
200 Employee benefits	1,604
128 Emotionally handicapped	
400 Supplies and materials	4,675

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Education Improvement Act  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009**

130 Pre-school programs		
137 Preschool handicapped self-contained (3 & 4 year olds)		
100 Salaries	\$	7,179
200 Employee benefits		3,307
139 Early childhood programs		
100 Salaries		68,479
200 Employee benefits		29,562
140 Special programs		
141 Gifted and talented - academic		
100 Salaries		87,246
200 Employee benefits		24,894
300 Purchased services		874
170 Summer school program		
175 Instructional programs beyond regular school day		
100 Salaries		20,205
200 Employee benefits		4,319
180 Adult/continuing educational programs		
188 Parenting/family literacy		
100 Salaries		38,287
200 Employee benefits		11,143
300 Purchased services		409
400 Supplies and materials		4,948
		<hr/>
Total instruction		1,255,429
		<hr/>
200 Support services		
210 Pupil services		
212 Guidance services		
100 Salaries		7,500
200 Employee benefits		1,587
400 Supplies and materials		1,100
213 Health services		
300 Purchased services		5,483

(continued)

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Education Improvement Act  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009

220 Instructional staff services	
221 Improvement of instruction - curriculum development	
100 Salaries	\$ 82,241
200 Employee benefits	23,712
300 Purchased services	38,444
400 Supplies and materials	31,929
500 Capital outlay	40,335
222 Library and media	
400 Supplies and materials	6,775
223 Supervision of special programs	
100 Salaries	5,036
200 Employee benefits	1,554
230 General administration services	
233 School administration	
100 Salaries	8,602
200 Employee benefits	2,294
250 Finance and operations services	
258 Security	
300 Purchased services	17,343
260 Central support services	
266 Technology and data processing services	
500 Capital outlay	13,887
Total support services	287,822
300 Community services	
390 Other community services	
300 Purchased services	1,919
400 Supplies and materials	285
Total community services	2,204
400 Other charges	
410 Intergovernmental expenditures	
412 Payments to other governmental units	
720 Transits	10,421
Total intergovernmental expenditures	10,421
Total expenditures	1,555,876

(continued)

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Education Improvement Act  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5230 Transfer from special revenue EIA fund	\$ 254,085
420-710 Transfer to general fund (exclude indirect costs)	(315,463)
422-710 Transfer to EIA fund	<u>(254,085)</u>
Total other financing sources (uses)	<u>(315,463)</u>

EXCESS/DEFICIENCY OF REVENUES OVER  
EXPENDITURES

-0-

FUND BALANCE, July 1, 2008

-0-

FUND BALANCE, June 30, 2009

\$ -0-



**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Education Improvement Act  
Summary Schedule by Program  
For the Fiscal Year Ended June 30, 2009**

PROGRAM	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund</u>		<u>Deferred Revenue</u>
			<u>Transfers In(Out)</u>	<u>Transfers In(Out)</u>	
3500 Education Improvement Act					
3501 Increase high school diploma requirements	\$ 38,399	\$ 76,017	\$ 20,711	\$ 18,098	\$ 1,191
3505 School technology initiative	-	13,887	-	13,887	-
3513 Parenting/family literacy	46,837	58,225	15,558	-	4,170
3515 Advanced placement courses	418	2,550	-	2,550	418
3517 Advanced placement - Singleton (subfund 315)	410	2,000	-	2,000	410
3520 Gifted and talented - academic	95,680	95,680	-	-	-
3522 Gifted and talented - artistic	15,334	15,334	-	-	-
3523 Junior scholars program	101	101	-	-	-
3527 Critical teaching needs	2,625	2,625	-	-	-
3530 Trainable & profoundly mentally disabled student services	7,075	7,075	-	-	-
3532 National board certification (NBC) salary supplement	169,961	169,961	-	-	-
3533 Teacher of the year awards	1,077	1,077	-	-	-
3534 Professional development on standards	27,970	35,461	-	35,461	27,970
3540 Early childhood program (4k programs serving four-year-old children)	86,250	103,398	-	42,916	25,768
3542 Preschool programs for children with disabilities	21,639	15,970	-	-	5,669
3546 Academic assistance K-3	148,777	282,684	185,044	5,693	56,830
3548 Academic assistance 4-12	200,670	346,075	32,772	125,596	12,963
3549 Academic assistance reading recovery	7,737	11,624	-	6,077	2,190
3550 Teacher salary increase	261,882	261,882	-	-	-
3555 School employer contributions	53,581	53,581	-	-	-
3568 EAA technical assistance	73,612	164,542	-	111,300	20,370
3575 Competitive teacher grants	8,949	8,949	-	-	-
3577 Teacher supplies	48,400	48,400	-	-	-
3582 Principal's salary/fringe increase	10,895	10,895	-	-	-
3583 EAA summer school/comprehensive remediation	84,197	26,412	(121,136)	121,136	57,785
3588 EAA palmetto gold and silver awards	1,000	1,000	-	-	-
3591 Excellence in middle schools	17,343	17,343	-	-	-
3592 School-to-work transition act	12,361	13,644	-	1,283	-
3593 EAA reduce class size grades 1-3	109,175	13,526	(132,949)	146,475	109,175
3596 EAA Alternative schools program	4,035	10,421	-	10,421	4,035
3599 Other EIA	-	1,000	-	1,000	-
<b>TOTALS</b>	<b>\$ 1,556,392</b>	<b>\$ 1,871,339</b>	<b>\$ -0-</b>	<b>\$ 643,893</b>	<b>\$ 328,946</b>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Debt Service Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009**

**REVENUES**

1000 Revenue from local sources	
1200 Revenue from local governmental units other than LEAs	
1210 Ad valorem taxes - including delinquent (fiscally dependent LEA)	\$ 1,351,477
1280 Revenue in lieu of taxes (dependent and independent)	157,696
1500 Earnings on investments	
1510 Interest on investments	<u>4,388</u>
Total local sources	<u>1,513,561</u>
3000 Revenue from state sources	
3100 Restricted state funding	
3170 State school building aid	78,412
3800 State revenue in lieu of taxes	
3820 Homestead exemption (tier 2)	96,819
3830 Merchant's inventory tax	1,155
3840 Manufacturers depreciation reimbursement	45,535
3890 Other state property tax revenues (includes motor carrier vehicle tax)	<u>7,205</u>
Total state sources	<u>229,126</u>
Total revenue all sources	<u>1,742,687</u>

**EXPENDITURES**

500 Debt service	
395 Other professional and technical services	112,390
610 Redemption of principal	810,000
620 Interest	870,108
690 Other objects (includes fees for servicing bonds)	<u>3,600</u>
Total expenditures	<u>1,796,098</u>

**OTHER FINANCING SOURCES (USES)**

5110 Premium on bonds sold	208,778
5130 Proceeds of refunding debt	7,175,000
441-720 Payment to refunded debt escrow agent	<u>(7,271,388)</u>
Total other financing sources (uses)	<u>112,390</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	58,979
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FUND BALANCE, July 1, 2008	<u>634,748</u>
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FUND BALANCE, June 30, 2009	<u>\$ 693,727</u>
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**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
School Building Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For the Fiscal Year Ended June 30, 2009**

**REVENUES**

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 4,966
1900 Other revenue from local sources	
1999 Revenue from other local sources	<u>200,000</u>
Total local sources	<u>204,966</u>
Total revenue all sources	<u>204,966</u>

**EXPENDITURES**

250 Finance and operations	
253 Facilities acquisition and construction	
300 Purchased services	202,382
400 Supplies and materials	22,310
500 Capital outlay	
520 Construction services	1,298,138
540 Equipment	<u>604,652</u>
Total expenditures	<u>2,127,482</u>

**OTHER FINANCING SOURCES (USES)**

5110 Premium on bonds sold	6,882
5120 Proceeds of general obligation bonds	<u>1,000,000</u>
Total other financing sources (uses)	<u>1,006,882</u>

**EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES** (915,634)

**FUND BALANCE, July 1, 2008** 1,066,206

**FUND BALANCE, June 30, 2009** \$ 150,572

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Food Service Fund  
Schedule of Revenues, Expenses, and Changes in Retained Earnings  
For the Fiscal Year Ended June 30, 2009**

**REVENUES**

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 13,844
1600 Food service	
1610 Lunch sales to pupils	231,260
1630 Special sales to pupils	123,828
1640 Lunch sales to adults	60,489
1660 Special sales to adults	9,059
1900 Other revenue from local sources	
1999 Revenue from other local sources	<u>1,909</u>
Total revenue from local sources	<u>440,389</u>
4000 Revenue from federal sources	
4800 USDA reimbursement	
4810 School lunch and after school snacks program	624,437
4830 School breakfast program	<u>408,477</u>
Total revenue from federal sources	<u>1,032,914</u>
Total revenue all sources	<u>1,473,303</u>

**EXPENDITURES**

256 Food services	
100 Salaries	511,884
200 Employee benefits	42,255
300 Purchased services (excludes gas, oil, elec, other heating fuels)	26,550
400 Supplies and materials (includes gas, oil, elec, other heating fuels)	782,354
500 Capital outlay	33,840
600 Other objects	<u>3,801</u>
Total expenditures	<u>1,400,684</u>

**OTHER FINANCING SOURCES (USES)**

Interfund transfers, from (to) other funds	
432-791 Food service fund indirect costs	<u>(28,000)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES 44,619

RETAINED EARNINGS, July 1, 2008 529,224

RETAINED EARNINGS, June 30, 2009 \$ 573,843

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Pupil Activity Fund  
Balance Sheet  
June 30, 2009**

	<u>Student Activity Fund</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 154,902
Investments	<u>156,453</u>
Total assets	<u><u>\$ 311,355</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
<b>LIABILITIES</b>	
Due to student organizations	\$ 145,387
Due to other funds	<u>165,958</u>
Total liabilities	<u>311,345</u>
<b>FUND BALANCES</b>	
	<u>-0-</u>
Total liabilities and fund balances	<u><u>\$ 311,345</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Pupil Activity Fund**

**Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations  
For the Fiscal Year Ended June 30, 2009**

**RECEIPTS**

1000 Receipts from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 14,214
1700 Pupil activities	
1710 Admissions	78,945
1720 Bookstore sales	39,533
1740 Student fees	72,040
1790 Other	<u>485,568</u>
Total receipts from local sources	<u>690,300</u>

**DISBURSEMENTS**

270 Support services pupil activity	
271 Pupil service activities	
660 Supporting services pupil activity	501,417
272 Enterprise activities	
660 Pupil activity	93,742
273 Trust and agency activities	
660 Enterprise activities	<u>108,577</u>
Total disbursements	<u>703,736</u>

**OTHER FINANCING SOURCES (USES)**

Interfund transfers, from (to) other funds	
5210 Transfer from general fund (excludes indirect costs)	<u>29,172</u>

EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS 15,736

DUE TO STUDENT ORGANIZATIONS, July 1, 2008 129,651

DUE TO STUDENT ORGANIZATIONS, June 30, 2009 \$ 145,387

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Schedule of Due to State Department of Education/Federal Government  
June 30, 2009**

<u>Program</u>	<u>Project Number</u>	<u>Revenue Code</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>
None.				

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE**  
**IVA, SOUTH CAROLINA**  
**Schedule of Capital Assets Used in Governmental Operations by Function**  
**For the Fiscal Year Ended June 30, 2009**

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Totals</u>
High school	\$ 537,710	\$ 7,589,037	\$ 475,813	\$ 360,751	\$ 8,963,311
Middle school	23,477	4,225,615	169,724	392,189	4,811,005
Elementary schools	476,643	19,986,232	339,449	700,682	21,503,006
Administration	5,331	236,720	169,725	335,923	747,699
Totals	<u>\$ 1,043,161</u>	<u>\$ 32,037,604</u>	<u>\$ 1,154,711</u>	<u>\$ 1,789,545</u>	<u>\$ 36,025,021</u>

<u>Function</u>	<u>Capital Assets July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Capital Assets June 30, 2009</u>
High school	\$ 8,963,311	\$ -	\$ -	\$ 8,963,311
Middle school	4,784,174	26,832	-	4,811,006
Elementary schools	20,095,537	1,407,469	-	21,503,006
Administration	727,065	20,633	-	747,698
Totals	<u>\$ 34,570,087</u>	<u>\$ 1,454,934</u>	<u>\$ -</u>	<u>\$ 36,025,021</u>



ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2009

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Section I - Summary of Auditors' Results

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***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Deficiency(ies) identified? \_\_\_\_\_ yes        X   no

Noncompliance material to financial  
statements noted? \_\_\_\_\_ yes        X   no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Reportable condition(s) identified  
that are not considered to be material  
weakness(es)? \_\_\_\_\_ yes        X   no

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:

**CFDA Numbers**

10.555  
10.553  
10.550

**Name of Federal Program or Cluster**

School Lunch Program  
School Breakfast Program  
Commodities/Food Distribution

Dollar threshold used to distinguish  
between type A and type B programs:  
Auditee qualified as low-risk auditee?

\$300,000  
  X   yes      \_\_\_\_\_ no

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2009**

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**Section II - Financial Statement Findings**

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None.

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**Section III - Federal Award Findings and Questioned Costs**

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None.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Highlights  
For the Fiscal Year Ended June 30, 2009**

The table on this page presents pupil cost based on the average daily attendance of 2,569. This table may be compared with the District's objectives and with other state and national statistics on schools.

**Per Pupil Cost (General Fund Expenditures)  
Based on 2008-2009  
Average Daily  
Attendance**

Instruction	\$ 3,807.03
Pupil services	239.37
Instructional staff services	330.07
Administration	611.23
Finance and operations	1,189.60
Central support	235.77
Community service	8.11
Intergovernmental	<u>-</u>
Total	\$ <u><u>6,421.19</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA**

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2009**

<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>Total Expenditures</b>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through SDE:				
201	Title I grant to LEAs	84.010	09-BA006	\$ 859,025
241	Promoting informed parental choice/innov ed progr strategies, Title V	84.298	09-BB006	3,979
207	CATE (Subprogram 02)	84.048	09-VA006	19,172
207	CATE (Subprogram 04)	84.048	09-VA006	1,623
207	CATE (Subprogram 06)	84.048	09-VA006	3,870
207	CATE (Subprogram 08)	84.048	09-VA006	11,319
207	CATE (Subprogram 10)	84.048	09-VA006	2,267
207	CATE (Subprogram 11)	84.048	09-VA006	6,618
207	CATE (Subprogram 12)	84.048	09-VA006	3,366
207	CATE (Subprogram 14)	84.048	09-VA006	504
	Total 84. 048			<u>48,739</u>
203	Individuals with disabilities education (IDEA)	84.027	09-CA006	678,945
205	Handicapped preschool grants	84.173	09-CG006	43,363
213	IDEA - personnel development	84.027A	09-CO006	0
209	Drug and violence prevention, Title IV	84.186	09-FQ006	11,436
253	Enhancing education through technology (E2T2), Title II	84.318	09-ET006	7,422
267	Improving teacher quality	84.367A	09-TQ006	128,419
237	Title I, basic state grant programs	84.010	09-BJ006	28,140
251	Rural and low-income school program, Title VI	84.358	09-BS006	66,505
230	Work Link			5,186
Passed through Anderson County School District 5:				
264	Language instr for limited english proficient/immigrant students, Title III	84.340	09-BK006	<u>3,273</u>
	TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,884,432</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through SDE:				
600's	School Lunch Program **	10.555		See
600's	School Breakfast Program **	10.553		disclosure
600's	Commodities/Food Distribution **	10.550		<u>below</u>
	TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,400,684</u>
	TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 3,285,116</u>

\*\*Denotes Major Program

The accounting system used by South Carolina LEAs does not allow for the segregation of expenditures by fund source in the Food Service Fund. Thus the total amount, displayed under "Total USDA," includes \$440,389 of state and local revenue. The detailed schedule for the Food Service is on Schedule 10 of this audit report. See accompanying notes to Schedule of Expenditures of Federal Awards.

(continued)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2009**

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Anderson County School District Number Three, for the year ended June 30, 2009. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's general purpose financial statements.

(3) Relationship to Combined Financial Statements

Federal financial assistance revenues are reported in the District's general purpose financial statements as federal revenues in the Special Revenue Fund and operating and nonoperating revenues in the Proprietary Fund.

(4) 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 revenues and expenditures received or made subsequent to the filing of federal financial reports.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE  
IVA, SOUTH CAROLINA  
Location Reconciliation Schedule  
For the Fiscal Year Ended June 30, 2009**

<u>Location ID</u>	<u>Location Description</u>	<u>Education Level</u>	<u>Cost Type</u>	<u>Total Expenditures</u>
02	Iva Elementary	Elementary school	School	\$ 3,656,978
03	Starr Elementary	Elementary school	School	3,265,584
04	Starr-Iva Middle	Middle school	School	5,144,422
05	Crescent High	High school	School	5,892,331
06	District Office	Non-school	Central	2,320,778
08	Flat Rock Elementary	Elementary school	School	5,156,112
09	District Office	Non-school	Central	20,870
99	District Office	Non-school	Central	<u>1,413,194</u>

TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	\$ <u><u>26,870,269</u></u>
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The above expenditures are reconciled to the District's financial statements as follows:

General Fund	\$ 16,496,115
Special Revenue Fund (includes EIA)	4,346,154
Debt Service Fund	1,796,098
Capital Projects Fund	2,127,482
Proprietary Fund	1,400,684
Trust and Agency Fund	<u>703,736</u>

TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	\$ <u><u>26,870,269</u></u>
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Anderson County School District Number Three  
Iva, South Carolina

We have audited the general purpose financial statements of Anderson County School District Number Three as of and for the year ended June 30, 2009, and have issued our report thereon dated October 26, 2009. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal controls. We noted no deficiencies in internal control over financial reporting that we consider significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal controls. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

This report is intended for the information of the Board of Trustees, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Greenville, South Carolina  
October 26, 2009

*Martin Smith & Company CPAs PA*

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Anderson County School District Number Three  
Iva, South Carolina

We have audited the compliance of Anderson County School District Number Three with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 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 on the District's compliance with those requirements.

In our opinion, Anderson County School District Number Three complied, in all material respects, with the requirements referred to above applicable to its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of the 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 District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the internal controls. We noted no deficiencies in internal control over compliance that we consider significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal controls. We noted no matters involving the internal control over compliance that we consider material weaknesses.

Our consideration of the internal control over compliance was for the limited purpose described above and would not necessarily disclose all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses.

This report is intended for the information of the Board of Trustees, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Greenville, South Carolina  
October 26, 2009

*Martin Smith & Company CPAs PA*