

**ANDERSON COUNTY SCHOOL DISTRICT
NUMBER THREE**

IVA, SOUTH CAROLINA

**ANNUAL FINANCIAL REPORT
June 30, 2013**

(With Independent Auditors' Report Thereon)

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IVA, SOUTH CAROLINA
Annual Financial Report
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June 30, 2013**

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MARTIN·SMITH

& COMPANY CPAs

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 aggregate remaining fund information of Anderson County School District Number Three as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of Anderson County School District Number Three at June 30, 2013, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic 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, as required by the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", are presented for purposes of additional analysis and are not a required part of the basic financial statements of Anderson County School District Number Three. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Greenville, South Carolina
September 27, 2013

Martin Smith & Company CPA, PA

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED June 30, 2013**

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, 2013. 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 2013 are as follows:

- In the Statement of Net Position, the assets of the District exceeded its liabilities at the close of the 2013 fiscal year by \$8,627,080. Of this amount, \$3,703,238 may be used to meet the District's ongoing obligations to citizens and creditors.
- In the Statement of Activities, the District's total net position decreased by \$993,368 for the 2013 fiscal year, compared to a decrease of \$1,148,712 in the prior year. This decrease in net position results primarily from recognizing depreciation expense in excess of capital outlays. The District's net position (assets less liabilities) remains strong with a balance of \$8,627,080 at the close of the 2013 fiscal year.
- The District had \$23,121,645 in expenses related to governmental activities in the 2013 fiscal year; of these expenses \$13,177,800 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$9,047,666 provided the remaining funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,961,966, an increase of \$172,673. Of these fund balances, \$3,170,043 is unassigned and available for spending at the government's discretion and \$791,923 is restricted. No fund balances are nonspendable, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,170,043, which is 19 percent of total general fund expenditures.
- The District's total net fixed assets decreased by \$1,179,497 during the current fiscal year, as depreciation expense exceeded capital acquisitions.
- The District's long-term debt decreased by \$107,233 during the current fiscal year, as the amount of borrowings under bond agreements was less than bond repayments.
- During the 2013 fiscal year, the District's governmental fund type revenues were \$22,119,813 compared to \$21,013,625 in the prior year. The increase was due to increased state funding under the Education Finance Act and special revenue 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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2013**

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

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, 2013**

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

Fund Financial Statements				
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position, Statement of revenues, expenses, and changes in net position, Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both 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
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods/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, 2013**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$8,627,080 at the close of the most recent fiscal year.

The following table provides a summary of the School District's net position for 2012 compared to 2013:

Net Position						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$ 4,816,542	\$ 4,869,646	\$ 542,727	\$ 643,349	\$ 5,359,269	\$ 5,512,995
Capital Assets	<u>21,804,959</u>	<u>22,986,586</u>	<u>181,913</u>	<u>179,783</u>	<u>21,986,872</u>	<u>23,166,369</u>
Total Assets	<u>26,621,501</u>	<u>27,856,232</u>	<u>724,640</u>	<u>823,132</u>	<u>27,346,141</u>	<u>28,679,364</u>
Liabilities						
Long-term Liabilities	17,854,953	17,967,728	-	-	17,854,953	17,967,728
Other Liabilities	<u>854,576</u>	<u>1,080,353</u>	<u>9,532</u>	<u>10,835</u>	<u>864,108</u>	<u>1,091,188</u>
Total Liabilities	<u>18,709,529</u>	<u>19,048,081</u>	<u>9,532</u>	<u>10,835</u>	<u>18,719,061</u>	<u>19,058,916</u>
Net Position						
Net investment in capital assets	3,950,006	5,018,858	181,913	179,783	4,131,919	5,198,641
Restricted	791,923	704,168	-	-	791,923	704,168
Unrestricted	<u>3,170,043</u>	<u>3,085,125</u>	<u>533,195</u>	<u>632,514</u>	<u>3,703,238</u>	<u>3,717,639</u>
Total Net Position	<u>\$ 7,911,972</u>	<u>\$ 8,808,151</u>	<u>\$ 715,108</u>	<u>\$ 812,297</u>	<u>\$ 8,627,080</u>	<u>\$ 9,620,448</u>

Net position of the District's governmental activities decreased (\$7,911,972 compared to \$8,808,151). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased from \$3,085,151 at June 2012 to \$3,170,043 at June 2013.

This increase in unrestricted governmental net position in fiscal year 2013 compares to a smaller increase in fiscal year 2012.

The net position of business-type activities decreased (\$715,108 compared to \$812,297) for fiscal year 2013.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2013**

The following table shows the changes in net position for fiscal year 2013 compared to 2012.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services	\$ 2,141	\$ 500	\$ 366,731	\$ 372,394	\$ 368,872	\$ 372,894
Operating Grants	13,175,659	11,749,708	1,206,003	1,220,633	14,381,662	12,970,341
Capital Grants	-	-	-	-	-	-
General Revenue:						
Property Taxes	8,897,786	8,575,720	-	-	8,897,786	8,575,720
Other	75,484	21,518	8,687	44,906	84,171	66,424
Total Revenues	22,151,070	20,347,446	1,581,421	1,637,933	23,732,491	21,985,379
Program Expenses						
Instruction	13,909,168	12,696,436	-	-	13,909,168	12,696,436
Support Services	8,492,074	8,196,734	-	-	8,492,074	8,196,734
Community Services	20,901	20,800	-	-	20,901	20,800
Intergovernmental	1,178	-	-	-	1,178	-
Interest and Fiscal Charges	698,324	688,894	-	-	698,324	688,894
Food Service	-	-	1,604,214	1,531,227	1,604,214	1,531,227
Total Expenses	23,121,645	21,602,864	1,604,214	1,531,227	24,725,859	23,134,091
Excess (Deficiency) Before Transfer	(970,575)	(1,255,418)	(22,793)	106,706	(993,368)	(1,148,712)
Transfer (Food Service)	74,396	53,000	(74,396)	(53,000)	-	-
Increase (Decrease) in Net Position	\$ (896,179)	\$ (1,202,418)	\$ (97,189)	\$ 53,706	\$ (993,368)	\$ (1,148,712)

Governmental Activities. Governmental activities decreased the District's net position in 2013 by \$896,179. Key elements of the improvement from prior year are as follows:

Increased revenues from operating grants of approximately \$1,400,000.
Increased revenues from property taxes of approximately \$300,000.
Increased instruction and support services expenses of approximately \$1,500,000.
Increased interest expense of approximately \$10,000.

Business Type Activities. Business-type activities decreased the District's net position by \$97,189. 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, 2013**

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, 2013, the District's governmental funds reported a combined fund balance of \$3,961,966, as compared to \$3,789,293 for the prior year. In particular, unassigned 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, 2013, the District's unassigned fund balance for all governmental funds was \$3,170,043. The remainder was restricted for debt service and school building, with balances of \$473,922 and \$318,001, respectively.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,170,043.

The District's General Fund balance increased by \$84,918 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, decreasing by \$25,997 from fiscal year ended 2012. The fiscal year ended 2013 fund balance is \$473,922, 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 increased by \$113,752 from fiscal year ended 2012 to 2013. The District borrowed under a bond agreement during the year for capital expenditures, and had not expended all these funds as of year-end.

Proprietary Funds

The District's only Proprietary Fund is the Food Service Fund. This program had a net decrease of \$97,189 for the fiscal year ended June 30, 2013. This decrease 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, 2013**

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 2013, 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 2013, the District had \$21,986,872 invested in capital assets, net of depreciation.

The total increase in the District's investment in capital assets, not considering depreciation, was \$15,704. The most significant capital asset events during the current fiscal year included the purchase of certain equipment.

The following table shows fiscal 2013 balances compared to 2012.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,043,161	\$ 1,043,161	\$ -	\$ -	\$ 1,043,161	\$ 1,043,161
Buildings	19,731,786	20,802,708	-	-	19,731,786	20,802,708
Improvements	605,506	646,598	-	-	605,506	646,598
Equipment	424,506	494,119	181,913	179,783	606,419	673,902
Totals	\$ 21,804,959	\$ 22,986,586	\$ 181,913	\$ 179,783	\$ 21,986,872	\$ 23,166,369

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE FISCAL YEAR ENDED June 30, 2013**

Long-term Debt

At fiscal year-end, the District had \$17,854,953 in bonds and related bond premiums outstanding versus \$17,962,186 in the prior year, a decrease of .6 % as shown in the following table. During the 2013 fiscal year the District issued \$1,165,000 in General Obligation Bonds, which were used to fund capital acquisitions. 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>Governmental Activities</u>
	<u>2013</u>	<u>2012</u>
General Obligation Bonds:		
2012 Series	\$ 895,000	\$ -
2011 Series	84,000	248,000
2009 Series	5,840,000	6,440,000
2006 Series	9,910,000	9,945,000
Equipment Acquisition Bonds:		
2012 Series	<u>750,400</u>	<u>1,000,000</u>
Total bonds	17,479,400	17,633,000
Premium	<u>375,553</u>	<u>329,186</u>
Total long-term obligations	<u>\$ 17,854,953</u>	<u>\$ 17,962,186</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, 2013, is \$2,750,278. The bond issue in 2006 was 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, 2013**

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 \$302,684. 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 2013 for tier three was \$927,236.

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 Position
June 30, 2013**

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,917,165	\$ 489,803	\$ 3,406,968
Investments	153	-	153
Accounts receivable	99,996	9,573	109,569
Property taxes receivable, net	275,681	-	275,681
Due from other governmental units	1,338,641	-	1,338,641
Other receivables	162,401	759	163,160
Internal balances	22,505	(22,505)	-
Inventories and prepaid expenses	-	65,097	65,097
Capital assets			
Land	1,043,161	-	1,043,161
Buildings	32,127,604	-	32,127,604
Improvements other than buildings	1,324,838	-	1,324,838
Equipment	2,468,682	409,515	2,878,197
Less accumulated depreciation	<u>(15,159,326)</u>	<u>(227,602)</u>	<u>(15,386,928)</u>
Total capital assets, net of depreciation	<u>21,804,959</u>	<u>181,913</u>	<u>21,986,872</u>
Total assets	<u>26,621,501</u>	<u>724,640</u>	<u>27,346,141</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	639,158	47	639,205
Unearned income	196,057	9,485	205,542
Other liabilities	19,361	-	19,361
Long-term liabilities:			
Due within one year:			
Bonds, capital leases, and contracts	1,079,700	-	1,079,700
Due in more than one year:			
Bonds, capital leases, and contracts	<u>16,775,253</u>	<u>-</u>	<u>16,775,253</u>
Total liabilities	<u>18,709,529</u>	<u>9,532</u>	<u>18,719,061</u>
<u>NET POSITION</u>			
Net investment in capital assets	3,950,006	181,913	4,131,919
Restricted for:			
Capital projects	318,001	-	318,001
Debt service	473,922	-	473,922
Unrestricted	<u>3,170,043</u>	<u>533,195</u>	<u>3,703,238</u>
Total net position	<u>\$ 7,911,972</u>	<u>\$ 715,108</u>	<u>\$ 8,627,080</u>

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental activities:							
Instruction	\$ 13,909,168	\$ 2,141	\$ 10,539,733	\$ -	\$ (3,367,294)		\$ (3,367,294)
Support services	8,492,074	-	2,614,170	-	(5,877,904)		(5,877,904)
Community services	20,901	-	20,578	-	(323)		(323)
Intergovernmental	1,178	-	1,178	-	-		-
Interest and other charges	698,324	-	-	-	(698,324)		(698,324)
Total governmental activities	23,121,645	2,141	13,175,659	-	(9,943,845)		(9,943,845)
Business-type activities:							
Food service	1,604,214	366,731	1,206,003	-	-	\$ (31,480)	(31,480)
Total business-type activities	1,604,214	366,731	1,206,003	-	-	(31,480)	(31,480)
Total	\$ 24,725,859	\$ 368,872	\$ 14,381,662	\$ -0-	(9,943,845)	(31,480)	(9,975,325)
General revenues:							
Property taxes levied for:							
General purposes					7,164,259	-	7,164,259
Debt service					1,733,527	-	1,733,527
Miscellaneous					12,670	7,768	20,438
Unrestricted investment earnings					62,814	919	63,733
Transfers - food service					74,396	(74,396)	-
Total general revenues, special items, and extraordinary items					9,047,666	(65,709)	8,981,957
Change in net position					(896,179)	(97,189)	(993,368)
Net position, beginning of year					8,808,151	812,297	9,620,448
Net position, end of year					\$ 7,911,972	\$ 715,108	\$ 8,627,080

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Debt Service</u>	<u>School Building</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 2,429,912	\$ 19,111	\$ -	\$ -	\$ 468,142	\$ 2,917,165
Investments	153	-	-	-	-	153
Accounts receivable	99,996	-	-	-	-	99,996
Property taxes receivable, net	275,681	-	-	-	-	275,681
Due from governmental agencies	-	692,616	138,758	473,922	33,345	1,338,641
Due from other funds	837,763	-	-	-	-	837,763
Other receivable	162,401	-	-	-	-	162,401
Prepaid expenses	-	-	-	-	-	-
Total assets	<u>\$ 3,805,906</u>	<u>\$ 711,727</u>	<u>\$ 138,758</u>	<u>\$ 473,922</u>	<u>\$ 501,487</u>	<u>\$ 5,631,800</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 635,863	\$ 2,620	\$ 675	\$ -	\$ -	\$ 639,158
Other liabilities	-	19,111	250	-	-	19,361
Unearned income	-	180,064	15,993	-	-	196,057
Due to other funds	-	509,932	121,840	-	183,486	815,258
Total liabilities	<u>635,863</u>	<u>711,727</u>	<u>138,758</u>	<u>-</u>	<u>183,486</u>	<u>1,669,834</u>
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	473,922	318,001	791,923
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	<u>3,170,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,170,043</u>
Total fund balances	<u>3,170,043</u>	<u>-</u>	<u>-</u>	<u>473,922</u>	<u>318,001</u>	<u>3,961,966</u>
Total liabilities and fund balances	<u>\$ 3,805,906</u>	<u>\$ 711,727</u>	<u>\$ 138,758</u>	<u>\$ 473,922</u>	<u>\$ 501,487</u>	<u>\$ 5,631,800</u>

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

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2013**

Total fund balances - governmental funds	\$ 3,961,966
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 \$36,964,285 and the accumulated depreciation is \$15,159,326.	21,804,959
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(17,854,953)</u>
Net position of governmental activities	<u><u>\$ 7,911,972</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, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Debt Service</u>	<u>School Building</u>	<u>Total Governmental Funds</u>
REVENUES						
Local property taxes	\$ 5,140,889	\$ -	\$ -	\$ 1,553,831	\$ -	\$ 6,694,720
Other local	19,500	512,347	-	47	1,259	533,153
Total local	5,160,389	512,347	-	1,553,878	1,259	7,227,873
State	10,643,482	546,433	1,747,560	179,696	-	13,117,171
Federal	-	1,774,769	-	-	-	1,774,769
Intergovernmental	-	-	-	-	-	-
Total revenues all sources	15,803,871	2,833,549	1,747,560	1,733,574	1,259	22,119,813
EXPENDITURES						
Current						
Instruction	9,960,355	1,528,256	1,097,108	-	-	12,585,719
Support services	6,594,101	1,130,245	16,490	-	-	7,740,836
Community services	323	20,578	-	-	-	20,901
Intergovernmental	-	928	250	-	-	1,178
Debt service						
Principal	-	-	-	1,318,600	-	1,318,600
Interest	262	-	-	698,062	-	698,324
Capital outlay	-	-	-	-	893,060	893,060
Total expenditures	16,555,041	2,680,007	1,113,848	2,016,662	893,060	23,258,618
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(751,170)	153,542	633,712	(283,088)	(891,801)	(1,138,805)
OTHER FINANCING SOURCES (USES)						
Sale of fixed assets	-	-	-	-	-	-
Operating transfers in	861,649	-	-	257,091	-	1,118,740
Operating transfers out	(25,561)	(116,910)	(633,712)	-	(257,091)	(1,033,274)
Premium on bonds sold	-	-	-	-	97,644	97,644
Proceeds of general obligation bonds	-	-	-	-	1,165,000	1,165,000
Transfer of indirect costs	-	(36,632)	-	-	-	(36,632)
Total other financing sources (uses)	836,088	(153,542)	(633,712)	257,091	1,005,553	1,311,478
Net change in fund balances	84,918	-0-	-0-	(25,997)	113,752	172,673
FUND BALANCE, July 1, 2012	3,085,125	-0-	-0-	499,919	204,249	3,789,293
FUND BALANCE, June 30, 2013	\$ 3,170,043	\$ -0-	\$ -0-	\$ 473,922	\$ 318,001	\$ 3,961,966

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, 2013**

Total net change in fund balance -- governmental funds	\$ 172,673
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 (\$1,218,521) is more than capital outlays (\$36,894) in the period.	(1,181,627)
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.	56,819
Bond and bond premium proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(1,262,644)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>1,318,600</u>
Change in net assets of governmental activities	<u>\$ (896,179)</u>

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, 2013

	<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>
REVENUES				
Local	\$ 5,161,568	\$ 5,161,568	\$ 5,160,389	\$ (1,179)
State	10,306,957	10,306,957	10,643,482	336,525
Federal	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>15,468,525</u>	<u>15,468,525</u>	<u>15,803,871</u>	<u>335,346</u>
EXPENDITURES				
Current				
Instruction	9,895,344	9,895,344	9,960,355	(65,011)
Support services	6,755,390	6,755,390	6,594,101	161,289
Community services	508	508	323	185
Intergovernmental	7,000	7,000	-	7,000
Debt service	-	-	262	(262)
Total expenditures	<u>16,658,242</u>	<u>16,658,242</u>	<u>16,555,041</u>	<u>103,201</u>
Excess (deficiency) of revenues over expenditures	(1,189,717)	(1,189,717)	(751,170)	438,547
OTHER FINANCING SOURCES (USES)				
Transfer from special revenue fund (excludes indirect cost)	50,000	50,000	116,910	66,910
Transfer from EIA fund	624,105	624,105	633,712	9,607
Transfer from food service fund (excludes indirect cost)	125,255	125,255	-	(125,255)
Transfers of indirect costs	74,396	74,396	111,027	36,631
Transfer to pupil activity fund	<u>(25,561)</u>	<u>(25,561)</u>	<u>(25,561)</u>	<u>-</u>
Net change in fund balance	\$ <u>(341,522)</u>	\$ <u>(341,522)</u>	84,918	\$ <u>426,440</u>
Fund balance, July 1, 2012			<u>3,085,125</u>	
Fund balance, June 30, 2013			\$ <u>3,170,043</u>	

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, 2013

	<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>
REVENUES				
Local	\$ 597,560	\$ 597,560	\$ 512,347	\$ (85,213)
State	557,989	557,989	546,433	(11,556)
Federal	1,755,354	1,755,354	1,774,769	19,415
Intergovernmental	-	-	-	-
Total revenues	<u>2,910,903</u>	<u>2,910,903</u>	<u>2,833,549</u>	<u>(77,354)</u>
EXPENDITURES				
Current				
Instruction	1,452,755	1,452,755	1,528,256	(75,501)
Support services	1,240,550	1,240,550	1,130,245	110,305
Community services	52,000	52,000	20,578	31,422
Intergovernmental	-	-	928	(928)
Total expenditures	<u>2,745,305</u>	<u>2,745,305</u>	<u>2,680,007</u>	<u>65,298</u>
Excess (deficiency) of revenues over expenditures	<u>165,598</u>	<u>165,598</u>	<u>153,542</u>	<u>(12,056)</u>
OTHER FINANCING SOURCES (USES)				
Transfer to general fund	(116,910)	(116,910)	(116,910)	-
Special revenue fund indirect costs	<u>(48,688)</u>	<u>(48,688)</u>	<u>(36,632)</u>	<u>12,056</u>
Total other financing sources (uses)	<u>(165,598)</u>	<u>(165,598)</u>	<u>(153,542)</u>	<u>12,056</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance, July 1, 2012			<u>-0-</u>	
Fund balance, June 30, 2013			\$ <u>-0-</u>	

**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, 2013**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	1,770,006	1,770,006	1,747,560	(22,446)
Federal	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	<u>1,770,006</u>	<u>1,770,006</u>	<u>1,747,560</u>	<u>(22,446)</u>
EXPENDITURES				
Current				
Instruction	1,069,051	1,069,051	1,097,108	(28,057)
Support services	9,917	9,917	16,490	(6,573)
Community services	-	-	-	-
Intergovernmental	-	-	250	(250)
Total expenditures	<u>1,078,968</u>	<u>1,078,968</u>	<u>1,113,848</u>	<u>(34,880)</u>
Excess (deficiency) of revenues over expenditures	691,038	691,038	633,712	(57,326)
OTHER FINANCING SOURCES (USES)				
Transfer to general fund	<u>(624,105)</u>	<u>(624,105)</u>	(633,712)	<u>(9,607)</u>
Net change in fund balance	\$ <u>66,933</u>	\$ <u>66,933</u>	-0-	\$ <u>(66,933)</u>
Fund balance, July 1, 2012			<u>-0-</u>	
Fund balance, June 30, 2013			\$ <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 Position
Proprietary Funds
June 30, 2013**

	<u>Enterprise Fund</u> <u>Food Services</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 489,803
USDA receivables	9,573
Other receivables	759
Inventories - supplies and materials	<u>65,097</u>
Total current assets	<u>565,232</u>
Noncurrent assets	
Furniture and equipment	409,515
Less accumulated depreciation	<u>(227,602)</u>
Total noncurrent assets	<u>181,913</u>
Total assets	<u>747,145</u>
LIABILITIES	
Current liabilities	
Accounts payable	47
Unearned income	9,485
Due to other funds	<u>22,505</u>
Total current liabilities	<u>32,037</u>
Total liabilities	<u>32,037</u>
NET POSITION	
Net investment in capital assets	181,913
Unrestricted	<u>533,195</u>
Total net position	<u>\$ 715,108</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013**

	Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Proceeds from sale of meals	\$ 366,731
Total operating revenues	<u>366,731</u>
OPERATING EXPENSES	
Food costs	767,661
Salaries and wages	582,722
Supplies and materials	83,247
Depreciation	29,005
Other operating costs	141,579
Total operating expenses	<u>1,604,214</u>
Operating income (loss)	<u>(1,237,483)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	919
USDA reimbursements	1,206,003
Other income	7,768
Total nonoperating revenues (expenses)	<u>1,214,690</u>
Income (loss) before operating transfers	(22,793)
Transfers in (out)	<u>(74,396)</u>
Change in net assets	(97,189)
Total net position - July 1, 2012	<u>812,297</u>
Total net position - June 30, 2013	<u>\$ 715,108</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013**

	Enterprise Fund Food Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 371,777
Payments to employees for services	(582,722)
Operating transfer to other fund	(74,396)
Payments to suppliers for goods and services	(1,046,060)
Net cash received from (used by) operating activities	<u>(1,331,401)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from USDA reimbursements	1,346,680
Cash received from miscellaneous sources	7,768
Net cash received from (used for) noncapital financing activities	<u>1,354,448</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(31,135)
Net cash received from (used for) capital and related financing activities	<u>(31,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	919
Net cash received from (used by) investing activities	<u>919</u>
Net increase (decrease) in cash and cash equivalents	(7,169)
Cash and cash equivalents - July 1, 2012	<u>496,972</u>
Cash and cash equivalents - June 30, 2013	\$ <u><u>489,803</u></u>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating income (loss) - Exhibit K	\$ (1,237,483)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Depreciation	29,005
Operating transfers out	(74,396)
Change in assets and liabilities:	
(Increase) decrease in other receivables	6,396
(Increase) decrease in inventories	3,915
Increase (decrease) in accounts payable	47
Increase (decrease) in due to other funds	(57,535)
Increase (decrease) in unearned income	<u>(1,350)</u>
Net cash received from (used by) operating activities	\$ <u><u>(1,331,401)</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2013**

	<u>Agency Fund Pupil Activity</u>
ASSETS	
Cash and cash equivalents	\$ 130,680
Investments	<u>124,250</u>
Total assets	<u>254,930</u>
LIABILITIES	
Due to student organizations	92,529
Other payables	<u>162,401</u>
Total liabilities	<u>254,930</u>
NET POSITION	
Unreserved - undesignated	<u>-0-</u>
Total net position	<u><u>\$ -0-</u></u>

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

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013**

	<u>Agency Fund Pupil Activity</u>
ADDITIONS	
Receipts	
Admissions	\$ 76,704
Bookstore sales	31,496
Student fees	46,483
Other	468,556
Transfer from other funds	<u>25,561</u>
Total receipts	<u>648,800</u>
Investment earnings	
Interest	<u>590</u>
Total additions	<u>649,390</u>
DEDUCTIONS	
Pupil activity programs	684,812
Increase (decrease) in due to student organizations	<u>(35,422)</u>
Total deductions	<u>649,390</u>
CHANGE IN NET POSITION	-0-
Net position, beginning of year	<u>-0-</u>
Net position, end of year	\$ <u><u>-0-</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013**

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 position 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, 2013

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

c) **Measurement Focus, Basis of Accounting and Basis of Presentation, 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, 2013

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

c) **Measurement Focus, Basis of Accounting and Basis of Presentation, 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 \$3,662,051 because of outstanding checks, deposits in transit, and other reconciling items) of \$3,318,270 at June 30, 2013, 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, 2013 are as follows:

Insured	\$ 250,000
Collateralized	3,068,270
Uncollateralized	<u>-</u>
Total bank balance	<u>\$ 3,318,270</u>

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013

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 position, 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, 2013.

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 position, 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 position and in the respective fund financial statements.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013

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:

Description	Governmental Activities	Business-Type Activities
	Estimated Lives	Estimated Lives
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 position. 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.

i) **Vacation and Sick Leave**

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

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013

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

j) **Fund Equity**

In the fund financial statements, fund balance classifications depict the nature of the net resources reported in the governmental funds. Individual governmental funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The general fund also includes unassigned amounts. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the District board through motions passed at District School Board meetings. The District has no committed fund balance amounts. Assigned fund balance amounts are established by the District administration. The District has no assigned fund balance amounts.

Nonspendable fund balance includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The District's nonspendable fund balance represents amounts not in spendable form.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the District School Board.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are established by the District administration.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

k) **Net Position**

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets 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 position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

l) **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.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013

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. 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, 2013, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 837,763	\$ -
Special revenue funds:		
Special projects fund	-	509,932
Education Improvement Act	-	121,840
School building fund	-	183,486
Proprietary fund	-	22,505
	<u>\$ 837,763</u>	<u>\$ 837,763</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 school building fund owing the general fund for payments made on its behalf, 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, 2013

4) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2013, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,043,161	\$ -	\$ -	\$ 1,043,161
Capital assets, being depreciated				
Buildings	32,127,604	-	-	32,127,604
Improvements other than buildings	1,324,838	-	-	1,324,838
Equipment	2,431,788	36,894	-	2,468,682
	<u>35,884,230</u>	<u>36,894</u>	<u>-</u>	<u>35,921,124</u>
Less accumulated depreciation for:				
Buildings	11,324,896	1,070,922	-	12,395,818
Improvements other than buildings	678,240	41,092	-	719,332
Equipment	1,937,669	106,507	-	2,044,176
	<u>13,940,805</u>	<u>1,218,521</u>	<u>-</u>	<u>15,159,326</u>
Total capital assets being depreciated, net	<u>21,943,425</u>	<u>(1,181,627)</u>	<u>-</u>	<u>20,761,798</u>
Governmental activities capital assets, net	<u>\$ 22,986,586</u>	<u>\$ (1,181,627)</u>	<u>\$ -</u>	<u>\$ 21,804,959</u>
Business-type activities:				
Furniture and equipment	\$ 430,705	\$ 31,135	\$ (52,325)	\$ 409,515
Accumulated depreciation	<u>250,922</u>	<u>29,005</u>	<u>(52,325)</u>	<u>227,602</u>
Business-type activities capital assets, net	<u>\$ 179,783</u>	<u>\$ 2,130</u>	<u>\$ -</u>	<u>\$ 181,913</u>
Depreciation was charged to functions/programs as follows:				
Governmental activities:				
Instruction			\$ 779,853	
Support			<u>438,668</u>	
Total depreciation expense - governmental activities			<u>\$ 1,218,521</u>	
Business-type activities:				
Food service fund			<u>\$ 29,005</u>	
Total depreciation expense - business-type activities			<u>\$ 29,005</u>	

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013**

5) LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2013:

General obligation bonds payable at beginning of year	\$ 16,633,000
Borrowings	1,165,000
Principal payments	<u>(1,069,000)</u>
General obligation bonds payable at end of year	<u>16,729,000</u>
Equipment acquisition bonds payable at beginning of year	1,000,000
Borrowings	-
Principal payments	<u>(249,600)</u>
Equipment acquisition bonds payable at end of year	<u>750,400</u>
Premium on bonds issued	557,071
Amortization of premium	<u>(181,518)</u>
Total long-term obligations at end of year	<u><u>\$ 17,854,953</u></u>

General obligation bonds payable are comprised of the following issues:

\$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%	\$ 9,910,000
\$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%	5,840,000
\$250,000 General Obligation Bonds, issued 2011, due in annual installments of \$2,000 to \$164,000 beginning 2012 and continuing through 2014, interest payable semi-annually at 1.00%	84,000
\$1,165,000 General Obligation Bonds, issued 2012, due in annual installments of \$99,000 to \$270,000 beginning 2013 and continuing through 2018, interest payable semi-annually at rates from 2.00% to 5.00%	<u>895,000</u>
	<u><u>\$ 16,729,000</u></u>

Equipment acquisition bonds payable are comprised of the following issue:

\$1,000,000 Equipment Acquisition Bonds, issued 2012, due in annual installments of \$246,700 to \$253,600 beginning 2013 and continuing through 2016, interest payable semi-annually at 1.39%	<u><u>\$ 750,400</u></u>
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**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013**

5) LONG-TERM DEBT, CONTINUED

The annual requirements to amortize all debt outstanding as of June 30, 2013, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,079,700	\$ 697,043	\$ 1,776,743
2015	1,122,100	673,781	1,795,881
2016	1,168,600	644,106	1,812,706
2017	879,000	611,084	1,490,084
Thereafter	<u>13,230,000</u>	<u>4,530,150</u>	<u>17,760,150</u>
	<u>\$ 17,479,400</u>	<u>\$ 7,156,164</u>	<u>\$ 24,635,564</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, 2013, is \$2,953,483. The bond issues in 2000 and 2006 were approved by majority vote in authorized referenda. During the fiscal year ended June 30, 2013, the District issued \$1,165,000 general obligation bonds, Series 2012. The bonds were issued to purchase certain capital items.

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, 2013.

6) CHANGE IN GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
Amount available in debt service fund	\$ 499,919	\$ -	\$ (25,997)	\$ 473,922
Amount to be provided for retirement of long-term obligations	<u>17,133,081</u>	<u>-</u>	<u>(127,603)</u>	<u>17,005,478</u>
Total available and to be provided	<u>\$ 17,633,000</u>	<u>\$ -</u>	<u>\$ (153,600)</u>	<u>\$ 17,479,400</u>
Total long-term obligations	<u>\$ 17,633,000</u>	<u>\$ -</u>	<u>\$ (153,600)</u>	<u>\$ 17,479,400</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013**

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, 2013 was \$12,428,249; the District's total payroll was \$13,328,661.

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 7.0% of their annual covered salary while the District is required to contribute an actuarially determined rate. The current rate for the SCRS is 15.00% 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>
2013	\$ 1,882,880	\$ 869,977	15.000%	7.00%
2012	1,699,044	776,206	13.685%	6.50%
2011	1,579,031	750,903	13.140%	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, 2013

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, 2013, 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.

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. The District carries commercial insurance for such 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 Department of Employment and Workforce 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.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2013

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.

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 \$302,684. 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 year 2013 for tier three was \$927,236.

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
Notes to Financial Statements
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13) PROPERTY TAXES

Anderson County, South Carolina (the County) is responsible for levying and collecting sufficient property taxes to meet its funding obligation to 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.

14) OPERATING LEASES

The District has operating leases for copiers and printers used in its schools, with total lease expense under these agreements of \$80,258 for the year ended June 30, 2013. Future lease obligations under these operating lease agreements are \$80,240 for each of the next three years.

15) SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through September 27, 2013, the date the financial statements were available to be issued.

**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, 2013**

	<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)	\$ 4,760,773	\$ 4,739,400	\$ (21,373)
1280 Revenue in lieu of taxes (independent and dependent)	377,573	401,489	23,916
1300 Tuition			
1310 From patrons for regular day school	4,000	2,141	(1,859)
1500 Earnings on investments			
1510 Interest on investments	3,000	4,689	1,689
1900 Other revenue from local sources			
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	16,222	12,670	(3,552)
Total local sources	<u>5,161,568</u>	<u>5,160,389</u>	<u>(1,179)</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3130 Special programs			
3131 Handicapped transportation	750	654	(96)
3132 Home schooling (no carryover provision)	2,500	-	(2,500)
3133 IDEA contingency fund	-	154,498	154,498
3160 School bus driver salary (includes hazardous condition transportation)	165,936	208,984	43,048
3162 Transportation workers' compensation	18,805	18,621	(184)
3180 Fringe benefits employer contributions (no carryover provision)	2,682,938	2,854,417	171,479
3300 Education Finance Act			
3310 Full-time programs			
3311 Kindergarten	356,839	432,176	75,337
3312 Primary	996,799	1,000,644	3,845
3313 Elementary	1,491,305	1,457,901	(33,404)

(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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
3314 High school	\$ 222,395	\$ 264,834	\$ 42,439
3315 Trainable mentally handicapped	9,880	6,899	(2,981)
3316 Speech handicapped (part-time program)	465,108	400,941	(64,167)
3317 Homebound	11,696	29,365	17,669
3320 Part-time programs			
3321 Emotionally handicapped	26,181	24,180	(2,001)
3322 Educable mentally handicapped	23,474	29,833	6,359
3323 Learning disabilities	654,004	605,254	(48,750)
3324 Hearing handicapped	44,451	36,068	(8,383)
3325 Visually handicapped	19,159	17,382	(1,777)
3326 Orthopedically handicapped	14,114	6,061	(8,053)
3327 Vocational	1,059,446	998,699	(60,747)
3330 Other EFA programs			
3331 Autism	75,567	72,701	(2,866)
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	302,684	(478)
3825 Reimbursement for property tax relief (tier 3)	942,909	927,236	(15,673)
3830 Merchant's inventory tax	9,758	7,510	(2,248)
3840 Manufacturers depreciation reimbursement	150,000	227,680	77,680
3890 Other state property tax revenues (includes motor carrier vehicle tax)	18,900	18,379	(521)
3900 Other state revenue			
3999 Revenue from other state sources	1,000	-	(1,000)
Total state sources	<u>10,306,957</u>	<u>10,643,482</u>	<u>336,525</u>
Total revenue all sources	<u>15,468,525</u>	<u>15,803,871</u>	<u>335,346</u>

**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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	\$ 596,510	\$ 658,293	\$ (61,783)
200 Employee benefits	229,401	247,109	(17,708)
300 Purchased services	10,363	10,249	114
400 Supplies and materials	3,552	4,666	(1,114)
500 Capital outlay	142	127	15
112 Primary programs			
100 Salaries	1,461,366	1,392,733	68,633
200 Employee benefits	498,203	480,904	17,299
300 Purchased services	23,303	21,428	1,875
400 Supplies and materials	13,707	13,370	337
500 Capital outlay	724	486	238
113 Elementary programs			
100 Salaries	2,197,827	2,196,812	1,015
200 Employee benefits	705,858	748,915	(43,057)
300 Purchased services	75,095	144,812	(69,717)
400 Supplies and materials	26,122	40,662	(14,540)
500 Capital outlay	2,528	7,556	(5,028)
114 High school programs			
100 Salaries	1,411,726	1,355,501	56,225
200 Employee benefits	487,934	484,714	3,220
300 Purchased services	38,033	28,976	9,057
400 Supplies and materials	17,326	17,942	(616)
500 Capital outlay	3,229	6,039	(2,810)
600 Other objects	3,865	5,421	(1,556)
115 Career and technology education programs			
100 Salaries	466,254	469,202	(2,948)
200 Employee benefits	147,283	148,752	(1,469)
300 Purchased services - other than tuition	16,621	26,121	(9,500)
400 Supplies and materials	2,049	6,688	(4,639)
500 Capital outlay	3,115	4,165	(1,050)

**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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
116 Career and technology education (vocational) programs – middle school			
100 Salaries	\$ 118,986	\$ 118,805	\$ 181
200 Employee benefits	45,513	42,459	3,054
400 Supplies and materials	1,064	1,064	-
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	44,863	43,408	1,455
200 Employee benefits	20,247	20,609	(362)
122 Trainable mentally handicapped			
100 Salaries	15,084	22,977	(7,893)
200 Employee benefits	7,522	13,013	(5,491)
300 Purchased services	1,456	-	1,456
123 Orthopedically handicapped			
100 Salaries	2,165	1,802	363
200 Employee benefits	1,329	656	673
124 Visually handicapped			
100 Salaries	19,949	15,278	4,671
200 Employee benefits	8,747	6,093	2,654
125 Hearing handicapped			
100 Salaries	45,994	44,896	1,098
200 Employee benefits	18,246	16,804	1,442
300 Purchased services	-	1,550	(1,550)
126 Speech handicapped			
100 Salaries	61,048	61,048	-
200 Employee benefits	21,459	14,993	6,466
300 Purchased services	1,204	929	275
400 Supplies and materials	1,140	-	1,140
127 Learning disabilities			
100 Salaries	407,232	410,559	(3,327)
200 Employee benefits	145,499	134,658	10,841
300 Purchased services	4,385	570	3,815

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
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General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
128 Emotionally handicapped			
100 Salaries	\$ 9,317	\$ 7,780	\$ 1,537
200 Employee benefits	3,400	3,656	(256)
300 Purchased services	631	-	631
129 Coordinated early intervening services (CEIS)			
300 Purchased services	815	815	-
130 Pre-school programs			
131 Pre-school handicapped - speech (5 year olds)			
100 Salaries	4,411	4,411	-
200 Employee benefits	1,564	1,035	529
133 Pre-school handicapped - self-contained (5 year olds)			
100 Salaries	16,982	17,044	(62)
200 Employee benefits	10,707	6,335	4,372
135 Pre-school handicapped - speech (3 & 4 year olds)			
100 Salaries	7,265	699	6,566
200 Employee benefits	161	164	(3)
137 Pre-school handicapped - self-contained (3 & 4 year olds)			
100 Salaries	-	2,955	(2,955)
200 Employee benefits	-	1,923	(1,923)
139 Early childhood programs			
100 Salaries	12,131	17,337	(5,206)
200 Employee benefits	4,219	4,126	93
140 Special programs			
141 Gifted and talented - academic			
100 Salaries	137,257	138,400	(1,143)
200 Employee benefits	47,246	47,778	(532)
300 Purchased services	1,608	2,491	(883)
400 Supplies and materials	1,609	1,423	186
145 Homebound			
100 Salaries	29,730	34,096	(4,366)
200 Employee benefits	5,761	7,840	(2,079)

(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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
149 Other special programs			
100 Salaries	\$ 5,062	\$ 4,934	\$ 128
200 Employee benefits	1,499	1,128	371
300 Purchased services	18,420	18,420	-
160 Other exceptional programs			
161 Autism			
100 Salaries	93,401	93,256	145
200 Employee benefits	46,880	44,895	1,985
190 Instructional pupil activity			
600 Other objects	-	3,600	(3,600)
Total instruction	<u>9,895,344</u>	<u>9,960,355</u>	<u>(65,011)</u>
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	337,490	357,889	(20,399)
200 Employee benefits	113,178	122,608	(9,430)
300 Purchased services	1,959	1,959	-
400 Supplies and materials	4,982	4,788	194
500 Capital outlay	748	653	95
213 Health services			
100 Salaries	74,263	76,179	(1,916)
200 Employee benefits	41,027	38,124	2,903
300 Purchased services	13,338	11,021	2,317
400 Supplies and materials	4,766	3,494	1,272
500 Capital outlay	433	-	433
214 Psychological services			
100 Salaries	7,700	1,925	5,775
200 Employee benefits	2,545	664	1,881
600 Other objects	175	158	17
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
100 Salaries	188,049	204,025	(15,976)
200 Employee benefits	60,615	62,889	(2,274)
300 Purchased services	5,983	6,138	(155)
400 Supplies and materials	2,378	2,124	254

(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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
222 Library and media services			
100 Salaries	\$ 286,564	\$ 287,516	\$ (952)
200 Employee benefits	102,608	99,885	2,723
300 Purchased services	9,229	9,229	-
400 Supplies and materials	17,116	16,483	633
500 Capital outlay	1,206	1,206	-
223 Supervision of special programs			
100 Salaries	8,094	13,869	(5,775)
200 Employee benefits	7,134	4,797	2,337
300 Purchased services	390	472	(82)
400 Supplies and materials	97	30	67
600 Other objects	2,000	66	1,934
224 Improvement of instruction - inservice and staff training			
100 Salaries	41,575	42,575	(1,000)
200 Employee benefits	11,574	11,741	(167)
300 Purchased services	4,574	4,432	142
400 Supplies and materials	2,465	2,445	20
600 Other objects	158	158	-
230 General administration services			
231 Board of Education			
200 Employee benefits	7,418	3,433	3,985
300 Purchased services	12,449	18,104	(5,655)
318 Audit services	31,021	31,000	21
400 Supplies and materials	797	797	-
600 Other objects	59,186	56,116	3,070
232 Office of the superintendent			
100 Salaries	164,815	164,815	-
200 Employee benefits	47,540	47,435	105
300 Purchased services	3,683	4,417	(734)
400 Supplies and materials	2,298	2,791	(493)
500 Capital outlay	513	513	-
600 Other objects	3,709	4,056	(347)
233 School administration			
100 Salaries	921,412	882,407	39,005
200 Employee benefits	327,765	321,090	6,675
300 Purchased services	18,923	17,693	1,230
400 Supplies and materials	2,456	2,722	(266)
500 Capital outlay	6,325	6,265	60
600 Other objects	3,193	1,983	1,210

(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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
250 Finance and operations services			
251 Student transportation (federal/district mandated)			
600 Other objects	\$ 7,000	\$ 6,993	\$ 7
252 Fiscal services			
100 Salaries	152,514	152,514	-
200 Employee benefits	54,568	52,935	1,633
300 Purchased services	71,280	76,196	(4,916)
400 Supplies and materials	5,864	7,087	(1,223)
500 Capital outlay	24,165	24,199	(34)
600 Other objects	189	189	-
253 Facilities acquisition and construction			
500 Capital outlay			
530 Improvements other than buildings	-	(1,000)	1,000
254 Operation and maintenance of plant			
100 Salaries	449,738	468,983	(19,245)
200 Employee benefits	202,447	202,286	161
300 Purchased services	273,801	292,938	(19,137)
321 Public utilities (excludes gas, oil, elec, other heating fuels)	49,637	30,617	19,020
400 Supplies and materials	245,129	255,244	(10,115)
470 Energy (includes gas, oil, elec, other heating fuels)	449,597	413,766	35,831
500 Capital outlay	5,376	4,307	1,069
255 Student transportation (state mandated)			
100 Salaries	466,602	529,970	(63,368)
200 Employee benefits	269,363	260,388	8,975
300 Purchased services	13,269	13,401	(132)
400 Supplies and materials	2,878	3,425	(547)
500 Capital outlay	180	12,942	(12,762)
256 Food service			
100 Salaries	31,268	(69,092)	100,360
200 Employee benefits	263,924	168,052	95,872
258 Security			
300 Purchased services	75,544	68,063	7,481

(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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
260 Central support services			
262 Planning, research, development and evaluation			
100 Salaries	\$ 41,575	\$ 41,575	\$ -
200 Employee benefits	11,574	11,509	65
300 Purchased services	13,580	14,743	(1,163)
263 Information services			
300 Purchased services	7,180	7,574	(394)
400 Supplies and materials	8,557	7,770	787
500 Capital outlay	168	-	168
264 Staff services			
300 Purchased services	484	-	484
400 Supplies and materials	2,600	2,262	338
266 Technology and data processing services			
100 Salaries	225,389	218,982	6,407
200 Employee benefits	69,498	64,642	4,856
300 Purchased services	55,456	56,353	(897)
400 Supplies and materials	12,726	13,145	(419)
500 Capital outlay	15,857	14,547	1,310
270 Support services pupil activity			
271 Pupil services activities			
100 Salaries	157,017	156,959	58
200 Employee benefits	36,480	34,972	1,508
600 Other objects	15,000	19,486	(4,486)
Total support services	<u>6,755,390</u>	<u>6,594,101</u>	<u>161,289</u>
300 Community services			
390 Other community services			
300 Purchased services	<u>508</u>	<u>323</u>	<u>185</u>
Total community services	<u>508</u>	<u>323</u>	<u>185</u>

**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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
400 Other charges			
410 Intergovernmental expenditures			
411 Payments to the South Carolina Department of Education			
720 Transits	\$ 4,000	\$ -	\$ 4,000
412 Payments to other governmental units			
720 Transits	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total intergovernmental expenditures	<u>7,000</u>	<u>-</u>	<u>7,000</u>
500 Debt service			
620 Interest	<u>-</u>	<u>262</u>	<u>(262)</u>
Total debt service	<u>-</u>	<u>262</u>	<u>(262)</u>
Total expenditures	<u>16,658,242</u>	<u>16,555,041</u>	<u>103,201</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers, from (to) other funds			
5220 Transfer from special revenue fund			
(excludes indirect costs)	50,000	116,910	66,910
5230 Transfer from special revenue EIA Fund	624,105	633,712	9,607
5260 Transfer from food service fund			
(excludes indirect costs)	125,255	-	(125,255)
5280 Transfer from other funds indirect costs	74,396	111,027	36,631
426-710 Transfer to pupil activity fund	<u>(25,561)</u>	<u>(25,561)</u>	<u>-</u>
Total other financing sources (uses)	<u>848,195</u>	<u>836,088</u>	<u>(12,107)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ <u>(341,522)</u>	84,918	\$ <u>426,440</u>
FUND BALANCE, July 1, 2012		<u>3,085,125</u>	
FUND BALANCE, June 30, 2013		\$ <u><u>3,170,043</u></u>	

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
SPECIAL REVENUE FUND
Combining Balance Sheet
June 30, 2013**

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 19,111	\$ -	\$ 19,111
Due from governmental agencies	692,616	138,758	831,374
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 711,727</u>	<u>\$ 138,758</u>	<u>\$ 850,485</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 2,620	\$ 675	\$ 3,295
Accrued expenses and other liabilities	19,111	250	19,361
Unearned income	180,064	15,993	196,057
Due to other funds	<u>509,932</u>	<u>121,840</u>	<u>631,772</u>
Total liabilities	<u>711,727</u>	<u>138,758</u>	<u>850,485</u>
FUND BALANCES			
Unreserved - undesignated	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities and fund balances	<u>\$ 711,727</u>	<u>\$ 138,758</u>	<u>\$ 850,485</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, 2013**

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
REVENUES			
Local sources	\$ 512,347	\$ -	\$ 512,347
State sources	546,433	1,747,560	2,293,993
Federal sources	1,774,769	-	1,774,769
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues all sources	<u>2,833,549</u>	<u>1,747,560</u>	<u>4,581,109</u>
EXPENDITURES			
Instruction	1,528,256	1,097,108	2,625,364
Supporting services	1,130,245	16,490	1,146,735
Community services	20,578	-	20,578
Intergovernmental expenditures	<u>928</u>	<u>250</u>	<u>1,178</u>
Total expenditures	<u>2,680,007</u>	<u>1,113,848</u>	<u>3,793,855</u>
OTHER FINANCING SOURCES (USES)	<u>(153,542)</u>	<u>(633,712)</u>	<u>(787,254)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-
FUND BALANCE, July 1, 2012	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, June 30, 2013	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</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, 2013

	Title I (BA Projects) (CA Projects) (201/202)		IDEA (203/204)		Preschool Handicapped (CG Projects) (205/206)		CATE (VA Projects) (FP/FQ Projects) (207/208)		Drug Free (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	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	310,233	\$ 310,233
1999 Revenue from other local sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202,114	202,114
Total local sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	512,347	512,347
3000 Revenue from state sources																	
3100 Restricted state funding																	
3110 Occupational education																	
3113 12-months (Ag.) program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,677	14,677
3118 EEDA career specialist	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,496	81,496
3120 General education																	
3123 Formative assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	537	537
3125 Career/technology education equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,635	18,635
3127 Student health and fitness-PE teachers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,011	30,011
3130 Special programs																	
3136 Student health and fitness-nurses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,405	94,405
3190 Miscellaneous restricted state grants																	
3193 Education license plates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	392	392

* 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, 2013

	Title I (BA Projects) (CA Projects) (201/202) (203/204)	IDEA (CG Projects) (205/206)	Preschool Handicapped (207/208)	CATE (VA Projects) (209/210)	Drug Free (FP/FQ Projects) (EA Projects)	Adult Education* (900s)	Other Designated Restricted State Grants*	Other Special Revenue Programs* (200s/800s)	Total
3600 Education Lottery Act revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,682	\$ -	5,682
3607 6-8 enhancement	-	-	-	-	-	-	224,334	-	224,334
3610 K-5 enhancement	-	-	-	-	-	-	-	-	-
3900 Other state revenue	-	-	-	-	-	-	76,264	-	76,264
3999 Revenue from other state sources	-	-	-	-	-	-	546,433	-	546,433
Total state sources									
4000 Revenue from federal sources	-	-	-	62,985	-	-	-	-	62,985
4200 Occupational education	782,375	-	-	-	-	-	-	-	782,375
4210 Perkins aid, Title I	-	-	-	-	-	-	-	53,313	53,313
4300 Elementary and Secondary Education Act of 1965 (ESEA)	-	-	-	-	-	-	-	4,492	4,492
4310 Title I, basic state grant programs	-	-	-	-	-	-	-	-	-
4312 Rural and low-income school program, Title VI	-	-	-	-	-	-	-	-	-
4341 Language instruction for limited english proficient and immigrant students, Title III	-	-	-	-	-	-	-	-	-
4351 Improving teacher quality	-	-	-	-	-	-	-	102,413	102,413

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, 2013

	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)	\$ -	\$ 681,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 681,577
4520 Preschool grants (IDEA)	-	-	87,614	-	-	-	-	-	87,614
Total federal sources	782,375	681,577	87,614	62,985	-	-	-	160,218	1,774,769
Total revenue all sources	782,375	681,577	87,614	62,985	-	-	546,433	672,565	2,833,549

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, 2013

	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
EXPENDITURES									
100 Instruction									
110 General instruction									
111 Kindergarten programs									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,567	\$ 92,238	\$ 98,805
200 Employee benefits	-	-	-	-	-	-	4,412	28,226	32,638
112 Primary programs									
100 Salaries	206,144	-	-	-	-	-	-	1,372	207,516
200 Employee benefits	69,968	-	-	-	-	-	-	319	70,287
400 Supplies and materials	74,139	-	-	-	-	-	-	2,868	77,007
113 Elementary programs									
100 Salaries	45,534	-	-	-	-	-	23,206	-	68,740
200 Employee benefits	16,443	-	-	-	-	-	7,197	12	23,652
300 Purchased services	-	-	-	-	-	-	537	140	677
400 Supplies and materials	53,661	-	-	-	-	-	-	25,861	79,522
114 High school programs									
300 Purchased services	-	-	-	-	-	-	-	146	146
400 Supplies and materials	-	-	-	-	-	-	-	22,043	22,043
115 Career and technology education programs									
100 Salaries	-	-	-	-	-	-	10,683	-	10,683
200 Employee benefits	-	-	-	-	-	-	3,994	-	3,994
300 Purchased services	-	-	-	16,090	-	-	-	-	16,090
400 Supplies and materials	-	-	-	14,767	-	-	-	-	14,767
500 Capital outlay	-	-	-	-	-	-	1,050	-	1,050

(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, 2013

	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
116 Career and technology education programs - middle school									
300 Purchased services	\$ -	\$ -	\$ -	241 \$	-	-	-	-	241
400 Supplies and materials	-	-	-	1,147	-	-	-	-	1,147
117 Driver education program									
300 Purchased services	-	-	-	-	-	-	-	9,589	9,589
120 Exceptional programs									
121 Educable mentally handicapped									
100 Salaries	-	6,705	-	-	-	-	-	-	6,705
200 Employee benefits	-	2,535	-	-	-	-	-	-	2,535
300 Purchased services	-	130	-	-	-	-	-	-	130
122 Trainable mentally handicapped									
100 Salaries	-	3,650	-	-	-	-	-	-	3,650
200 Employee benefits	-	1,864	-	-	-	-	-	-	1,864
300 Purchased services	-	520	-	-	-	-	-	-	520
400 Supplies and materials	-	1,628	-	-	-	-	-	-	1,628
124 Visually handicapped									
100 Salaries	-	16,166	2,965	-	-	-	-	-	19,131
200 Employee benefits	-	7,653	1,321	-	-	-	-	-	8,974
300 Purchased services	-	8,660	-	-	-	-	-	4,330	12,990
400 Supplies and materials	-	59	-	-	-	-	-	-	59

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, 2013

	Title I (BA Projects) (CA Projects)		IDEA (203/204)		Preschool Handicapped (CG Projects)		CATE (VA Projects) (FP/FQ Projects)		Drug Free (209/210)		Adult Education (EA Projects)		Other Designated Restricted State Grants (900s)		Other Special Revenue Programs (200s/800s)		Total
	(201/202)	(203/204)	(203/204)	(205/206)	(205/206)	(207/208)	(207/208)	(209/210)	(209/210)	(209/210)	(209/210)	(209/210)	(209/210)	(209/210)	(209/210)	(209/210)	(209/210)
125 Hearing handicapped																	
100 Salaries	\$ -	\$ 9,609	\$ 990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,599
200 Employee benefits	-	3,942	442	-	-	-	-	-	-	-	-	-	-	-	-	-	4,384
300 Purchased services	-	26,816	-	-	-	-	-	-	-	-	-	-	-	-	2,795	-	29,611
400 Supplies and materials	-	353	-	-	-	-	-	-	-	-	-	-	-	-	-	-	353
126 Speech handicapped																	
100 Salaries	-	18,563	22,725	-	-	-	-	-	-	-	-	-	-	-	22,057	-	63,345
200 Employee benefits	-	4,351	7,389	-	-	-	-	-	-	-	-	-	-	-	5,212	-	16,952
300 Purchased services	-	3,556	14,039	-	-	-	-	-	-	-	-	-	-	-	84,685	-	102,280
400 Supplies and materials	-	923	-	-	-	-	-	-	-	-	-	-	-	-	338	-	1,261
127 Learning disabilities																	
100 Salaries	-	144,168	1,975	-	-	-	-	-	-	-	-	-	-	-	-	-	146,143
200 Employee benefits	-	53,203	881	-	-	-	-	-	-	-	-	-	-	-	-	-	54,084
300 Purchased services	-	961	-	-	-	-	-	-	-	-	-	-	-	-	-	-	961
400 Supplies and materials	-	33,638	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,638
128 Emotionally handicapped																	
100 Salaries	-	135	-	-	-	-	-	-	-	-	-	-	-	-	-	-	135
200 Employee benefits	-	78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78
400 Supplies and materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19	-	19
130 Preschool programs																	
131 Preschool handicapped speech (5 year olds)																	
100 Salaries	-	1,493	1,026	-	-	-	-	-	-	-	-	-	-	-	-	-	2,519
200 Employee benefits	-	351	242	-	-	-	-	-	-	-	-	-	-	-	-	-	593

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, 2013

	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
133 Preschool handicapped self-contained (5 year olds)									
100 Salaries	\$ -	\$ 16,685	\$ 3,955	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,640
200 Employee benefits	-	8,212	1,764	-	-	-	-	-	9,976
135 Preschool handicapped speech (3 and 4 year olds)									
100 Salaries	-	898	397	-	-	-	-	-	1,295
200 Employee benefits	-	211	95	-	-	-	-	-	306
300 Purchased services	-	-	2,042	-	-	-	-	-	2,042
400 Supplies and materials	-	-	17,025	-	-	-	-	-	17,025
137 Preschool handicapped self-contained (3 and 4 year olds)									
100 Salaries	-	12,055	102	-	-	-	-	6,567	18,724
200 Employee benefits	-	3,836	-	-	-	-	-	3,603	7,439
139 Early childhood programs									
100 Salaries	-	-	-	-	-	-	45,213	-	45,213
200 Employee benefits	-	-	-	-	-	-	15,917	-	15,917
300 Purchased services	-	-	-	-	-	-	318	-	318
400 Supplies and materials	-	-	-	-	-	-	3,837	2,312	6,149
160 Other exceptional programs									
161 Autism									
100 Salaries	-	38,888	1,975	-	-	-	-	9,845	50,708
200 Employee benefits	-	15,516	881	-	-	-	-	2,292	18,689

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, 2013

	Title I	IDEA	Preschool	CATE	Drug Free	Adult	Other	Other	Total
	(BA Projects)	(CA Projects)	Handicapped	(VA Projects)	(FP/FQ Projects)	Education	Designated	Special	
	(201/202)	(203/204)	(CG Projects)	(207/208)	(209/210)	(EA Projects)	Restricted	Revenue	
	(201/202)	(203/204)	(205/206)	(207/208)	(209/210)	(EA Projects)	State Grants	(200s/800s)	Total
							(900s)		
170 Summer school programs									
175 Instructional programs beyond regular school day									
100 Salaries	\$ 9,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,132
200 Employee benefits	2,090	-	-	-	-	-	-	-	2,090
180 Adult/continuing educational programs									
188 Parenting/family literacy									
100 Salaries	28,462	-	-	-	-	-	-	-	28,462
200 Employee benefits	8,449	-	-	-	-	-	-	-	8,449
400 Supplies and materials	311	-	-	-	-	-	-	1,636	1,947
Total instruction	514,333	448,011	82,231	32,245	-	-	122,931	328,505	1,528,256
200 Support services									
210 Pupil services									
212 Guidance services									
100 Salaries	-	-	-	-	-	-	59,723	-	59,723
200 Employee benefits	-	-	-	-	-	-	21,773	-	21,773
213 Health services									
100 Salaries	-	-	-	-	-	-	63,989	4,246	68,235
200 Employee benefits	-	-	-	-	-	-	30,416	346	30,762
300 Purchased services	-	6,269	3,958	-	-	-	-	118,493	128,720
214 Psychological services									
300 Purchased services	-	12,995	-	-	-	-	-	19,820	32,815
400 Supplies and materials	-	464	-	-	-	-	-	118	582

(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, 2013**

	Title I (BA Projects) (201/202)	Preschool		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
		IDEA (CA Projects) (203/204)	Handicapped (CCG Projects) (205/206)						
220 Instructional staff services									
221 Improvement of instruction - curriculum development									
100 Salaries	\$ 86,225	\$ -	\$ -	\$ 20,355	-	-	\$ 86,227	\$ 2,754	\$ 195,561
200 Employee benefits	27,021	-	-	4,552	-	-	26,428	630	58,631
300 Purchased services	13,305	-	-	5,010	-	-	18,036	10,570	46,921
400 Supplies and materials	-	-	-	332	-	-	-	-	332
223 Supervision of special programs									
100 Salaries	83,202	80,998	-	-	-	-	-	1,049	165,249
200 Employee benefits	27,274	28,009	-	-	-	-	-	243	55,526
300 Purchased services	5,433	1,856	-	-	-	-	-	16,313	23,602
400 Supplies and materials	722	4,241	-	-	-	-	-	403	5,366
224 Improvement of instruction-in-service and staff training									
200 Employee benefits	-	-	-	-	-	-	-	457	457
300 Purchased services	-	-	-	491	-	-	-	3,623	4,114
250 Finance and operations services									
251 Student transportation (federal/district mandated)									
100 Salaries	-	54,299	-	-	-	-	-	-	54,299
200 Employee benefits	-	30,518	-	-	-	-	-	-	30,518
300 Purchased services	-	464	-	-	-	-	-	-	464
254 Operation and maintenance of plant									
300 Purchased services	3,077	-	-	-	-	-	-	-	3,077

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, 2013

	Title I (BA Projects) (CA Projects) (201/202)	IDEA (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects)(FP/PQ Projects) (207/208)	Drug Free (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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,460	\$ 1,460
200 Employee benefits	-	-	-	-	-	-	-	1,663	1,663
260 Central support services									
266 Technology and data processing services									
300 Purchased services	-	-	-	-	-	-	-	31,129	31,129
400 Supplies and materials	-	-	-	-	-	-	-	2,247	2,247
500 Capital outlay	-	-	-	-	-	-	-	107,019	107,019
Total support services	246,259	220,113	3,958	30,740	-	-	306,592	322,583	1,130,245
300 Community services									
360 Welfare services									
400 Supplies and materials	29	-	-	-	-	-	-	49	78
390 Other community services									
600 Other objects	-	-	-	-	-	-	-	20,500	20,500
Total community services	29	-	-	-	-	-	-	20,549	20,578
410 Intergovernmental expenditures									
417 Payments to nonprofit entities									
720 Transits	-	-	-	-	-	-	-	928	928
Total intergovernmental expenditures	-	-	-	-	-	-	-	928	928
Total expenditures	760,621	668,124	86,189	62,985	-	-	429,523	672,565	2,680,007

(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, 2013**

	Title I		IDEA		Preschool		CATE		Drug Free		Adult		Other		Other		Total	
	(BA Projects)		(CA Projects)		(CG Projects)		(VA Projects)		(FP/FQ Projects)		Education		Designated		Special			
	(201/202)		(203/204)		(205/206)		(207/208)		(209/210)		(EA Projects)		(900s)		(200s/800s)			
OTHER FINANCING SOURCES (USES)																		
Interfund transfers, from (to) other funds																		
5220 Transfer from special revenue fund	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4,591	\$	4,591
(exclude indirect costs)																		
420-710 Transfer to general fund		-		-		-		-		-		-		(116,910)		-		(116,910)
422-710 Transfer to special revenue EIA fund		-		-		-		-		-		-		-		(4,591)		(4,591)
431-791 Special revenue fund indirect costs		(21,754)		(13,453)		(1,425)		-		-		-		-		-		(36,632)
Total other financing sources (uses)		(21,754)		(13,453)		(1,425)		-		-		-		(116,910)		-		(153,542)
EXCESS/DEFICIENCY OF REVENUES																		
OVER EXPENDITURES		-0-		-0-		-0-		-0-		-0-		-0-		-0-		-0-		-0-
FUND BALANCE, July 1, 2012		-0-		-0-		-0-		-0-		-0-		-0-		-0-		-0-		-0-
FUND BALANCE, June 30, 2013	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$	-0-

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Program Classifications - Special Projects Fund
For the Fiscal Year Ended June 30, 2013

LEA				
Subfund				
Code	Program		Revenue	Revenue
				Code
<u>OTHER RESTRICTED STATE GRANTS</u>				
898	12-months (Ag.) program	\$	14,677	3113
928	EEDA career specialist		81,496	3118
933	Formative assessment		537	3123
905	Career and technology education equipment		18,635	3125
937	Student health and fitness - PE teachers		30,011	3127
936	Student health and fitness - nurses		94,405	3136
919	Education license plates		392	3193
804	TCT Medicaid		10,979	3199
967	6-8 enhancement		5,682	3607
960	K-5 enhancement		224,334	3610
982	School-based family services		65,285	3999
		\$	<u>546,433</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>				
270	Medicaid	\$	310,233	1930
876	Santee Cooper scholarship		20,500	1999
807	E-Rate		132,986	1999
877	Fine arts festival		1,537	1999
878	Drivers ed		14,180	1999
806	Homeless donations		50	1999
866	ANMED special needs		124	1999
808	Electrolux science grant		21,382	1999
809	Michelin Tire grant		7,407	1999
810	JET toy competition donation		1,636	1999
874	Target grant		2,312	1999
251	Rural and low-income school program, Title VI		53,313	4312
264	Language instr for limited english proficient/immigrant students, Title III		4,492	4341
267	Improving teacher quality		102,413	4351
		\$	<u>672,565</u>	

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

**Summary Schedule for Designated State Restricted Grants
For the Fiscal Year Ended June 30, 2013**

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	\$ 14,677	\$ 14,677	\$ -	\$ -	\$ -
928	3118	EEDA career specialist	81,496	81,496	-	-	-
933	3123	Formative assessment	537	537	-	-	-
905	3125	Career and technology education equipment	18,635	18,635	-	-	-
937	3127	Student health and fitness - PE teachers	37,431	30,011	-	-	7,420
936	3136	Student health and fitness - nurses	94,405	94,405	-	-	-
919	3193	Education license plates	836	392	-	-	444
804	3199	TCT Medicaid	10,979	10,979	-	-	-
967	3607	6-8 enhancement	6,932	5,682	-	-	1,250
960	3610	K-5 enhancement	261,101	224,334	-	-	36,767
982	3999	School-based family services	65,285	65,285	-	-	-
			<u>\$ 592,314</u>	<u>\$ 546,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,881</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, 2013**

REVENUES

3000 Revenue from state sources	
3500 Education Improvement Act	
3502 ADEPT	\$ 2,037
3511 Professional development	10,898
3518 Formative assessment	12,435
3525 Career and technology education equipment	36,254
3526 Refurbishment of K-8 science kits	13,286
3532 National board certification (NBC) salary supplement	165,780
3533 Teacher of the year award	1,077
3538 Students at risk of school failure	648,116
3540 Early childhood program (4k programs serving four-year-old children)	78,030
3544 High achieving students	75,335
3550 Teacher salary increase	222,409
3551 Teacher salary supplement state share	160,862
3555 School employer contributions	87,386
3558 Reading	25,344
3577 Teacher supplies	43,425
3585 Aid to districts - special education	112,644
3592 Work-based learning	10,975
3597 Aid to districts	39,899
3599 Other EIA	<u>1,368</u>
Total state sources	<u>1,747,560</u>
Total revenue all sources	<u>1,747,560</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, 2013**

EXPENDITURES

100 Instruction		
110 General instruction		
111 Kindergarten programs		
100 Salaries	\$	8,497
200 Employee benefits		1,811
400 Supplies and materials		2,750
112 Primary programs		
100 Salaries		51,611
200 Employee benefits		22,786
400 Supplies and materials		16,773
113 Elementary programs		
100 Salaries		312,585
200 Employee benefits		120,866
300 Purchased services		12,435
400 Supplies and materials		28,543
114 High school programs		
100 Salaries		117,533
200 Employee benefits		38,244
400 Supplies and materials		7,500
115 Career and technology education programs		
100 Salaries		11,187
200 Employee benefits		2,652
300 Purchased services		298
400 Supplies and materials		1,250
500 Capital outlay		35,956
116 Career and technology education programs - middle school		
100 Salaries		5,025
200 Employee benefits		1,178
400 Supplies and materials		750
120 Exceptional programs		
121 Educable mentally handicapped		
100 Salaries		1,954
200 Employee benefits		573
124 Visually handicapped		
100 Salaries		1,367
200 Employee benefits		396
125 Hearing handicapped		
100 Salaries		1,367
200 Employee benefits		427

(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, 2013**

127 Learning disabilities	
100 Salaries	\$ 93,645
200 Employee benefits	32,605
128 Emotionally handicapped	
100 Salaries	3,321
200 Employee benefits	969
400 Supplies and materials	4,250
130 Pre-school programs	
139 Early childhood programs	
100 Salaries	67,600
200 Employee benefits	25,621
400 Supplies and materials	629
140 Special programs	
141 Gifted and talented - academic	
100 Salaries	47,139
200 Employee benefits	14,403
180 Adult/continuing educational programs	
188 Parenting/family literacy	
300 Purchased services	111
400 Supplies and materials	<u>501</u>
Total instruction	<u>1,097,108</u>
200 Support services	
210 Pupil services	
212 Guidance services	
400 Supplies and materials	1,500
220 Instructional staff services	
221 Improvement of instruction - curriculum development	
300 Purchased services	7,719
400 Supplies and materials	2,923
222 Library and media	
400 Supplies and materials	1,250

**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, 2013**

223 Supervision of special programs	
400 Supplies and materials	\$ 147
224 Improvement of instruction - inservice and staff training	
100 Salaries	847
200 Employee benefits	198
300 Purchased services	1,498
400 Supplies and materials	<u>408</u>
Total support services	<u>16,490</u>
400 Other charges	
410 Intergovernmental expenditures	
411 Payments to South Carolina Department of Education	
720 Transits	<u>250</u>
Total intergovernmental expenditures	<u>250</u>
Total expenditures	<u>1,113,848</u>
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
420-710 Transfer to general fund (exclude indirect costs)	<u>(633,712)</u>
Total other financing sources (uses)	<u>(633,712)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>-0-</u>
FUND BALANCE, July 1, 2012	<u>-0-</u>
FUND BALANCE, June 30, 2013	<u><u>\$ -0-</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For the Fiscal Year Ended June 30, 2013**

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					
3502 ADEPT	\$ 1,870	\$ 2,037	\$ -	\$ 246	\$ 79
3511 Professional development	15,069	10,898	-	-	4,171
3518 Formative assessment	12,435	12,435	-	-	-
3525 Career and technology education equipment	36,254	36,254	-	-	-
3526 Refurbishment of K-8 science kits	13,121	13,286	-	3,943	3,778
3532 National board certification (NBC) salary supplement	165,780	165,780	-	-	-
3533 Teacher of the year award	1,077	1,077	-	-	-
3538 Students at risk of school failure	563,784	648,116	-	84,332	-
3540 Early childhood program (4k programs serving four-year-old children)	78,581	94,463	16,433	-	551
3544 High achieving students	62,047	75,335	-	15,806	2,518
3550 Teacher salary increase	222,409	222,409	-	-	-
3551 Teacher salary supplement state share	160,862	160,862	-	-	-
3555 School employer contributions	87,386	87,386	-	-	-
3558 Reading	22,022	8,911	(16,433)	4,411	1,089
3577 Teacher supplies	43,425	43,425	-	-	-
3585 Aid to districts - special education	112,644	112,644	-	-	-
3592 Work-based learning	10,954	10,975	-	3,828	3,807
3597 Aid to districts	39,899	39,899	-	-	-
3599 Other EIA	1,368	1,368	-	-	-
TOTALS	<u>\$ 1,650,987</u>	<u>\$ 1,747,560</u>	<u>\$ -0-</u>	<u>\$ 112,566</u>	<u>\$ 15,993</u>

**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, 2013**

REVENUES

1000 Revenue from local sources	
1200 Revenue from local governmental units other than LEAs	
1210 Ad valorem taxes - including delinquent (fiscally dependent LEA)	\$ 1,450,694
1280 Revenue in lieu of taxes (dependent and independent)	103,137
1500 Earnings on investments	
1510 Interest on investments	47
Total local sources	<u>1,553,878</u>
3000 Revenue from state sources	
3800 State revenue in lieu of taxes	
3820 Homestead exemption (tier 2)	112,411
3830 Merchant's inventory tax	1,155
3840 Manufacturers depreciation reimbursement	61,734
3890 Other state property tax revenues (includes motor carrier vehicle tax)	4,396
Total state sources	<u>179,696</u>
Total revenue all sources	<u>1,733,574</u>

EXPENDITURES

500 Debt service	
610 Redemption of principal	1,318,600
620 Interest	696,562
690 Other objects (includes fees for servicing bonds)	1,500
Total expenditures	<u>2,016,662</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5250 Transfer from school building fund	257,091
Total other financing sources (uses)	<u>257,091</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (25,997)

FUND BALANCE, July 1, 2012 499,919

FUND BALANCE, June 30, 2013 \$ 473,922

**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, 2013**

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 1,259
	<u>1,259</u>
Total local sources	<u>1,259</u>
	<u>1,259</u>
Total revenue all sources	<u>1,259</u>

EXPENDITURES

250 Finance and operations	
253 Facilities acquisition and construction	
300 Purchased services	215,794
400 Supplies and materials	6,277
500 Capital outlay	
530 Improvements other than buildings	452,744
540 Equipment	<u>218,245</u>
	<u>893,060</u>
Total expenditures	<u>893,060</u>

OTHER FINANCING SOURCES (USES)

5110 Premium on bonds sold	97,644
5120 Proceeds of general obligation bonds	1,165,000
Interfund transfers, from (to) other funds	
423-710 Transfer to debt service fund	<u>(257,091)</u>
	<u>1,005,553</u>
Total other financing sources (uses)	<u>1,005,553</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	113,752
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FUND BALANCE, July 1, 2012	<u>204,249</u>
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FUND BALANCE, June 30, 2013	<u>\$ 318,001</u>
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**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, 2013**

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 919
1600 Food service	
1610 Lunch sales to pupils	210,332
1630 Special sales to pupils	89,468
1640 Lunch sales to adults	55,982
1650 Breakfast sales to adults	55
1660 Special sales to adults	10,894
1900 Other revenue from local sources	
1999 Revenue from other local sources	<u>5,354</u>
Total revenue from local sources	<u>373,004</u>
4000 Revenue from federal sources	
4800 USDA reimbursement	
4810 School lunch and after school snacks program	761,012
4830 School breakfast program	444,991
4900 Other federal sources	
4999 Revenue from other federal sources	<u>2,414</u>
Total revenue from federal sources	<u>1,208,417</u>
Total revenue all sources	<u>1,581,421</u>

EXPENDITURES

256 Food services	
100 Salaries	509,666
200 Employee benefits	73,056
300 Purchased services (excludes gas, oil, elec, other heating fuels)	57,222
400 Supplies and materials (includes gas, oil, elec, other heating fuels)	850,908
500 Capital outlay	109,249
600 Other objects	<u>4,113</u>
Total expenditures	<u>1,604,214</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
432-791 Food service fund indirect costs	<u>(74,396)</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (97,189)

RETAINED EARNINGS, July 1, 2012 812,297

RETAINED EARNINGS, June 30, 2013 \$ 715,108

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Pupil Activity Fund
Balance Sheet
June 30, 2013**

	<u>Student Activity Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 130,680
Investments	<u>124,250</u>
Total assets	<u>\$ 254,930</u>
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Due to student organizations	\$ 92,529
Other payables	<u>162,401</u>
Total liabilities	<u>254,930</u>
FUND BALANCES	
	<u>-0-</u>
Total liabilities and fund balances	<u>\$ 254,930</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, 2013**

RECEIPTS

1000 Receipts from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 590
1700 Pupil activities	
1710 Admissions	76,704
1720 Bookstore sales	31,496
1740 Student fees	46,483
1790 Other	<u>468,556</u>
Total receipts from local sources	<u>623,829</u>

DISBURSEMENTS

270 Support services pupil activity	
271 Pupil service activities	
660 Supporting services pupil activity	502,104
272 Enterprise activities	
660 Pupil activity	115,778
273 Trust and agency activities	
660 Enterprise activities	<u>66,930</u>
Total disbursements	<u>684,812</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund (excludes indirect costs)	<u>25,561</u>
Total other financing sources (uses)	<u>25,561</u>

EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS (35,422)

DUE TO STUDENT ORGANIZATIONS, July 1, 2012 127,951

DUE TO STUDENT ORGANIZATIONS, June 30, 2013 \$ 92,529

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2013**

<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, 2013

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Totals</u>
Crescent High School	\$ 537,710	\$ 7,589,037	\$ 621,718	\$ 828,322	\$ 9,576,787
Starr-Iva Middle School	23,477	4,225,615	169,724	398,755	4,817,571
Iva Elementary School	25,982	2,252,401	113,567	474,669	2,866,619
Starr Elementary School	224,746	3,705,149	250,104	275,331	4,455,330
Flat Rock Elementary School	225,915	14,118,682	-	100,682	14,445,279
Administration	5,331	236,720	169,725	390,923	802,699
Totals	<u>\$ 1,043,161</u>	<u>\$ 32,127,604</u>	<u>\$ 1,324,838</u>	<u>\$ 2,468,682</u>	<u>\$ 36,964,285</u>

<u>Function</u>	<u>Capital Assets July 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Capital Assets June 30, 2013</u>
Crescent High School	\$ 9,539,893	\$ 36,894	\$ -	\$ 9,576,787
Starr-Iva Middle School	4,817,571	-	-	4,817,571
Iva Elementary School	2,866,619	-	-	2,866,619
Starr Elementary School	4,455,330	-	-	4,455,330
Flat Rock Elementary School	14,445,279	-	-	14,445,279
Administration	802,699	-	-	802,699
Totals	<u>\$ 36,927,391</u>	<u>\$ 36,894</u>	<u>\$ -</u>	<u>\$ 36,964,285</u>

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Deficiency(ies) identified? ☐ Yes ☒ No

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Reportable condition(s) identified that are not considered to be material weakness(es)? ☐ Yes ☒ 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 ☒ No

Identification of major programs:

CFDA Numbers

84.010
84.027

Name of Federal Program or Cluster

Title I
Individuals with disabilities education (IDEA)

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

\$300,000
☒ Yes ☐ No

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2013**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

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

Highlights

For the Fiscal Year Ended June 30, 2013

The table on this page presents pupil cost based on the average daily attendance of 2,509. 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 2012-2013 Average Daily <u>Attendance</u>
Instruction	\$ 3,969.85
Pupil services	246.90
Instructional staff services	306.93
Administration	624.01
Finance and operations	1,185.50
Central support	180.59
Pupil activities	84.26
Community service	0.13
Debt service	<u>0.10</u>
Total	\$ <u><u>6,598.27</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013**

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor Program Title	Federal Pass Through CFDA Number	Grantor's Number	Total Expenditures
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through SDE:				
201	Title I grant to LEAs **	84.010	13-BA006	\$ 782,375
207	CATE (Subprogram 01)	84.048	13-VA006	3,650
207	CATE (Subprogram 02)	84.048	13-VA006	14,206
207	CATE (Subprogram 04)	84.048	13-VA006	5,500
207	CATE (Subprogram 05)	84.048	13-VA006	2,471
207	CATE (Subprogram 06)	84.048	13-VA006	14,901
207	CATE (Subprogram 08)	84.048	13-VA006	11,657
207	CATE (Subprogram 10)	84.048	13-VA006	1,900
207	CATE (Subprogram 11)	84.048	13-VA006	6,700
207	CATE (Subprogram 14)	84.048	13-VA006	2,000
	Total 84. 048			<u>62,985</u>
203	Individuals with disabilities education (IDEA) **	84.027	13-CA006	681,577
251	Rural and low-income school program, Title VI	84.358	13-BS006	53,313
205	Handicapped preschool grants	84.173	13-CG006	87,614
267	Improving teacher quality	84.367A	13-TQ006	102,413
Passed through Anderson County School District 5:				
264	Language instr for limited english proficient/immigrant students, Title III	84.340	13-BK006	<u>4,492</u>
	TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,774,769</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>1,604,214</u>
	TOTAL FEDERAL ASSISTANCE EXPENDED			<u>\$ 3,378,983</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 \$373,004 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, 2013**

(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, 2013. 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, 2013**

<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	\$ 3,472,007
03	Starr Elementary	Elementary school	School	3,448,626
04	Starr-Iva Middle	Middle school	School	4,519,268
05	Crescent High	High school	School	5,873,467
06	District Office	Non-school	Central	2,000,085
08	Flat Rock Elementary	Elementary school	School	3,736,288
09	District Office	Non-school	Central	203,743
10	District Office	Non-school	Central	2,480
11	District Office	Non-school	Central	548,281
99	District Office	Non-school	Central	<u>1,743,399</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				<u><u>\$ 25,547,644</u></u>

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

General Fund	\$ 16,555,041
Special Revenue Fund (includes EIA)	3,793,855
Debt Service Fund	2,016,662
Capital Projects Fund	893,060
Proprietary Fund	1,604,214
Trust and Agency Fund	<u>684,812</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	<u><u>\$ 25,547,644</u></u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF BASIC 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 financial statements 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 and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 27, 2013. 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 basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

A deficiency in control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Martin Smith & Company CPA's PA

Greenville, South Carolina
September 27, 2013

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

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

Report on Compliance for Each Major Program

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the accompanying Schedule of Expenditures of Federal Awards.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management.

Auditor's Responsibility

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.

Opinion

In our opinion, Anderson County School District Number Three complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, by the Authority'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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, we noted no matters involving the internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greenville, South Carolina
September 27, 2013

Martin Smith & Company CPA's PA