

**ANDERSON COUNTY SCHOOL DISTRICT
NUMBER THREE
IVA, SOUTH CAROLINA
ANNUAL FINANCIAL REPORT
June 30, 2016**

(With Independent Auditors' Report Thereon)

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IVA, SOUTH CAROLINA
Annual Financial Report
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June 30, 2016**

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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

Report on the Financial Statements

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, 2016, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2016, 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, budgetary comparison information, and pension liability and contribution schedules 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), 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 October 31, 2016, 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.

Martin Smith and Company CPAs PA

Greenville, South Carolina
October 31, 2016

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016. 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 2016 are as follows:

- In the Statement of Net Position, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the 2016 fiscal year by \$13,738,173 (net deficit). Of this amount, \$3,901,139 represented an investment in capital assets, net of accumulated depreciation and related debt. The District also had \$2,872,935 restricted for capital projects and debt service. Therefore, the District reported a deficit balance in unrestricted net position of \$20,512,247. This deficit is entirely due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, last fiscal year. With the reporting change, the District is allocated its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense of the South Carolina Retirement System plan.
- In the Statement of Activities, the District's total net position increased by \$2,066,004 for the 2016 fiscal year, as compared to an increase of \$366,499 in the previous year. The District had an increase in revenues of approximately 8 percent, and was able to hold the increase in expenses to a lower rate. Included in expenses was \$1,428,966 of depreciation expense on the District's fixed assets.
- The District had \$24,825,977 in expenses related to governmental activities; of these expenses \$14,677,844 was offset by program specific operating grants and contributions. General revenues (primarily taxes) of \$11,999,157 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 \$6,543,426, an increase in the general fund of \$600,930. \$3,670,491 is unassigned and available for spending at the government's discretion. \$2,872,935 is restricted and no fund balances are nonspendable, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,670,491, which is 20 percent of total general fund expenditures.
- The District's total net investment in capital assets for governmental activities increased by \$4,676,500 during the current fiscal year, as capital additions were more than depreciation expense.
- The District's long-term debt increased by \$1,384,748, as the District paid on its bonded indebtedness and issued general obligation bonds used to fund capital acquisitions.
- During the 2016 fiscal year, the District's governmental fund type revenues were \$26,529,673 compared to \$24,575,726 in the prior year, an increase of 8 percent.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

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. 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.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, liabilities and deferred inflows exceeded assets and deferred outflows by (\$13,738,173) at the close of the most recent fiscal year.

The following table provides a summary of the School District's net position for 2015 compared to 2016:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$ 8,526,294	\$ 8,536,611	\$ 670,029	\$ 436,779	\$ 9,196,323	\$ 8,973,390
Capital Assets	<u>25,982,155</u>	<u>21,305,654</u>	<u>133,707</u>	<u>158,599</u>	<u>26,115,862</u>	<u>21,464,253</u>
Total Assets	<u>34,508,449</u>	<u>29,842,265</u>	<u>803,736</u>	<u>595,378</u>	<u>35,312,185</u>	<u>30,437,643</u>
Deferred Outflows	<u>2,415,430</u>	<u>2,427,319</u>	<u>-</u>	<u>-</u>	<u>2,415,430</u>	<u>2,427,319</u>
Liabilities						
Long-term Liabilities	22,489,242	21,104,492	-	-	22,489,242	21,104,492
Net Pension Liability	26,687,278	24,547,377	-	-	26,687,278	24,547,377
Other Liabilities	<u>1,982,868</u>	<u>941,017</u>	<u>670</u>	<u>6,084</u>	<u>1,983,538</u>	<u>947,101</u>
Total Liabilities	<u>51,159,388</u>	<u>46,592,886</u>	<u>670</u>	<u>6,084</u>	<u>51,160,058</u>	<u>46,598,970</u>
Deferred Inflows	<u>305,730</u>	<u>2,070,169</u>	<u>-</u>	<u>-</u>	<u>305,730</u>	<u>2,070,169</u>
Net Position						
Net Investment in						
Capital Assets	3,767,432	495,286	133,707	158,599	3,901,139	653,885
Restricted	2,872,935	4,526,032	-	-	2,872,935	4,526,032
Unrestricted	<u>(21,181,606)</u>	<u>(21,414,789)</u>	<u>669,359</u>	<u>430,695</u>	<u>(20,512,247)</u>	<u>(20,984,094)</u>
Total Net Position	<u>\$ (14,541,239)</u>	<u>\$ (16,393,471)</u>	<u>\$ 803,066</u>	<u>\$ 589,294</u>	<u>\$ (13,738,173)</u>	<u>\$ (15,804,177)</u>

Net position of the District's governmental activities increased to (\$14,541,239), as compared to (\$16,393,471). 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 changed from (\$21,414,789) at June 2015 to (\$21,181,606) at June 2016.

The deficit net position for the years ended June 30, 2016 and June 30, 2015, is the result of the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The following table shows the changes in net position for fiscal year 2016 compared to 2015:

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 1,208	\$ 2,317	\$ 208,722	\$ 257,485	\$ 209,930	\$ 259,802
Operating Grants	14,677,844	14,451,657	1,483,430	1,272,399	16,161,274	15,724,056
Capital Grants	-	-	-	-	-	-
General Revenue						
Property Taxes	10,263,817	9,596,423	-	-	10,263,817	9,596,423
Other	1,660,944	612,477	11,316	13,531	1,672,260	626,008
Total Revenues	26,603,813	24,662,874	1,703,468	1,543,415	28,307,281	26,206,289
Program Expenses						
Instruction	14,412,283	13,860,954	-	-	14,412,283	13,860,954
Support Services	9,624,284	9,574,484	-	-	9,624,284	9,574,484
Community Services	30,750	27,297	-	-	30,750	27,297
Intergovernmental	18,753	18,151	-	-	18,753	18,151
Interest and Fiscal Charges	739,907	829,944	-	-	739,907	829,944
Food Service	-	-	1,415,300	1,528,960	1,415,300	1,528,960
Total Expenses	24,825,977	24,310,830	1,415,300	1,528,960	26,241,277	25,839,790
Transfer (Food Service)	74,396	74,396	(74,396)	(74,396)	-	-
Change in Net Position	\$ 1,852,232	\$ 426,440	\$ 213,772	\$ (59,941)	\$ 2,066,004	\$ 366,499

Governmental Activities. The unrestricted governmental net position increased for fiscal year 2016 by \$1,852,232, as compared to an increase of \$426,440 for fiscal year 2015.

Business Type Activities. The net position of business-type activities increased \$213,772 for fiscal year 2016, as compared to a decrease of \$59,941 for fiscal year 2015.

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, 2016, the District's governmental funds reported a combined fund balance of \$6,543,426, as compared to \$7,595,593 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, 2016, the District's unassigned fund balance for all governmental funds was \$3,670,491 which solely represents the General Fund. The remainder includes funds restricted for capital projects of \$1,895,813 and restricted for debt service of \$977,122.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Governmental Funds, Continued

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 \$3,670,491.

The District's General Fund balance increased by \$600,930 during the current fiscal year, compared to an increase of \$251,357 in the previous year. The District did have an increase in revenues for the year, and was able to hold the increases in its expenses to a lower level. The District continues to focus on careful cost management so as to maximize increases in fund balance.

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

The District's Special Revenue Funds, Special Projects and EIA, are used to account for revenues derived from 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 balance has remained relatively stable, increasing by \$374,774. The fiscal year ended 2016 debt service fund balance is \$977,122, all of which is reserved for the payment of debt service. The District's debt millage rate continues to be static.

During the current fiscal year the District's Capital Projects Fund decreased from \$3,923,684 to \$1,895,813. This decrease was planned as the District expended funds for capital acquisitions in accordance with its capital improvement plan.

Proprietary Funds

The District's only Proprietary Fund is the Food Service Fund. This program had a net income of \$213,772 for the fiscal year ended June 30, 2016.

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 2016, 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 2016, the District had \$26,115,862 invested in capital assets, net of depreciation. The total amount the District invested in capital assets during the 2016 fiscal year was \$6,105,467.

The following table shows fiscal 2016 balances compared to 2015:

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,043,161	\$ 1,043,161	\$ -	\$ -	\$ 1,043,161	\$ 1,043,161
Buildings	16,519,024	17,589,946	-	-	16,519,024	17,589,946
Improvements	5,350,269	523,320	-	-	5,350,269	523,320
Equipment	364,541	479,961	133,707	158,599	498,248	638,560
Construction in progress	2,705,160	1,669,266	-	-	2,705,160	1,669,266
Totals	\$ 25,982,155	\$ 21,305,654	\$ 133,707	\$ 158,599	\$ 26,115,862	\$ 21,464,253

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Long-term Debt and Capital Lease Obligations

At fiscal year-end, the District had \$22,489,239 in bonds and related bond premiums outstanding versus \$21,104,491 in the prior year, an increase of 7% as shown in the following table. During the 2016 fiscal year the District issued \$3,524,000 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>2016</u>	<u>2015</u>
General Obligation Bonds:		
2009 Series	\$ 3,990,000	\$ 4,600,000
2012 Series	359,000	589,000
2015 Series	9,755,000	9,780,000
2015 Series	2,500,000	-
2016 Series	400,000	-
Equipment Acquisition Bonds:		
2012 Series	-	253,600
Qualified Energy Conservation notes payable:		
2015 Issue	<u>4,889,811</u>	<u>5,225,240</u>
Total bonds and notes payable	21,893,811	20,447,840
Premium, net of amortization	<u>595,428</u>	<u>656,651</u>
Total long-term obligations	<u>\$ 22,489,239</u>	<u>\$ 21,104,491</u>

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Economic Factors, Continued

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 2016 for tier three was \$1,129,189.

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, 2016**

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,611,054	\$ 637,490	\$ 4,248,544
Cash held by fiscal agent	514	-	514
Investments	116	-	116
Accounts receivable	1,594	-	1,594
Property taxes receivable, net	314,470	-	314,470
Due from other governmental units	4,433,427	9,513	4,442,940
Other receivables	164,498	865	165,363
Internal balances	621	(621)	-
Inventories and prepaid expenses	-	22,782	22,782
Capital assets			
Land	1,043,161	-	1,043,161
Buildings	32,127,604	-	32,127,604
Improvements other than buildings	6,363,916	-	6,363,916
Equipment	2,810,952	299,906	3,110,858
Construction in progress	2,705,160	-	2,705,160
Less accumulated depreciation	(19,068,638)	(166,199)	(19,234,837)
Total capital assets, net of depreciation	<u>25,982,155</u>	<u>133,707</u>	<u>26,115,862</u>
Total assets	<u>34,508,449</u>	<u>803,736</u>	<u>35,312,185</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred refunding charges	274,516	-	274,516
Deferred amounts related to pensions	2,140,914	-	2,140,914
Total deferred outflows of resources	<u>2,415,430</u>	<u>-</u>	<u>2,415,430</u>
<u>LIABILITIES</u>			
Accounts payable	1,510,843	-	1,510,843
Unearned income	452,849	670	453,519
Other liabilities	19,176	-	19,176
Net pension liability	26,687,278	-	26,687,278
Long-term liabilities:			
Due within one year	4,067,948	-	4,067,948
Due in more than one year	18,421,294	-	18,421,294
Total liabilities	<u>51,159,388</u>	<u>670</u>	<u>51,160,058</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred amounts related to pensions	305,730	-	305,730
Total deferred inflows of resources	<u>305,730</u>	<u>-</u>	<u>305,730</u>
<u>NET POSITION</u>			
Net investment in capital assets	3,767,432	133,707	3,901,139
Restricted for:			
Capital projects	1,895,813	-	1,895,813
Debt service	977,122	-	977,122
Unrestricted	(21,181,606)	669,359	(20,512,247)
Total net position (deficit)	<u>\$ (14,541,239)</u>	<u>\$ 803,066</u>	<u>\$ (13,738,173)</u>

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

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Change in Net Position</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Governmental activities:							
Instruction	\$ 14,412,283	\$ 1,208	\$ 11,704,550	\$ -	\$ (2,706,525)		\$ (2,706,525)
Support services	9,624,284	-	2,945,269	-	(6,679,015)		(6,679,015)
Community services	30,750	-	20,775	-	(9,975)		(9,975)
Intergovernmental	18,753	-	7,250	-	(11,503)		(11,503)
Interest and other charges	739,907	-	-	-	(739,907)		(739,907)
Total governmental activities	<u>24,825,977</u>	<u>1,208</u>	<u>14,677,844</u>	<u>-</u>	<u>(10,146,925)</u>		<u>(10,146,925)</u>
Business-type activities:							
Food service	<u>1,415,300</u>	<u>208,722</u>	<u>1,483,430</u>	<u>-</u>		\$ 276,852	<u>276,852</u>
Total business-type activities	<u>1,415,300</u>	<u>208,722</u>	<u>1,483,430</u>	<u>-</u>		<u>276,852</u>	<u>276,852</u>
Total	<u>\$ 26,241,277</u>	<u>\$ 209,930</u>	<u>\$ 16,161,274</u>	<u>\$ -0-</u>	<u>(10,146,925)</u>	<u>276,852</u>	<u>(9,870,073)</u>
General revenues:							
Property taxes levied for:							
General purposes					8,022,596	-	8,022,596
Debt service					2,241,221	-	2,241,221
Miscellaneous					1,653,402	11,041	1,664,443
Unrestricted investment earnings					7,542	275	7,817
Transfers - food service					74,396	(74,396)	-
Total general revenues, special items, and extraordinary items					<u>11,999,157</u>	<u>(63,080)</u>	<u>11,936,077</u>
Change in net position					1,852,232	213,772	2,066,004
Net position, beginning of year					<u>(16,393,471)</u>	<u>589,294</u>	<u>(15,804,177)</u>
Net position, end of year					<u>\$ (14,541,239)</u>	<u>\$ 803,066</u>	<u>\$ (13,738,173)</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2016**

	<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	\$ 3,548,556	\$ 19,176	\$ -	\$ -	\$ 43,322	\$ 3,611,054
Cash held by fiscal agent	-	-	-	-	514	514
Investments	116	-	-	-	-	116
Accounts receivable	1,594	-	-	-	-	1,594
Property taxes receivable, net	314,470	-	-	-	-	314,470
Due from governmental agencies	58,636	722,298	-	977,122	2,675,371	4,433,427
Due from other funds	1,090,844	-	182,538	-	-	1,273,382
Other receivables	164,498	-	-	-	-	164,498
Total assets	<u>\$ 5,178,714</u>	<u>\$ 741,474</u>	<u>\$ 182,538</u>	<u>\$ 977,122</u>	<u>\$ 2,719,207</u>	<u>\$ 9,799,055</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ 1,508,223	\$ 2,620	\$ -	\$ -	\$ -	\$ 1,510,843
Unearned income	-	270,311	182,538	-	-	452,849
Other liabilities	-	19,176	-	-	-	19,176
Due to other funds	-	449,367	-	-	823,394	1,272,761
Total liabilities	<u>1,508,223</u>	<u>741,474</u>	<u>182,538</u>	<u>-</u>	<u>823,394</u>	<u>3,255,629</u>
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	977,122	1,895,813	2,872,935
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	3,670,491	-	-	-	-	3,670,491
Total fund balances	<u>3,670,491</u>	<u>-</u>	<u>-</u>	<u>977,122</u>	<u>1,895,813</u>	<u>6,543,426</u>
Total liabilities and fund balances	<u>\$ 5,178,714</u>	<u>\$ 741,474</u>	<u>\$ 182,538</u>	<u>\$ 977,122</u>	<u>\$ 2,719,207</u>	<u>\$ 9,799,055</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016**

Total fund balances - governmental funds	\$	6,543,426
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets is \$45,050,793 and the accumulated depreciation is \$19,068,638.		25,982,155
Deferred outflows of resources related to refunding charges are applicable to future periods and, therefore, are not reported in the funds.		274,516
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		2,140,914
Long-term liabilities, net pension liability and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(49,176,520)
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		<u>(305,730)</u>
Net position of governmental activities	\$	<u><u>(14,541,239)</u></u>

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

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<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	\$ 5,763,052	\$ -	\$ -	\$ 1,875,942	\$ -	\$ 7,638,994
Other local	22,195	336,096	-	366,281	1,564,816	2,289,388
Total local	<u>5,785,247</u>	<u>336,096</u>	<u>-</u>	<u>2,242,223</u>	<u>1,564,816</u>	<u>9,928,382</u>
State	12,443,050	731,818	1,405,903	205,936	-	14,786,707
Federal	-	1,814,584	-	-	-	1,814,584
Intergovernmental	-	-	-	-	-	-
Total revenues all sources	<u>18,228,297</u>	<u>2,882,498</u>	<u>1,405,903</u>	<u>2,448,159</u>	<u>1,564,816</u>	<u>26,529,673</u>
EXPENDITURES						
Current						
Instruction	10,841,997	1,511,340	831,951	-	-	13,185,288
Support services	7,250,311	1,200,575	86,289	-	-	8,537,175
Community services	10,431	20,319	-	-	-	30,750
Intergovernmental	13,913	-	4,840	-	-	18,753
Debt service						
Principal	-	-	-	2,153,029	-	2,153,029
Interest and other charges	2,120	-	-	643,179	-	645,299
Capital outlay	75,149	87,030	15,539	-	6,403,446	6,581,164
Total expenditures	<u>18,193,921</u>	<u>2,819,264</u>	<u>938,619</u>	<u>2,796,208</u>	<u>6,403,446</u>	<u>31,151,458</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>34,376</u>	<u>63,234</u>	<u>467,284</u>	<u>(348,049)</u>	<u>(4,838,630)</u>	<u>(4,621,785)</u>
OTHER FINANCING SOURCES (USES)						
Sale of fixed assets	2,201	-	-	-	-	2,201
Operating transfers in	467,284	-	-	722,823	-	1,190,107
Operating transfers out	(40,561)	-	(467,284)	-	(722,823)	(1,230,668)
Premium on bonds sold	-	-	-	-	9,582	9,582
Proceeds from bonds	-	-	-	-	3,524,000	3,524,000
Transfer of indirect costs	137,630	(63,234)	-	-	-	74,396
Total other financing sources (uses)	<u>566,554</u>	<u>(63,234)</u>	<u>(467,284)</u>	<u>722,823</u>	<u>2,810,759</u>	<u>3,569,618</u>
Net change in fund balances	600,930	-0-	-0-	374,774	(2,027,871)	(1,052,167)
FUND BALANCE, July 1, 2015	<u>3,069,561</u>	<u>-0-</u>	<u>-0-</u>	<u>602,348</u>	<u>3,923,684</u>	<u>7,595,593</u>
FUND BALANCE, June 30, 2016	<u>\$ 3,670,491</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 977,122</u>	<u>\$ 1,895,813</u>	<u>\$ 6,543,426</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016**

Total net change in fund balance - governmental funds \$ (1,052,167)

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 (\$1,428,966) is less than the capital outlays (\$6,105,466) in the period. 4,676,500

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which the costs of benefits earned (\$1,857,018) exceeds employer contributions (\$1,488,140). (368,878)

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. 61,223

Bond refunding charges are expenditures the year they are paid in governmental funds, but are amortized over the lives of the refunded bonds in the statement of activities. (19,608)

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. (3,524,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,079,162

Change in net assets of governmental activities \$ 1,852,232

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA**
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For Fiscal Year Ended June 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 5,710,972	\$ 5,710,972	\$ 5,785,247	\$ 74,275
State	12,227,608	12,227,609	12,443,050	215,441
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>17,938,580</u>	<u>17,938,581</u>	<u>18,228,297</u>	<u>289,716</u>
EXPENDITURES				
Current				
Instruction	10,929,704	10,884,471	10,841,997	42,474
Support services	7,261,790	7,348,662	7,250,311	98,351
Community services	20,355	10,431	10,431	-
Intergovernmental	198,765	19,065	13,913	5,152
Debt service	-	-	2,120	(2,120)
Capital outlay	52,051	78,599	75,149	3,450
	<u>18,462,665</u>	<u>18,341,228</u>	<u>18,193,921</u>	<u>147,307</u>
Excess (deficiency) of revenues over expenditures	(524,085)	(402,647)	34,376	437,023
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	-	-	2,201	2,201
Transfer from EIA fund	447,153	447,153	467,284	20,131
Transfers of indirect costs	102,316	102,316	137,630	35,314
Transfer to pupil activity fund	(40,561)	(40,561)	(40,561)	-
	<u>(15,177)</u>	<u>106,261</u>	600,930	<u>494,669</u>
Net change in fund balance	<u>\$ (15,177)</u>	<u>\$ 106,261</u>	600,930	<u>\$ 494,669</u>
Fund balance, July 1, 2015			<u>3,069,561</u>	
Fund balance, June 30, 2016			<u>\$ 3,670,491</u>	

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Funds - Special Projects Fund
For Fiscal Year Ended June 30, 2016**

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 405,382	\$ 405,382	\$ 336,096	\$ (69,286)
State	764,121	764,121	731,818	(32,303)
Federal	1,989,058	1,989,058	1,814,584	(174,474)
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,158,561</u>	<u>3,158,561</u>	<u>2,882,498</u>	<u>(276,063)</u>
EXPENDITURES				
Current				
Instruction	1,894,272	1,898,001	1,511,340	386,661
Support services	1,175,821	1,172,092	1,200,575	(28,483)
Community services	1,500	1,500	20,319	(18,819)
Intergovernmental	-	-	-	-
Capital outlay	<u>29,398</u>	<u>29,398</u>	<u>87,030</u>	<u>57,632</u>
Total expenditures	<u>3,100,991</u>	<u>3,100,991</u>	<u>2,819,264</u>	<u>396,991</u>
Excess (deficiency) of revenues over expenditures	<u>57,570</u>	<u>57,570</u>	<u>63,234</u>	<u>120,928</u>
OTHER FINANCING SOURCES (USES)				
Transfer to general fund	-	-	-	-
Special revenue fund indirect costs	<u>(57,570)</u>	<u>(57,570)</u>	<u>(63,234)</u>	<u>(5,664)</u>
Total other financing sources (uses)	<u>(57,570)</u>	<u>(57,570)</u>	<u>(63,234)</u>	<u>(5,664)</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, July 1, 2015			<u>-0-</u>	
Fund balance, June 30, 2016			<u>\$ -0-</u>	

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Funds - Education Improvement Act
For Fiscal Year Ended June 30, 2016**

	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	1,239,392	1,239,392	1,405,903	166,511
Federal	-	-	-	-
Intergovernmental	-	-	-	-
Total revenues	1,239,392	1,239,392	1,405,903	166,511
EXPENDITURES				
Current				
Instruction	592,404	592,404	831,951	(239,547)
Support services	81,642	81,642	86,289	(4,647)
Community services	-	-	-	-
Intergovernmental	10,000	10,000	4,840	5,160
Capital outlay	16,000	16,000	15,539	(461)
Total expenditures	700,046	700,046	938,619	(239,495)
Excess (deficiency) of revenues over expenditures	539,346	539,346	467,284	(72,984)
OTHER FINANCING SOURCES (USES)				
Transfer to general fund	(447,984)	(447,984)	(467,284)	(19,300)
Net change in fund balance	\$ 91,362	\$ 91,362	-0-	\$ (91,362)
Fund balance, July 1, 2015			-0-	
Fund balance, June 30, 2016			\$ -0-	

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, 2016**

	Enterprise Fund <u>Food Services</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 637,490
USDA receivables	9,513
Other receivables	865
Inventories - supplies and materials	<u>22,782</u>
Total current assets	<u>670,650</u>
Noncurrent assets:	
Furniture and equipment	299,906
Less accumulated depreciation	<u>(166,199)</u>
Total noncurrent assets	<u>133,707</u>
Total assets	<u>804,357</u>
LIABILITIES	
Current liabilities	
Due to other funds	621
Unearned income	<u>670</u>
Total current liabilities	<u>1,291</u>
Total liabilities	<u>1,291</u>
NET POSITION	
Net investment in capital assets	133,707
Unrestricted	<u>669,359</u>
Total net position	<u>\$ 803,066</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016**

	Enterprise Fund Food Services
OPERATING REVENUES	
Proceeds from sale of meals	\$ 208,721
Total operating revenues	<u>208,721</u>
OPERATING EXPENSES	
Food costs	685,483
Salaries and wages	575,980
Supplies and materials	84,451
Depreciation	24,892
Other operating costs	44,493
Total operating expenses	<u>1,415,299</u>
Operating income (loss)	<u>(1,206,578)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	275
USDA reimbursements	1,483,431
Other income	11,040
Total nonoperating revenues (expenses)	<u>1,494,746</u>
Income (loss) before operating transfers	288,168
Transfers in (out)	<u>(74,396)</u>
Change in net position	213,772
Total net position - July 1, 2015	<u>589,294</u>
Total net position - June 30, 2016	<u>\$ 803,066</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016**

	Enterprise Fund Food Services
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from patrons	\$ 203,484
Payments to employees for services	(575,980)
Operating transfer to other funds	(74,396)
Payments to suppliers for goods and services	(641,699)
Net cash received from (used by) operating activities	<u>(1,088,591)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from USDA reimbursements	1,483,664
Cash received from miscellaneous sources	11,040
Net cash received from (used for) noncapital financing activities	<u>1,494,704</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	-
Net cash received from (used for) capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	275
Net cash received from (used by) investing activities	<u>275</u>
Net increase (decrease) in cash and cash equivalents	406,388
Cash and cash equivalents - July 1, 2015	<u>231,102</u>
Cash and cash equivalents - June 30, 2016	<u>\$ 637,490</u>
Reconciliation of operating income (loss) to net cash received from (used by) operating activities:	
Operating income (loss) - Exhibit K	\$ (1,206,578)
Adjustments to reconcile operating income (loss) to net cash received from (used by) operating activities:	
Depreciation	24,892
Operating transfers out	(74,396)
Change in assets and liabilities:	
(Increase) decrease in other receivables	(117)
(Increase) decrease in inventories	14,851
Increase (decrease) in accounts payable	(294)
Increase (decrease) in due to other funds	158,171
Increase (decrease) in unearned income	(5,120)
Net cash received from (used by) operating activities	<u>\$ (1,088,591)</u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2016**

	<u>Agency Fund Pupil Activity</u>
ASSETS	
Cash and cash equivalents	\$ 129,869
Investments	<u>124,850</u>
Total assets	<u>254,719</u>
LIABILITIES	
Due to student organizations	90,221
Other payables	<u>164,498</u>
Total liabilities	<u>254,719</u>
NET POSITION	
Unreserved - undesignated	<u>-0-</u>
Total net position	<u><u>\$ -0-</u></u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2016**

	<u>Agency Fund Pupil Activity</u>
ADDITIONS	
Receipts	
Admissions	\$ 70,589
Bookstore sales	34,710
Pupil organization membership dues and fees	36,969
Student fees	52,479
Other	500,213
Transfer from other funds	<u>40,561</u>
Total receipts	<u>735,521</u>
Investment earnings	
Interest	<u>154</u>
Total additions	<u>735,675</u>
DEDUCTIONS	
Pupil activity programs	739,959
Increase (decrease) in due to student organizations	<u>(4,284)</u>
Total deductions	<u>735,675</u>
CHANGE IN NET POSITION	-0-
Net position, beginning of year	<u>-0-</u>
Net position, end of year	<u><u>\$ -0-</u></u>

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

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 is 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.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 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. Non-major 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.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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.

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 \$4,248,544 because of outstanding checks, deposits in transit, and other reconciling items) of \$4,506,342 at June 30, 2016, 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, 2016 are as follows:

Insured	\$	250,000
Collateralized		4,256,342
Uncollateralized		<u>-</u>
 Total bank balance	 \$	 <u><u>4,506,342</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

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". All accounts and property tax receivables are shown net of an allowance for uncollectible accounts and are expected to be collected within one year.

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, 2016.

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, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

g) Capital Assets, Continued

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District's infrastructure assets are immaterial and have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is capitalized.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate fixed asset category. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings	30 years	N/A
Buildings / Improvements	10-30 years	N/A
Furniture and Equipment	5-10 years	7 years
Vehicles	10 years	N/A

h) Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net 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.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

i) Pension Plan

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the District's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

j) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. District contributions to the Plan subsequent to the measurement date and the net difference between expected and actual experience in the pension Plan are included as deferred outflows of resources. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational way to pension expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on pension Plan investments are included as deferred inflows of resources. These deferred pension credits are amortized in a systematic and rational way as a reduction to pension expense in future periods in accordance with GAAP.

k) Compensated Absences

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

l) 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.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

l) Fund Equity, Continued

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.

m) 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.

n) 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.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

Budgetary Practices, Continued

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

- 1) In the fall of the preceding year, the District begins its budget process for the next succeeding fiscal year beginning on July 1.
- 2) After the District's budget committee reviews all requests and allocation requirements and related revenue, it presents a tentative proposed budget to the Superintendent for his review and adjustment.
- 3) The Superintendent then presents a proposed budget to the Board of Trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- 4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.
- 5) The Board of Trustees recommends the budget to the Anderson County Board of Education.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. This District's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board in supplementary action. The legal level of control is at the fund level. During the year, the Board revised the budget.

3) DUE FROM/DUE TO OTHER FUNDS

Interfund balances at June 30, 2016, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 1,090,844	\$ -
Special revenue funds:		
Special projects fund	-	449,367
Education Improvement Act	182,538	-
School building fund	-	823,394
Proprietary fund	-	621
	<u>\$ 1,273,382</u>	<u>\$ 1,273,382</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.

The general fund received transfers from special revenue for indirect costs on federal programs and from EIA to cover EIA salaries and benefits, indirect costs on federal programs, and to supplement operations as part of funding flexibility. The general fund transferred funds to special revenue to help offset unfunded mandates and support exceptional program services.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

4) CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2016, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,043,161	\$ -	\$ -	\$ 1,043,161
Construction in progress	1,669,266	1,035,894	-	2,705,160
	<u>2,712,427</u>	<u>1,035,894</u>	<u>-</u>	<u>3,748,321</u>
Capital assets, being depreciated:				
Buildings	32,127,604	-	-	32,127,604
Improvements other than buildings	1,324,838	5,039,078	-	6,363,916
Equipment	2,780,457	30,495	-	2,810,952
	<u>36,232,899</u>	<u>5,069,573</u>	<u>-</u>	<u>41,302,472</u>
Less accumulated depreciation for:				
Buildings	14,537,660	1,070,920	-	15,608,580
Improvements other than buildings	801,516	212,131	-	1,013,647
Equipment	2,300,496	145,915	-	2,446,411
	<u>17,639,672</u>	<u>1,428,966</u>	<u>-</u>	<u>19,068,638</u>
Total capital assets being depreciated, net	<u>18,593,227</u>	<u>3,640,607</u>	<u>-</u>	<u>22,233,834</u>
Governmental activities capital assets, net	<u>\$ 21,305,654</u>	<u>\$ 4,676,501</u>	<u>\$ -</u>	<u>\$ 25,982,155</u>
Business-type activities:				
Furniture and equipment	\$ 299,906	\$ -	\$ -	\$ 299,906
Accumulated depreciation	<u>141,307</u>	<u>24,892</u>	<u>-</u>	<u>166,199</u>
Business-type activities capital assets, net	<u>\$ 158,599</u>	<u>\$ (24,892)</u>	<u>\$ -</u>	<u>\$ 133,707</u>
Depreciation was charged to functions/programs as follows:				
Governmental activities:				
Instruction			\$ 914,538	
Support			<u>514,428</u>	
Total depreciation expense - governmental activities			<u>\$ 1,428,966</u>	
Business-type activities:				
Food service fund			<u>\$ 24,892</u>	
Total depreciation expense - business-type activities			<u>\$ 24,892</u>	

During the year ended June 30, 2016, the District began a construction project for an arena and baseball stadium. The total contracted cost is approximately \$3,200,000, with approximately \$1,000,000 remaining to be expended as of June 30, 2016. The amount expended as of year-end is included as construction in progress.

During the year ended June 30, 2016, the District began a construction project for an athletic fieldhouse. The total contracted cost is approximately \$4,400,000, with approximately \$4,100,000 remaining to be expended as of June 30, 2016. The amount expended as of year-end is included as construction in progress.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

5) LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2016:

General obligation bonds payable at beginning of year	\$ 14,969,000
Borrowings	3,524,000
Principal payments	<u>(1,489,000)</u>
General obligation bonds payable at end of year	<u>17,004,000</u>
Equipment acquisition bonds payable at beginning of year	253,600
Principal payments	<u>(253,600)</u>
Equipment acquisition bonds payable at end of year	<u>-</u>
Qualified Energy Conservation note payable at beginning of year	5,225,240
Principal payments	<u>(335,429)</u>
Qualified Energy Conservation note payable at end of year	<u>4,889,811</u>
Premium on bonds issued	1,054,544
Amortization of premium	<u>(459,116)</u>
Total long-term obligations at end of year	<u><u>\$ 22,489,239</u></u>

General obligation bonds payable are comprised of the following issues:

\$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%	\$ 3,990,000
\$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%	359,000
\$9,780,000 General Obligation Bonds, issued 2015, due in annual installments of \$25,000 to \$1,100,000 beginning 2016 and continuing through 2029, interest payable semi-annually at rates from 2.00% to 5.00%	9,755,000
\$2,500,000 General Obligation Bonds, issued 2015, due in one installment in September 2016, interest payable at maturity at 0.78%	2,500,000
\$400,000 General Obligation Bonds, issued 2016, due in one installment in March 2017, interest payable at maturity at 3.00%	<u>400,000</u>
	<u><u>\$ 17,004,000</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

5) LONG-TERM DEBT, CONTINUED

Qualified Energy Conservation notes payable are comprised of the following issue:

The District entered into an acquisition, use, and security agreement with US Bank in 2015 for a \$5,225,240 Qualified Energy Conservation Note Payable, due in annual installments of \$465,093 to \$497,292 beginning 2016 and continuing through 2020, interest at 4.31% subsidized 70% by the federal government. \$ 4,889,811

The annual requirements to amortize all debt outstanding as of June 30, 2016, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,067,948	\$ 699,461	\$ 4,767,409
2018	1,187,667	631,460	1,819,127
2019	1,071,430	595,592	1,667,022
2020	1,090,235	554,245	1,644,480
Thereafter	<u>14,476,531</u>	<u>3,042,559</u>	<u>17,519,090</u>
	<u>\$ 21,893,811</u>	<u>\$ 5,523,317</u>	<u>\$ 27,417,128</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, 2016, is \$2,953,483. The bond issues in 2006 and 2009 were approved by majority vote in authorized referenda.

During the fiscal year ended June 30, 2016, the District issued \$366,000 general obligation bonds, Series 2015B and \$258,000 general obligation bonds, Series 2015C, and repaid the bonds during the year. The bonds were issued to purchase certain capital items.

During the year ended June 30, 2015, the District issued general obligation refunding bonds, Series 2015. These bonds were issued to advance refund bonds from the 2006 bond issue. The net proceeds from the issuance were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from the District's balance sheet. Such bonds will be paid by the escrow agent.

The advance refunding resulted in a book loss of \$313,732, which is being amortized over the original remaining life of the old bonds that were defeased. The unamortized losses at June 30, 2016, are shown on the balance sheet as deferred outflows. Amortization of \$19,608 for the fiscal year ended June 30, 2016, was included in interest expense. The advance refunding resulted in an economic gain for the District of \$764,674.

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.

Subsequent to June 30, 2016, in September 2016, the District issued \$363,000 general obligation bonds, Series 2016B and \$325,000 general obligation bonds, Series 2016C. The bonds were issued to facilitate required payments on existing financing agreements. In July 2016, the District issued a Qualified Energy Conservation Note Payable in the amount of \$1,500,000. The note was issued to finance the acquisition of certain equipment to conserve energy usage. In September 2016, the District issued \$12,500,000 general obligation bonds, Series 2016. The bonds were issued to facilitate required payments on existing debt agreements and to finance planned capital improvements.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

5) LONG-TERM DEBT, CONTINUED

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, 2016.

6) CHANGE IN GENERAL LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	<u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>2016</u>
Amount available in debt service fund	\$ 602,348	\$ 374,774	\$ -	\$ 977,122
Amount to be provided for retirement of long-term obligations	<u>19,845,492</u>	<u>1,071,197</u>	<u>-</u>	<u>20,916,689</u>
Total available and to be provided	<u>\$ 20,447,840</u>	<u>\$ 1,445,971</u>	<u>\$ -</u>	<u>\$ 21,893,811</u>
Total long-term obligations	<u>\$ 20,447,840</u>	<u>\$ 1,445,971</u>	<u>\$ -</u>	<u>\$ 21,893,811</u>

7) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS

Plan Description – The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (“OPR”) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

Plan Membership – Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below:

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (“State ORP”), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP Employer contributions to the State ORP are at the same rates as SCRS.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

7) **EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED**

Plan Benefits – Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below:

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Funding Policy - Contributions are prescribed in Title 9 of the South Carolina code of Laws. The PEBA board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.0 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted above, both employees and the School District are required to contribute to the Plans at rates established and as amended by the PEBA.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

7) **EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED**

Contribution Summary - The contribution requirements for the current and two preceding years are as follows:

	SCRS			ORP		
	2016	2015	2014	2016	2015	2014
Eligible Wages	\$13,011,884	\$12,736,134	\$12,509,059	\$ 808,995	\$ 837,071	\$ 824,622
<u>Employer Rate</u>						
Retirement - SCRS	10.91%	10.75%	10.45%	5.91%	5.75%	5.45%
Retirement - AIP	0.00%	0.00%	0.00%	5.00%	5.00%	5.00%
Retirement Surcharge - SCRS	5.33%	5.00%	4.92%	5.33%	5.00%	4.92%
GL Ins. Benefit - SCRS	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Total Employer Rate	16.39%	15.90%	15.52%	16.39%	15.90%	15.52%
Employee Rate	8.16%	8.00%	7.50%	8.16%	8.00%	7.50%
<u>Employer Contributions</u>						
Retirement - SCRS	\$ 1,419,597	\$ 1,369,134	\$ 1,307,197	\$ 47,812	\$ 48,132	\$ 44,942
Retirement - AIP	-	-	-	40,450	41,854	41,231
Retirement Surcharge - SCRS	693,533	636,807	615,446	43,119	41,854	40,571
GL Ins. Benefit - SCRS	19,518	19,104	18,764	1,213	1,256	1,237
Total Employer Contributions	\$ 2,132,648	\$ 2,025,045	\$ 1,941,406	\$ 132,594	\$ 133,094	\$ 127,981

The payroll for District employees covered by the Plan for the year ended June 30, 2016 was \$13,011,884; the District's total payroll was \$13,896,116.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

7) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and control board are as of July 1, 2014. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company.

At June 30, 2016, the District reported a liability of \$26,687,278 for its proportionate share of the PEBA’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, using membership data as of that date, projected forward to the end of that fiscal year, and financial information of the pension trust funds as of June 30, 2015. The District’s proportion of the net pension liability was based on the District’s contributions received by PEBA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PEBA’s participating employers. At June 30, 2015, the District’s proportion was .140715%. For the year ended June 30, 2016, the District recognized pension expense of \$1,857,018 for its proportionate share of the PEBA’s pension expense. At June 30, 2016, the District reported its proportionate share of the PEBA’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 474,142	\$ 47,725
Net difference between projected and actual earnings on pension plan investments	178,632	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	258,005
District contributions subsequent to the contribution date	<u>1,488,140</u>	<u>-</u>
	<u>\$ 2,140,914</u>	<u>\$ 305,730</u>

\$1,488,140 reported as deferred outflows of resources related to pensions resulting from District contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2017	\$ 65,588
2018	65,588
2019	(27,902)
2020	<u>243,770</u>
	<u>\$ 347,044</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

7) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Actuarial Assumptions - Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

<u>Actuarial Cost Method</u>	<u>Entry Age</u>
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	levels off at 3.5%
Inflation	2.75%
Benefit adjustments	lesser of 1% or \$500

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (“RSIC”) using a building block approach. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC, which manages the investments of PEBA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Short Term		
Cash	2.0%	1.9%
Short Duration	3.0%	2.0%
Domestic Fixed Income		
Core Fixed Income	7.0%	2.7%
High Yield	2.0%	3.8%
Bank Loans	4.0%	3.8%
Global Fixed Income		
Global Fixed Income	3.0%	2.8%
Emerging Markets Debt	6.0%	5.1%
Global Public Equity	31.0%	7.1%
Global Tactical Asset Allocation	10.0%	4.9%
Alternatives		
Hedge Funds (Low Beta)	8.0%	4.3%
Private Debt	7.0%	9.9%
Private Equity	9.0%	9.9%
Real Estate	5.0%	6.0%
Commodities	3.0%	5.9%
	<u>100.0%</u>	

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

7) EMPLOYER RETIREMENT SYSTEMS AND PENSION PLANS, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity - The following presents the District's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Asset Class	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 33,645,032	\$ 26,687,278	\$ 20,855,796

Pension Plan Fiduciary Net Position - Detailed information about the defined benefit pension plan's fiduciary net position is available in a separately-issued financial report. That report may be obtained on the Internet at www.peba.sc.gov or by writing to PEBA at South Carolina Public Employee Benefit Authority, 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.

9) POSTRETIREMENT BENEFITS

The District is a member of the South Carolina Retirement System. 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.

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).

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

10) POSTEMPLOYMENT BENEFITS

The District provides death benefits to employees through the group life insurance program for members of the South Carolina Retirement System (the "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, 2016, 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.

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 the Uniform Guidance, 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.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

12) COMMITMENTS AND CONTINGENCIES, CONTINUED

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 2016 for tier three was \$1,129,189.

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.

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Notes to Financial Statements
Year Ended June 30, 2016**

13) PROPERTY TAXES, CONTINUED

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 \$90,606 for the year ended June 30, 2016. Future lease obligations under these operating lease agreements are \$27,194 for the year ended June 30, 2017.

15) SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 31, 2016, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2016.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2016**

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.140715%	0.142579%
District's proportionate share of the net pension liability	\$ 26,687,278	\$ 24,547,377
District's covered-employee payroll	\$ 12,736,134	\$ 12,509,059
District's proportionate share of the net pension liability as a percentage of the covered-employee payroll	209.54%	196.24%
Plan fiduciary net position as a percentage of the total pension liability	57.00%	59.90%

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of District Contributions
June 30, 2016**

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,488,140	\$ 1,437,626
Contributions in relation to the contractually required contributions	<u>1,488,140</u>	<u>1,437,626</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>
District's covered-employee payroll	\$ 13,820,879	\$ 13,573,205
Contributions as percentage of covered-employee payroll	10.77%	10.59%

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<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 taxes (dependent)	\$ 5,254,280	\$ 5,286,175	\$ 31,895
1280 Revenue in lieu of taxes (independent and dependent)	438,692	476,877	38,185
1300 Tuition			
1310 From patrons for regular day school	2,150	1,208	(942)
1500 Earnings on investments			
1510 Interest on investments	3,000	6,295	3,295
1900 Other revenue from local sources			
1950 Refund of prior year's expenditures	-	1,699	1,699
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	12,850	12,993	143
	<u>5,710,972</u>	<u>5,785,247</u>	<u>74,275</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3130 Special programs			
3131 Handicapped transportation	750	666	(84)
3132 Home schooling (no carryover provision)	2,500	-	(2,500)
3160 School bus driver salary (includes hazardous condition transportation)	163,284	199,833	36,549
3162 Transportation workers' compensation	18,547	17,945	(602)
3180 Fringe benefits employer contributions (no carryover provision)	3,232,934	3,387,465	154,531
3300 Education Finance Act (EFA)			
3310 Full-time programs			
3311 Kindergarten	374,270	333,367	(40,903)
3312 Primary	927,267	954,299	27,032
3313 Elementary	1,494,841	1,424,536	(70,305)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
3314 High school	\$ 235,452	\$ 208,261	\$ (27,191)
3315 Trainable mentally handicapped	3,842	11,390	7,548
3316 Speech handicapped (part-time program)	499,454	429,569	(69,885)
3317 Homebound	1,808	6,458	4,650
3320 Part-time programs			
3321 Emotionally handicapped	26,894	21,480	(5,414)
3322 Educable mentally handicapped	11,017	18,295	7,278
3323 Learning disabilities	581,981	635,504	53,523
3324 Hearing handicapped	28,702	37,592	8,890
3325 Visually handicapped	24,012	19,133	(4,879)
3326 Orthopedically handicapped	23,052	20,994	(2,058)
3327 Vocational	1,337,980	1,300,526	(37,454)
3330 Miscellaneous EFA programs			
3331 Autism	97,330	114,795	17,465
3332 High achieving students	116,954	123,673	6,719
3334 Limited English proficiency	17,326	21,961	4,635
3350 Residential treatment facilities (RTF)			
3351 Academic assistance	108,196	132,696	24,500
3352 Pupils in poverty	758,598	763,067	4,469
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)	1,117,917	1,129,189	11,272
3830 Merchant's inventory tax	9,758	5,632	(4,126)
3840 Manufacturers depreciation reimbursement	150,000	255,482	105,482
3890 Other state property tax revenues (includes motor carrier vehicle tax)	18,900	25,717	6,817
3900 Other state revenue			
3999 Revenue from other state sources	1,000	960	(40)
Total state sources	<u>12,227,609</u>	<u>12,443,050</u>	<u>215,441</u>
Total revenue all sources	<u>17,938,581</u>	<u>18,228,297</u>	<u>289,716</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 Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
111 Kindergarten programs			
100 Salaries	\$ 655,853	\$ 678,978	\$ (23,125)
200 Employee benefits	296,674	291,556	5,118
300 Purchased services	11,655	10,596	1,059
400 Supplies and materials	4,796	4,796	-
500 Capital outlay	222	222	-
112 Primary programs			
100 Salaries	1,336,509	1,300,301	36,208
200 Employee benefits	482,655	487,208	(4,553)
300 Purchased services	25,054	22,798	2,256
400 Supplies and materials	12,667	12,605	62
500 Capital outlay	398	398	-
113 Elementary programs			
100 Salaries	2,496,536	2,443,556	52,980
200 Employee benefits	904,518	924,176	(19,658)
300 Purchased services	131,657	111,484	20,173
400 Supplies and materials	20,079	19,950	129
500 Capital outlay	1,621	1,636	(15)
114 High school programs			
100 Salaries	1,578,774	1,559,206	19,568
200 Employee benefits	540,688	551,442	(10,754)
300 Purchased services	47,245	45,176	2,069
400 Supplies and materials	21,385	20,989	396
500 Capital outlay	2,870	2,870	-
600 Other objects	6,268	6,253	15
115 Career and technology education programs			
100 Salaries	535,510	533,443	2,067
200 Employee benefits	173,791	173,623	168
300 Purchased services (other than tuition)	18,971	20,324	(1,353)
400 Supplies and materials	5,222	6,825	(1,603)
116 Career and technology education (vocational) programs – middle school			
100 Salaries	91,347	91,347	-
200 Employee benefits	43,687	42,938	749
400 Supplies and materials	3,249	3,249	-

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	\$ 41,562	\$ 41,612	\$ (50)
200 Employee benefits	20,327	18,260	2,067
300 Purchased services	1,096	1,096	-
122 Trainable mentally handicapped			
100 Salaries	8,676	8,709	(33)
200 Employee benefits	4,334	3,748	586
123 Orthopedically handicapped			
100 Salaries	5,620	5,732	(112)
200 Employee benefits	2,937	2,407	530
300 Purchased services	1,096	1,096	-
124 Visually handicapped			
100 Salaries	21,138	21,495	(357)
200 Employee benefits	9,176	9,005	171
125 Hearing handicapped			
100 Salaries	43,103	45,095	(1,992)
200 Employee benefits	16,968	16,535	433
126 Speech handicapped			
100 Salaries	109,133	109,193	(60)
200 Employee benefits	41,575	30,816	10,759
300 Purchased services	9,887	9,267	620
127 Learning disabilities			
100 Salaries	467,175	507,503	(40,328)
200 Employee benefits	194,407	201,999	(7,592)
300 Purchased services	7,345	7,345	-
128 Emotionally handicapped			
100 Salaries	18,644	18,594	50
200 Employee benefits	7,582	7,340	242
300 Purchased services	631	-	631
129 Coordinated early intervening services (CEIS)			
300 Purchased services	487	487	-

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
130 Preschool programs			
131 Preschool handicapped - speech (5 year olds)			
100 Salaries	\$ 4,526	\$ 4,520	\$ 6
200 Employee benefits	1,493	1,384	109
135 Preschool handicapped - speech (3 & 4 year olds)			
100 Salaries	1,697	1,695	2
200 Employee benefits	560	519	41
137 Preschool handicapped self-contained (3 & 4 year olds)			
100 Salaries	16,852	17,252	(400)
200 Employee benefits	10,701	10,052	649
139 Early childhood programs			
100 Salaries	12,621	15,282	(2,661)
200 Employee benefits	4,783	15,780	(10,997)
300 Purchased services	654	654	-
400 Supplies and materials	624	(848)	1,472
140 Special programs			
141 Gifted and talented - academic			
100 Salaries	94,310	94,903	(593)
200 Employee benefits	35,959	34,994	965
300 Purchased services	6,202	4,606	1,596
400 Supplies and materials	3,004	2,555	449
145 Homebound			
100 Salaries	29,730	10,550	19,180
200 Employee benefits	5,761	2,543	3,218
147 CDEP			
100 Salaries	15,209	23,075	(7,866)
200 Employee benefits	5,124	6,756	(1,632)
149 Other special programs			
100 Salaries	3,568	1,313	2,255
200 Employee benefits	8,332	317	8,015
300 Purchased services	18,420	18,420	-
160 Other exceptional programs			
161 Autism			
100 Salaries	82,530	97,558	(15,028)
200 Employee benefits	42,361	46,624	(4,263)

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
162 Limited English proficiency			
300 Purchased services	\$ 1,340	\$ 1,340	\$ -
400 Supplies and materials	421	-	421
	<u>10,889,582</u>	<u>10,847,123</u>	<u>42,459</u>
Total instruction			
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	394,391	386,475	7,916
200 Employee benefits	137,409	135,966	1,443
300 Purchased services	986	986	-
400 Supplies and materials	5,387	2,994	2,393
500 Capital outlay	295	295	-
213 Health services			
100 Salaries	82,340	89,275	(6,935)
200 Employee benefits	45,804	46,186	(382)
300 Purchased services	33,099	31,156	1,943
400 Supplies and materials	7,072	6,902	170
500 Capital outlay	152	152	-
600 Other objects	1,500	1,500	-
214 Psychological services			
600 Other objects	175	176	(1)
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
100 Salaries	206,488	203,155	3,333
200 Employee benefits	81,175	77,328	3,847
300 Purchased services	39,275	36,609	2,666
400 Supplies and materials	11,798	4,419	7,379
500 Capital outlay	1,485	1,485	-
600 Other objects	1,839	1,818	21
222 Library and media services			
100 Salaries	235,077	237,694	(2,617)
200 Employee benefits	93,943	91,613	2,330
300 Purchased services	8,794	8,794	-
400 Supplies and materials	14,383	14,383	-
500 Capital outlay	3,720	3,720	-

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
223 Supervision of special programs			
100 Salaries	\$ 27,073	\$ 33,523	\$ (6,450)
200 Employee benefits	14,108	10,001	4,107
300 Purchased services	785	446	339
400 Supplies and materials	162	-	162
600 Other objects	1,500	617	883
224 Improvement of instruction - inservice and staff training			
100 Salaries	41,708	42,683	(975)
200 Employee benefits	12,181	12,100	81
300 Purchased services	13,296	8,217	5,079
400 Supplies and materials	2,429	671	1,758
500 Capital outlay	-	652	(652)
600 Other objects	176	176	-
230 General administrative services			
231 Board of Education			
200 Employee benefits	941	1,347	(406)
300 Purchased services	19,334	20,084	(750)
318 Audit services	34,000	34,000	-
400 Supplies and materials	543	1,004	(461)
600 Other objects	84,711	90,749	(6,038)
232 Office of the superintendent			
100 Salaries	135,892	149,239	(13,347)
200 Employee benefits	41,717	40,576	1,141
300 Purchased services	5,188	4,206	982
400 Supplies and materials	2,992	2,992	-
500 Capital outlay	181	-	181
600 Other objects	19,024	14,487	4,537
233 School administration			
100 Salaries	954,110	937,539	16,571
200 Employee benefits	348,487	344,745	3,742
300 Purchased services	17,742	17,114	628
400 Supplies and materials	3,337	3,337	-
500 Capital outlay	1,140	1,140	-
600 Other objects	3,193	1,755	1,438
250 Finance and operations services			
251 Student transportation (federal/district mandated)			
600 Other objects	6,000	5,435	565

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
252 Fiscal services			
100 Salaries	\$ 169,236	\$ 169,236	\$ -
200 Employee benefits	64,594	61,735	2,859
300 Purchased services	53,524	52,407	1,117
400 Supplies and materials	11,642	12,708	(1,066)
500 Capital outlay	3,863	3,863	-
600 Other objects	431	176	255
254 Operation and maintenance of plant			
100 Salaries	505,586	511,247	(5,661)
200 Employee benefits	235,828	222,388	13,440
300 Purchased services	338,578	380,679	(42,101)
321 Public utility services (excludes gas, oil, elec, other heating fuels)	53,844	33,640	20,204
400 Supplies and materials	168,624	164,178	4,446
470 Energy (includes gas, oil, elec, other heating fuels)	573,161	521,914	51,247
500 Capital outlay	17,003	13,756	3,247
255 Student transportation (state mandated)			
100 Salaries	464,712	512,024	(47,312)
200 Employee benefits	278,989	279,141	(152)
300 Purchased services	14,546	13,609	937
400 Supplies and materials	5,825	5,796	29
500 Capital outlay	716	323	393
256 Food services			
100 Salaries	39,988	20,406	19,582
200 Employee benefits	197,196	184,643	12,553
258 Security			
300 Purchased services	234,991	226,692	8,299
500 Capital outlay	1,964	1,964	-
260 Central support services			
262 Planning			
100 Salaries	41,708	41,708	-
200 Employee benefits	12,181	11,875	306
263 Information services			
300 Purchased services	19,783	16,391	3,392
400 Supplies and materials	10,556	9,214	1,342
500 Capital outlay	296	-	296

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
264 Staff services			
100 Salaries	\$ 42,363	\$ 42,363	\$ -
200 Employee benefits	15,146	14,592	554
400 Supplies and materials	2,600	2,575	25
266 Technology and data processing services			
100 Salaries	239,142	239,142	-
200 Employee benefits	81,542	79,169	2,373
300 Purchased services	58,604	58,690	(86)
400 Supplies and materials	5,458	703	4,755
500 Capital outlay	42,673	42,672	1
600 Other objects	176	176	-
270 Support services - pupil activity			
271 Pupil services activities			
100 Salaries	161,150	159,841	1,309
200 Employee benefits	40,394	37,455	2,939
600 Other objects	15,000	9,327	5,673
Total support services	<u>7,422,150</u>	<u>7,320,334</u>	<u>101,816</u>
300 Community services			
390 Other community services			
300 Purchased services	431	431	-
600 Other objects	10,000	10,000	-
Total community services	<u>10,431</u>	<u>10,431</u>	<u>-</u>
400 Other charges			
410 Intergovernmental expenditures			
411 Payments to the State Department of Education			
720 Transits	6,500	-	6,500
412 Payments of other governmental units			
720 Transits	-	1,328	(1,328)
417 Payments to nonprofit entities (other than for First Steps)			
720 Transits	12,565	12,585	(20)
Total intergovernmental expenditures	<u>19,065</u>	<u>13,913</u>	<u>5,152</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 Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
500 Debt service			
620 Interest	\$ -	\$ 2,120	\$ (2,120)
Total debt service	<u>-</u>	<u>2,120</u>	<u>(2,120)</u>
Total expenditures	<u>18,341,228</u>	<u>18,193,921</u>	<u>147,307</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of fixed assets	-	2,201	2,201
Interfund transfers, from (to) other funds			
5230 Transfer from special revenue EIA Fund	447,153	467,284	20,131
5280 Transfer from other funds indirect costs	102,316	137,630	35,314
426-710 Transfer to pupil activity fund	<u>(40,561)</u>	<u>(40,561)</u>	<u>-</u>
Total other financing sources (uses)	<u>508,908</u>	<u>566,554</u>	<u>57,646</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ 106,261</u>	600,930	<u>\$ 494,669</u>
FUND BALANCE, July 1, 2015		<u>3,069,561</u>	
FUND BALANCE, June 30, 2016		<u>\$ 3,670,491</u>	

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education*</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants*</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs*</u> <u>(200s/800s)</u>	<u>Total</u>
REVENUES								
1000 Revenue from local sources								
1900 Other revenue from local sources								
1930 Special needs transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,921	\$ 232,921
1990 Miscellaneous local revenue								
1999 Revenue from other local sources	-	-	-	-	-	-	103,175	103,175
Total local sources	-	-	-	-	-	-	336,096	336,096
3000 Revenue from state sources								
3100 Restricted state funding								
3110 Occupational education								
3113 12-months (Ag.) program	-	-	-	-	-	22,518	-	22,518
3118 EEDA career specialists	-	-	-	-	-	94,294	-	94,294
3120 General education								
3127 Student health and fitness-PE teachers	-	-	-	-	-	18,911	-	18,911
3130 Special programs								
3134 CDEP expansion	-	-	-	-	-	131,222	-	131,222
3135 Reading coaches	-	-	-	-	-	187,265	-	187,265
3136 Student health and fitness-nurses	-	-	-	-	-	88,445	-	88,445
3177 Summer reading camps	-	-	-	-	-	11,353	-	11,353
3190 Miscellaneous restricted state grants								
3198 Technology professional development	-	-	-	-	-	13,696	-	13,696
3199 Other restricted state grants	-	-	-	-	-	3,632	-	3,632

* See Schedule 5 for a listing of LEA subfund codes for each program.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education*</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants*</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs*</u> <u>(200s/800s)</u>	<u>Total</u>
3600 Education Lottery Act revenue								
3607 6-8 enhancement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,603	\$ -	\$ 9,603
3620 Digital instructional materials	-	-	-	-	-	41,328	-	41,328
3630 K-12 technology initiative	-	-	-	-	-	39,531	-	39,531
3900 Other state revenue								
3999 Revenue from other state sources	-	-	-	-	-	70,020	-	70,020
Total state sources	-	-	-	-	-	731,818	-	731,818
4000 Revenue from federal sources								
4200 Occupational education								
4210 Perkins aid, Title I	-	-	-	45,484	-	-	-	45,484
4300 Elementary and Secondary Education Act of 1965 (ESEA)								
4310 Title I, basic state grant programs	744,480	-	-	-	-	-	-	744,480
4312 Rural and low-income school program, Title VI	-	-	-	-	-	-	59,704	59,704
4341 Language instruction for limited English proficient and immigrant students, Title III	-	-	-	-	-	-	5,000	5,000
4343 McKinney-Vento education for homeless children and youth program	-	-	-	-	-	-	8,473	8,473
4351 Improving teacher quality	-	-	-	-	-	-	86,715	86,715

* See Schedule 5 for a listing of LEA subfund codes for each program.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education* (EA Projects) (243)	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)	\$ -	\$ 839,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 839,253
4520 Preschool grants for children with disabilities (IDEA)	-	-	25,045	-	-	-	-	25,045
4990 Other Federal sources								
4999 Revenue from other federal sources	-	-	-	-	-	-	430	430
Total federal sources	744,480	839,253	25,045	45,484	-	-	160,322	1,814,584
Total revenue all sources	744,480	839,253	25,045	45,484	-	731,818	496,418	2,882,498

* See Schedule 5 for a listing of LEA subfund codes for each program.

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

	<u>Title I</u>	<u>IDEA</u>	<u>Preschool</u>	<u>CATE</u>	<u>Adult</u>	<u>Other</u>	<u>Other</u>	
	<u>(BA Projects)</u>	<u>(CA Projects)</u>	<u>Handicapped</u>	<u>(VA Projects)</u>	<u>Education</u>	<u>Designated</u>	<u>Special</u>	
	<u>(201/202)</u>	<u>(203/204)</u>	<u>(CG Projects)</u>	<u>(207/208)</u>	<u>(EA Projects)</u>	<u>Restricted</u>	<u>Revenue</u>	<u>Total</u>
			<u>(205/206)</u>		<u>(243)</u>	<u>State Grants</u>	<u>Programs</u>	
						<u>(900s)</u>	<u>(200s/800s)</u>	
EXPENDITURES								
100 Instruction								
110 General instruction								
111 Kindergarten programs								
100 Salaries	\$ 26,811	\$ -	\$ -	\$ -	\$ -	\$ 15,135	\$ -	\$ 41,946
200 Employee benefits	6,017	-	-	-	-	3,668	-	9,685
112 Primary programs								
100 Salaries	163,208	-	-	-	-	-	55,932	219,140
200 Employee benefits	61,666	-	-	-	-	-	20,105	81,771
300 Purchased services	-	-	-	-	-	17,666	-	17,666
400 Supplies and materials	-	-	-	-	-	-	1,931	1,931
113 Elementary programs								
100 Salaries	33,821	-	-	-	-	-	-	33,821
200 Employee benefits	12,535	-	-	-	-	108	-	12,643
300 Purchased services	22,516	-	-	-	-	974	-	23,490
400 Supplies and materials	84,126	-	-	-	-	-	64,858	148,984
500 Capital outlay	-	-	-	-	-	5,264	-	5,264
114 High school programs								
300 Purchased services	-	-	-	-	-	2,893	118	3,011
400 Supplies and materials	-	-	-	-	-	-	3,038	3,038
500 Capital outlay	-	-	-	-	-	24,135	15,684	39,819
115 Career and technology education programs								
100 Salaries	-	-	-	-	-	18,087	-	18,087
200 Employee benefits	-	-	-	-	-	4,431	-	4,431
300 Purchased services - other than tuition	-	-	-	5,263	-	-	-	5,263
400 Supplies and materials	-	-	-	(16)	-	-	-	(16)

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
116 Career and technology education programs - middle school								
300 Purchased services	\$ -	\$ -	\$ -	\$ 1,322	\$ -	\$ -	\$ -	\$ 1,322
400 Supplies and materials	-	-	-	5,379	-	-	-	5,379
120 Exceptional programs								
121 Educable mentally handicapped								
100 Salaries	-	6,291	-	-	-	-	-	6,291
200 Employee benefits	-	2,903	-	-	-	-	-	2,903
400 Supplies and materials	-	(11)	-	-	-	-	-	(11)
122 Trainable mentally handicapped								
400 Supplies and materials	-	10,068	-	-	-	-	-	10,068
123 Orthopedically handicapped								
100 Salaries	-	7,110	-	-	-	-	-	7,110
200 Employee benefits	-	3,925	-	-	-	-	-	3,925
124 Visually handicapped								
100 Salaries	-	21,970	-	-	-	-	-	21,970
200 Employee benefits	-	12,133	-	-	-	-	-	12,133
300 Purchased services	-	4,421	-	-	-	-	-	4,421
400 Supplies and materials	-	18	-	-	-	-	-	18

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
125 Hearing handicapped								
100 Salaries	\$ -	\$ 7,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,941
200 Employee benefits	-	4,282	-	-	-	-	-	4,282
300 Purchased services	-	27,858	-	-	-	-	-	27,858
400 Supplies and materials	-	2,763	-	-	-	-	-	2,763
126 Speech handicapped								
100 Salaries	-	3,764	-	-	-	-	34,886	38,650
200 Employee benefits	-	1,505	-	-	-	-	8,973	10,478
300 Purchased services	-	2,780	-	-	-	-	65,265	68,045
400 Supplies and materials	-	2,987	-	-	-	-	-	2,987
127 Learning disabilities								
100 Salaries	-	99,416	-	-	-	-	800	100,216
200 Employee benefits	-	45,723	-	-	-	-	190	45,913
300 Purchased services	-	48,407	-	-	-	-	2,500	50,907
400 Supplies and materials	-	34,231	-	-	-	-	-	34,231
128 Emotionally handicapped								
100 Salaries	-	1,815	-	-	-	-	-	1,815
200 Employee benefits	-	662	-	-	-	-	-	662
130 Preschool programs								
131 Preschool handicapped speech (5 year olds)								
100 Salaries	-	-	2,731	-	-	-	13,674	16,405
200 Employee benefits	-	-	879	-	-	-	4,397	5,276

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
133 Preschool handicapped self-contained (5 year olds)								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 10
200 Employee benefits	-	-	-	-	-	-	3	3
135 Preschool handicapped speech (3 and 4 year olds)								
100 Salaries	-	-	2,731	-	-	-	13,653	16,384
200 Employee benefits	-	-	879	-	-	-	4,392	5,271
300 Purchased services	-	-	46	-	-	-	-	46
137 Preschool handicapped self-contained (3 and 4 year olds)								
100 Salaries	-	15,927	8,873	-	-	-	26,538	51,338
200 Employee benefits	-	3,825	2,151	-	-	-	6,454	12,430
300 Purchased services	-	-	1,583	-	-	-	-	1,583
400 Supplies and materials	-	-	1,628	-	-	-	2,372	4,000
139 Early childhood programs								
100 Salaries	-	-	-	-	-	49,425	-	49,425
200 Employee benefits	-	-	-	-	-	12,368	-	12,368
400 Supplies and materials	-	-	-	-	-	8,226	-	8,226
140 Special programs								
147 CDEP								
100 Salaries	-	-	-	-	-	84,073	-	84,073
200 Employee benefits	-	-	-	-	-	41,803	-	41,803
400 Supplies and materials	-	-	-	-	-	5,345	-	5,345

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
160 Other exceptional programs								
161 Autism								
100 Salaries	\$ -	\$ 25,879	\$ -	\$ -	\$ -	\$ -	\$ 4,464	\$ 30,343
200 Employee benefits	-	12,997	-	-	-	-	350	13,347
300 Purchased services	-	150	-	-	-	-	-	150
400 Supplies and materials	-	320	-	-	-	-	-	320
170 Summer school programs								
171 Primary summer school								
100 Salaries	-	-	-	-	-	6,937	-	6,937
200 Employee benefits	-	-	-	-	-	816	-	816
300 Purchased services	-	-	-	-	-	673	-	673
400 Supplies and materials	-	-	-	-	-	1,951	-	1,951
175 Instructional programs beyond regular school day								
100 Salaries	-	-	-	-	-	-	3,071	3,071
200 Employee benefits	-	-	-	-	-	-	733	733
180 Adult/continuing educational programs								
182 Adult secondary education programs								
400 Supplies and materials	-	-	-	-	-	-	430	430
188 Parenting/family literacy								
100 Salaries	28,526	-	-	-	-	-	-	28,526
200 Employee benefits	9,077	-	-	-	-	-	-	9,077
400 Supplies and materials	3,811	-	-	-	-	-	-	3,811
Total instruction	<u>452,114</u>	<u>412,060</u>	<u>21,501</u>	<u>11,948</u>	<u>-</u>	<u>303,978</u>	<u>354,821</u>	<u>1,556,422</u>

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
200 Support services								
210 Pupil services								
212 Guidance services								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,853	\$ -	\$ 69,853
200 Employee benefits	-	-	-	-	-	24,441	-	24,441
300 Purchased services	-	-	-	-	-	-	146	146
213 Health services								
100 Salaries	-	1,500	-	-	-	57,984	1,500	60,984
200 Employee benefits	-	367	-	-	-	30,461	367	31,195
300 Purchased services	-	60,449	-	-	-	-	33,419	93,868
400 Supplies and materials	-	759	-	-	-	-	1,167	1,926
214 Psychological services								
300 Purchased services	-	83,885	2,372	-	-	-	6,648	92,905
400 Supplies and materials	-	4,578	-	-	-	-	-	4,578
220 Instructional staff services								
221 Improvement of instruction - curriculum development								
100 Salaries	124,125	-	-	22,874	-	136,675	-	283,674
200 Employee benefits	45,467	-	-	8,432	-	50,590	-	104,489
300 Purchased services	-	-	-	-	-	-	89	89
400 Supplies and materials	-	-	-	-	-	-	12,569	12,569
223 Supervision of special programs								
100 Salaries	73,149	107,178	-	-	-	-	958	181,285
200 Employee benefits	25,508	39,637	-	-	-	-	222	65,367
300 Purchased services	-	7,624	-	-	-	-	13,508	21,132
400 Supplies and materials	-	4,982	-	-	-	-	2,745	7,727

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Adult</u> <u>Education</u> <u>(EA Projects)</u> <u>(243)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
224 Improvement of instruction-in-service and staff training								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ 8,000
200 Employee benefits	-	-	-	-	-	-	1,917	1,917
300 Purchased services	1,438	-	-	2,230	-	13,696	6,253	23,617
400 Supplies and materials	-	-	-	-	-	-	1,444	1,444
250 Finance and operations services								
251 Student transportation (federal/district mandated)								
100 Salaries	-	48,197	-	-	-	760	-	48,957
200 Employee benefits	-	28,535	-	-	-	216	-	28,751
300 Purchased services	-	-	-	-	-	-	1,495	1,495
254 Operation and maintenance of plant								
400 Supplies and materials	-	-	-	-	-	-	4,865	4,865
255 Student transportation (state mandated)								
100 Salaries	-	-	-	-	-	-	2,658	2,658
200 Employee benefits	-	-	-	-	-	-	1,657	1,657
258 Security								
300 Purchased services	-	-	-	-	-	-	2,996	2,996
260 Central support services								
266 Technology and data processing services								
300 Purchased services	-	-	-	-	-	3,632	13,791	17,423
500 Capital outlay	-	-	-	-	-	39,532	2,418	41,950

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

	<u>Title I (BA Projects) (201/202)</u>	<u>IDEA (CA Projects) (203/204)</u>	<u>Preschool Handicapped (CG Projects) (205/206)</u>	<u>CATE (VA Projects) (207/208)</u>	<u>Adult Education (EA Projects) (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
270 Support services - pupil activity								
271 Pupil service activities								
600 Other objects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 565	\$ 565
Total support services	<u>269,687</u>	<u>387,691</u>	<u>2,372</u>	<u>33,536</u>	<u>-</u>	<u>427,840</u>	<u>121,397</u>	<u>1,242,523</u>
300 Community services								
330 Civil services								
400 Supplies and materials	-	-	-	-	-	-	200	200
360 Welfare services								
400 Supplies and materials	119	-	-	-	-	-	-	119
390 Other community services								
600 Other objects	-	-	-	-	-	-	20,000	20,000
Total community services	<u>119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,200</u>	<u>20,319</u>
410 Intergovernmental expenditures								
Total intergovernmental expenditures	-	-	-	-	-	-	-	-
Total expenditures	<u>721,920</u>	<u>799,751</u>	<u>23,873</u>	<u>45,484</u>	<u>-</u>	<u>731,818</u>	<u>496,418</u>	<u>2,819,264</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

	<u>Title I (BA Projects) (201/202)</u>	<u>IDEA (CA Projects) (203/204)</u>	<u>Preschool Handicapped (CG Projects) (205/206)</u>	<u>CATE (VA Projects) (207/208)</u>	<u>Adult Education (EA Projects) (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
OTHER FINANCING SOURCES (USES)								
Interfund transfers, from (to) other funds								
431-791 Special revenue fund indirect costs	\$ (22,560)	\$ (39,502)	\$ (1,172)	\$ -	\$ -	\$ -	\$ -	\$ (63,234)
Total other financing sources (uses)	<u>(22,560)</u>	<u>(39,502)</u>	<u>(1,172)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,234)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES								
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, July 1, 2015	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, June 30, 2016	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Schedule of Program Classifications
For Fiscal Year Ended June 30, 2016**

LEA Subfund Code	Program	Revenue	Revenue Code
<u>OTHER RESTRICTED STATE GRANTS</u>			
898	12-months (Ag.) program	\$ 22,518	3113
897	Level data	3,632	3199
928	EEDA career specialists	94,294	3118
937	Student health and fitness - PE teachers	18,911	3127
924	CDEP expansion	131,222	3134
935	Reading coaches	187,265	3135
936	Student health and fitness - nurses	88,445	3136
926	Summer reading camps	11,353	3177
918	Technology professional development	13,696	3198
967	6-8 enhancement	9,603	3607
965	Digital instructional materials	41,328	3620
963	K-12 technology initiative	39,531	3630
982	School-based family services	70,020	3999
		<u>\$ 731,818</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
270	Special needs transportation	\$ 232,921	1930
807	E-Rate	16,209	1999
808	Electrolux science grant	11,644	1999
812	SHARE Headstart	2,249	1999
813	National writing project	2,341	1999
815	Bosch grant	43,187	1999
819	Read your way to the big game	1,990	1999
820	Timken Foundation	4,865	1999
865	ANMED special needs	461	1999
876	Santee Cooper scholarship	20,000	1999
877	Fine arts festival	229	1999
243	Adult education	430	4999
251	Rural and low-income school program, Title VI	59,704	4312
264	Language instruction for limited English proficient/immigrant students, Title III	5,000	4341
232	McKinney-Vento education for homeless children and youth program	8,473	4343
267	Improving teacher quality	86,715	4351
		<u>\$ 496,418</u>	

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Fiscal Year Ended June 30, 2016**

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
898	3113	12-months (Ag.) program	\$ 22,518	\$ 22,518	\$ -	\$ -	\$ -
897	3199	Level data	3,632	3,632	-	-	-
928	3118	EEDA career specialists	94,294	94,294	-	-	-
937	3127	Student health and fitness - PE teachers	18,911	18,911	-	-	-
924	3134	CDEP expansion	131,222	131,222	-	-	13,548
935	3135	Reading coaches	187,265	187,265	-	-	11,066
936	3136	Student health and fitness - nurses	88,445	88,445	-	-	-
926	3177	Summer reading camps	11,353	11,353	-	-	13,151
919	3193	Education license plates	-	-	-	-	747
918	3198	Technology professional development	13,696	13,696	-	-	-
967	3607	6-8 enhancement	9,603	9,603	-	-	-
965	3620	Digital instructional materials	41,328	41,328	-	-	-
963	3630	K-12 technology initiative	39,531	39,531	-	-	93,523
982	3999	School-based family services	70,020	70,020	-	-	-
TOTALS			<u>\$ 731,818</u>	<u>\$ 731,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,035</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2016**

REVENUES

3000 Revenue from state sources		
3500 Education Improvement Act		
3502 ADEPT	\$	7,347
3505 Technology support		10,000
3511 Professional development		22,098
3518 Formative assessment		12,918
3525 Career and technology education equipment		69,882
3526 Refurbishment of K-8 science kits		17,512
3532 National board salary supplement		102,333
3533 Teacher of the year awards		1,077
3538 Students at risk of school failure		217,971
3541 Child development education program (CDEP)		376,457
3550 Teacher salary increase		403,559
3555 Teacher salary fringe		60,525
3558 Reading		11,353
3577 Teacher supplies		46,250
3592 Work-based learning		10,927
3595 EEDA supplies and materials		3,218
3597 Aid to districts		<u>32,476</u>
 Total state sources		 <u>1,405,903</u>
 Total revenue all sources		 <u>1,405,903</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2016**

EXPENDITURES

100 Instruction		
110 General instruction		
111 Kindergarten programs		
400 Supplies and materials	\$	2,500
112 Primary programs		
100 Salaries		26,391
200 Employee benefits		14,091
400 Supplies and materials		16,250
113 Elementary programs		
100 Salaries		111,769
200 Employee benefits		36,247
300 Purchased services		7,658
400 Supplies and materials		26,512
114 High school programs		
100 Salaries		31,506
200 Employee benefits		29,093
300 Purchased services		5,260
400 Supplies and materials		11,896
115 Career and technology education programs		
100 Salaries		7,500
200 Employee benefits		1,819
300 Purchased services (other than tuition)		2,864
400 Supplies and materials		48,279
500 Capital outlay		15,539
116 Career and technology education programs - middle school		
400 Supplies and materials		250
120 Exceptional programs		
121 Educable mentally handicapped		
100 Salaries		5,576
200 Employee benefits		1,354
125 Hearing handicapped		
100 Salaries		6,113
126 Speech handicapped		
200 Employee benefits		1,462

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2016**

127 Learning disabilities		
100 Salaries	\$	23,101
200 Employee benefits		12,253
128 Emotionally handicapped		
400 Supplies and materials		3,250
140 Special programs		
147 CDEP		
100 Salaries		272,495
200 Employee benefits		103,960
400 Supplies and materials		1,500
160 Other exceptional programs		
161 Autism		
100 Salaries		7,415
200 Employee benefits		2,234
170 Summer school program		
171 Primary summer school		
100 Salaries		9,102
200 Employee benefits		2,251
		<hr/>
Total instruction		<u>847,490</u>
200 Support services		
210 Pupil services		
212 Guidance services		
100 Salaries		4,000
200 Employee benefits		945
300 Purchased services		825
400 Supplies and materials		3,393
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
100 Salaries		35,929
200 Employee benefits		12,422
300 Purchased services		180
222 Library and media services		
400 Supplies and materials		1,000
223 Supervision of special programs		
400 Supplies and materials		175

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2016**

224 Improvement of instruction - inservice and staff training		
100 Salaries	\$	3,775
200 Employee benefits		921
300 Purchased services		12,382
400 Supplies and materials		738
260 Central support services		
266 Technology and data processing services		
400 Supplies and materials		<u>9,604</u>
Total support services		<u>86,289</u>
400 Other charges		
410 Intergovernmental expenditures		
412 Payments to other governmental units		
720 Transits		<u>4,840</u>
Total intergovernmental expenditures		<u>4,840</u>
Total expenditures		<u>938,619</u>
OTHER FINANCING SOURCES (USES)		
Interfund transfers, from (to) other funds		
420-710 Transfer to general fund (exclude indirect costs)		<u>(467,284)</u>
Total other financing sources (uses)		<u>(467,284)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES		<u>-0-</u>
FUND BALANCE, July 1, 2015		<u>-0-</u>
FUND BALANCE, June 30, 2016	\$	<u><u>-0-</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Fiscal Year Ended June 30, 2016**

PROGRAM	<u>Revenues</u>	<u>Expenditures</u>	EIA Intefund		<u>EIA Fund Unearned</u>
			<u>Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
3500 Education Improvement Act					
3502 ADEPT	\$ 7,347	\$ 7,347	\$ -	\$ -	\$ -
3505 Technology support	10,000	10,000	-	-	-
3511 Professional development	22,098	22,098	-	-	6,486
3512 Technology professional development	-	-	-	-	13,782
3518 Formative assessment	12,918	12,918	-	-	-
3525 Career and technology education equipment	69,882	66,682	-	(3,200)	21,685
3526 Refurbishment of K-8 science kits	17,512	17,512	-	-	8,271
3532 National board salary supplement	102,333	102,333	-	-	-
3533 Teacher of the year awards	1,077	1,077	-	-	-
3535 Reading coaches	-	-	-	-	8,000
3538 Students at risk of school failure	217,971	217,971	-	-	100,000
3541 Child development education program (CDEP)	376,457	376,457	-	-	-
3550 Teacher salary increase	403,559	-	-	(403,559)	-
3555 Teacher salary fringe	60,525	-	-	(60,525)	-
3558 Reading	11,353	11,353	-	-	13,224
3577 Teacher supplies	46,250	46,250	-	-	-
3578 High schools that work/making middle grades work	-	-	-	-	4,967
3592 Work-based learning	10,927	10,927	-	-	1,556
3595 EEDA supplies and materials	3,218	3,218	-	-	4,567
3597 Aid to districts	32,476	32,476	-	-	-
TOTALS	\$ 1,405,903	\$ 938,619	\$ -0-	\$ (467,284)	\$ 182,538

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

REVENUES

1000 Revenue from local sources		
1200 Revenue from local governmental units other than LEAs		
1210 Ad valorem taxes - including delinquent (dependent)	\$	1,740,026
1280 Revenue in lieu of taxes (independent and dependent)		135,916
1500 Earnings on investments		
1510 Interest on investments		1,001
1900 Other revenue from local sources		
1990 Miscellaneous local revenue		
1999 Revenue from other local sources		<u>365,280</u>
Total local sources		<u>2,242,223</u>
3000 Revenue from state sources		
3800 State revenue in lieu of taxes		
3820 Homestead exemption (tier 2)		126,145
3830 Merchant's inventory tax		1,155
3840 Manufacturers depreciation reimbursement		70,967
3890 Other state property tax revenues (includes motor carrier vehicle tax)		<u>7,669</u>
Total state sources		<u>205,936</u>
Total revenue all sources		<u>2,448,159</u>

EXPENDITURES

500 Debt service		
610 Redemption of principal		2,153,029
620 Interest		640,873
690 Other objects (includes fees for servicing bonds)		<u>2,306</u>
Total expenditures		<u>2,796,208</u>

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016

OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
5250 Transfer from school building fund	\$ <u>722,823</u>
Total other financing sources (uses)	<u>722,823</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	374,774
FUND BALANCE, July 1, 2015	<u>602,348</u>
FUND BALANCE, June 30, 2016	\$ <u><u>977,122</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
School Building Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 246
1900 Other revenue from local sources	
1990 Miscellaneous local revenue	
1999 Revenue from other local sources	<u>1,564,570</u>
Total local sources	<u>1,564,816</u>
Total revenue all sources	<u>1,564,816</u>

EXPENDITURES

250 Finance and operations services	
253 Facilities acquisition and construction	
300 Purchased services	45,052
500 Capital outlay	
520 Construction services	6,279,776
540 Equipment	30,495
600 Other objects	
690 Other objects	<u>48,123</u>
Total expenditures	<u>6,403,446</u>

OTHER FINANCING SOURCES (USES)

5100 Sale of bonds	
5110 Premium on bonds sold	9,582
5120 Proceeds of general obligation bonds	3,524,000
Interfund transfers, from (to) other funds	
423-710 Transfer to debt service fund	<u>(722,823)</u>
Total other financing sources (uses)	<u>2,810,759</u>

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES (2,027,871)

FUND BALANCE, July 1, 2015 3,923,684

FUND BALANCE, June 30, 2016 \$ 1,895,813

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Food Service Fund
Schedule of Revenues, Expenditures, and Changes in Retained Earnings
For Fiscal Year Ended June 30, 2016**

REVENUES

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 275
1600 Food service	
1610 Lunch sales to pupils	85,773
1630 Special sales to pupils	78,718
1640 Lunch sales to adults	37,577
1650 Breakfast sales to adults	86
1660 Special sales to adults	6,567
1900 Other revenue from local sources	
1990 Miscellaneous local revenue	
1999 Revenue from other local sources	<u>11,041</u>
Total revenue from local sources	<u>220,037</u>
4000 Revenue from federal sources	
4800 USDA reimbursement	
4810 School lunch and after school snacks program	932,154
4830 School breakfast program	<u>551,276</u>
Total revenue from federal sources	<u>1,483,430</u>
Total revenue all sources	<u>1,703,467</u>

EXPENDITURES

250 Finance and Operations	
256 Food services	
100 Salaries	503,056
200 Employee benefits	72,925
300 Purchased services (excludes energy costs)	34,213
400 Supplies and materials (includes energy costs)	769,933
500 Capital outlay	32,209
600 Other objects	<u>2,963</u>
Total expenditures	<u>1,415,299</u>

OTHER FINANCING SOURCES (USES)

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

EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES 213,772

RETAINED EARNINGS, July 1, 2015 589,294

RETAINED EARNINGS, June 30, 2016 \$ 803,066

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

Pupil Activity Fund

Balance Sheet

June 30, 2016

	<u>Student Activity Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 129,869
Investments	<u>124,850</u>
Total assets	<u><u>\$ 254,719</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Due to student organizations	\$ 90,221
Other payables	<u>164,498</u>
Total liabilities	<u>254,719</u>
FUND BALANCES	
	<u>-0-</u>
Total liabilities and fund balances	<u><u>\$ 254,719</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Pupil Activity Fund
Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations
For Fiscal Year Ended June 30, 2016**

RECEIPTS

1000 Receipts from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 154
1700 Pupil activities	
1710 Admissions	70,589
1720 Bookstore sales	34,710
1730 Pupil organization membership dues and fees	36,969
1740 Student fees	52,479
1790 Other pupil activity income	<u>500,213</u>
Total receipts from local sources	<u>695,114</u>

DISBURSEMENTS

100 Instruction	
190 Instructional pupil activity	
660 Pupil activity	111,200
200 Support services	
270 Support services - pupil activity	
271 Pupil service activities	
660 Pupil activity	457,725
272 Enterprise activities	
660 Pupil activity	124,458
273 Trust and agency activities	
660 Pupil activity	<u>46,576</u>
Total disbursements	<u>739,959</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
5210 Transfer from general fund (excludes indirect costs)	<u>40,561</u>
Total other financing sources (uses)	<u>40,561</u>

EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS (4,284)

DUE TO STUDENT ORGANIZATIONS, July 1, 2015 94,505

DUE TO STUDENT ORGANIZATIONS, June 30, 2016 \$ 90,221

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2016

<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, 2016

<u>Function</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Construction In Progress</u>	<u>Totals</u>
Crescent High School	\$ 537,710	\$ 7,589,037	\$ 1,966,819	\$ 976,825	\$ 2,705,160	\$ 13,775,551
Starr-Iva Middle School	23,477	4,225,615	734,453	426,677	-	5,410,222
Iva Elementary School	25,982	2,252,401	1,270,377	488,194	-	4,036,954
Starr Elementary School	224,746	3,705,149	1,406,916	290,719	-	5,627,530
Flat Rock Elementary School	225,915	14,118,682	462,661	120,208	-	14,927,466
Administration	5,331	236,720	522,690	508,329	-	1,273,070
Totals	<u>\$ 1,043,161</u>	<u>\$ 32,127,604</u>	<u>\$ 6,363,916</u>	<u>\$ 2,810,952</u>	<u>\$ 2,705,160</u>	<u>\$ 45,050,793</u>

<u>Function</u>	<u>Capital Assets July 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Capital Assets June 30, 2016</u>
Crescent High School	\$ 9,694,795	\$ 4,080,756	\$ -	\$ 13,775,551
Starr-Iva Middle School	4,845,493	564,729	-	5,410,222
Iva Elementary School	2,880,144	1,156,810	-	4,036,954
Starr Elementary School	4,470,718	1,156,812	-	5,627,530
Flat Rock Elementary School	14,464,805	462,661	-	14,927,466
Administration	2,589,371	352,965	(1,669,266)	1,273,070
Totals	<u>\$ 38,945,326</u>	<u>\$ 7,774,733</u>	<u>\$ (1,669,266)</u>	<u>\$ 45,050,793</u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Location Reconciliation Schedule
For the Fiscal Year Ended June 30, 2016**

<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	\$ 3,444,209
03	Starr Elementary	Elementary school	School	4,629,970
04	Starr-Iva Middle	Middle school	School	4,532,869
05	Crescent High	High school	School	9,198,955
06	District Office	Non-school	Central	2,149,115
08	Flat Rock Elementary	Elementary school	School	3,374,936
09	District Office	Non-school	Central	160,794
12	District Office	Non-school	Central	254,050
15	District Office	Non-school	Central	452,377
99	District Office	Non-school	Central	<u>5,109,448</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				\$ <u><u>33,306,723</u></u>

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

General Fund	\$ 18,193,924
Special Revenue Fund (includes EIA)	3,757,884
Debt Service Fund	2,796,208
Capital Projects Fund	6,403,447
Proprietary Fund	1,415,300
Trust and Agency Fund	<u>739,960</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	\$ <u><u>33,306,723</u></u>

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Highlights
For the Fiscal Year Ended June 30, 2016**

The table on this page presents pupil cost based on the average daily attendance of 2,519. 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 2015-2016 Average Daily <u>Attendance</u>
Instruction	\$ 4,306.12
Pupil services	278.71
Instructional staff services	313.66
Administration	660.70
Finance and operations	1,348.93
Central support	222.02
Pupil activities	82.03
Community service	4.14
Intergovernmental	5.52
Debt service	<u>0.84</u>
Total	<u>\$ 7,222.67</u>

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Numbers

10.555
10.553

Name of Federal Program or Cluster

School Lunch Program
School Breakfast Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

**ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2016**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
Schedule of Prior Year Findings
For Fiscal Year Ended June 30, 2016

Section I - Financial Statement Findings

None.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
IVA, SOUTH CAROLINA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

<u>LEA Subfund Code</u>	<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Total Expenditures</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through SDE:				
201	Title I grant to LEAs	84.010	16-BA006	\$ 744,480
207	CATE (Subprogram 02)	84.048	16-VA006	16,278
207	CATE (Subprogram 04)	84.048	16-VA006	2,800
207	CATE (Subprogram 05)	84.048	16-VA006	1,984
207	CATE (Subprogram 06)	84.048	16-VA006	6,113
207	CATE (Subprogram 08)	84.048	16-VA006	15,027
207	CATE (Subprogram 10)	84.048	16-VA006	3,282
	Total 84. 048			<u>45,484</u>
203	Individuals with disabilities education (IDEA)	84.027	16-CA006	839,253
251	Rural and low-income school program, Title VI	84.358	16-BS006	59,704
205	Handicapped preschool grants	84.173	16-CG006	25,045
267	Improving teacher quality	84.367A	16-TQ006	86,715
243	Adult education	84.002	N/A	430
232	McKinney-Vento homeless	84.196	N/A	8,473
Passed through Anderson County School District 5:				
264	Language instr for limited english proficient/immigrant students, Title III	84.365	N/A	<u>5,000</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>1,814,584</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through SDE:				
600's	School Lunch Program **	10.555	N/A	932,154
600's	School Breakfast Program **	10.553	N/A	551,276
600's	Commodities/Food Distribution **	10.550	N/A	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>1,483,430</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 3,298,014</u>

**Denotes Major Program

See accompanying notes to the Schedule of Expenditures of Federal Awards.

ANDERSON COUNTY SCHOOL DISTRICT NUMBER THREE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

(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, 2016. 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.

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, 2016, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2016. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Greenville, South Carolina
October 31, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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”) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 District’s internal controls. We noted no matters involving the internal control over compliance that we consider material weaknesses.

Our consideration of the internal control over compliance was for the limited purpose described above and 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.

Martin Smith and Company CPAs PA

Greenville, South Carolina
October 31, 2016