

DILLON COUNTY SCHOOL DISTRICT NO. 3
LATTA, SOUTH CAROLINA

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FISCAL YEAR ENDED JUNE 30, 2010

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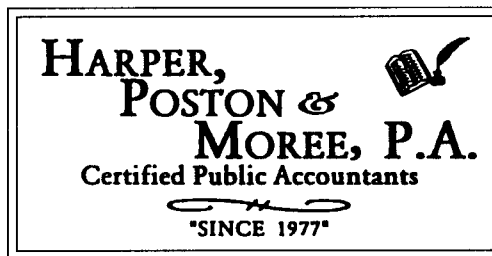
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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Dillon County School District No. 3
Latta, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dillon County School District No. 3, Latta, South Carolina, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dillon County School District No. 3, Latta, South Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2011 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 42 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is 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 an 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements, supplemental schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Harper, Poston & Moree, P.A.
Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
February 22, 2011

DILLON COUNTY SCHOOL DISTRICT THREE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) FOR YEAR ENDED JUNE 30, 2010

This discussion and analysis of Dillon County School District Three's financial statements will provide readers with an overall review of the District's financial activities and performance for the fiscal year ended June 30, 2010. Readers are encouraged to consider this information in conjunction with the additional information in the District's financial statements and the accompanying notes to those financial statements.

Dillon County School District Three's audit reporting procedures assist in further explaining changes in its financial position and operational results by comparing data of the same content with the prior fiscal year.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the fiscal year ended June 30, 2010 by \$10,608,259 (net). Of this amount \$3,250,230 is unrestricted.
- The District's total net assets increased \$467,439 which represents an approximate 5% increase from fiscal year ended June 30, 2009.
- Revenues totaled \$13,188,626.
- Expenses totaled \$12,721,187.
- Our principal operating fund, the General Fund, had \$7,902,601 in fiscal year 2010 revenues, which primarily consisted of state aid and property taxes and \$7,569,607 in expenditures. The General Fund's fund balance increased \$463,273 from \$3,461,359 as of June 30, 2009 to \$3,924,632 as of June 30, 2010.
- As of the close of the year, approximately 70% of the District's ending fund balances are available for spending at the District's discretion (unreserved, undesignated fund balances).

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements (General, Special Revenue, Debt Service, Capital Projects, Proprietary, and Fiduciary), and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic

financial statements themselves. A description of these statements and some related definitions follow:

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. These statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (government activities) and functions principally supported by user charges (business type activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. The business type activities of the District include Food Services. The government-wide financial statements are included on pages 12 and 13 of the report.

Statement of Net Assets: The statement of net assets presents information on all of the District's assets and liabilities except for those related to fiduciary funds, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Fund Financial 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal 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 inflows and outflows 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 the District'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 District'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 this comparison between governmental funds and governmental activities.

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, Special Projects, EIA, Debt Service and School Building Funds, all of which are considered to be major funds.

Proprietary Funds: Services for which the District charges a fee are generally reported in the proprietary funds. Proprietary fund statements are reported on the accrual basis and include the District's food service fund.

Fiduciary Funds: Fiduciary (Pupil Activity) funds are used to account for resources held for the benefit of students and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds.

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: In addition to the basic financial statements, this report also presents certain required supplementary information for the General Fund demonstrating compliance with the annual appropriated budget.

The District maintains its accounting records in conformity with the South Carolina Department of Education's Financial Accounting Handbook. Combining and individual fund schedules mandated by the South Carolina Department of Education follow the basic financial statements and are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$10,608,259 as of June 30, 2010.

By far the largest portion of the District's net assets (60%) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

The following table presents a summary of the District's net assets for the fiscal year ended June 30, 2010 as compared to fiscal year ended June 30, 2009:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 5,190,610	3,763,153	\$ 272,936	151,655	\$ 5,463,546	3,914,808
Capital assets, net	6,501,124	6,710,165	126,652	115,892	6,627,726	6,826,057
Total Assets	11,691,734	10,473,318	399,588	267,547	12,091,322	10,740,865
Current liabilities	187,529	234,413	-0-	-0-	187,529	234,413
Long-term liabilities	1,295,534	365,632	-0-	-0-	1,295,534	365,632
Total Liabilities	1,483,063	600,045	-0-	-0-	1,483,063	600,045
Net Assets:						
Invested in capital assets, net of related debt	6,250,741	6,406,348	126,652	115,892	6,377,393	6,522,240
Restricted for Capital Projects	980,636	-0-	-0-	-0-	980,636	-0-
Unrestricted	2,977,294	3,466,925	272,936	151,655	2,977,294	3,618,580
Total Net Assets	\$ 10,208,671	9,873,273	\$ 399,588	267,547	\$ 10,208,671	10,140,820

At the end of the current fiscal year, the District is reporting positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The District began the year with net assets of \$10,140,820 and ended the fiscal year with net assets of \$10,208,671.

The following table presents a comparative summary of the changes in net assets for the fiscal year ended June 30, 2010 and for the fiscal year ended June 30, 2009:

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
REVENUES:						
Program Revenues:						
Charges for Services	\$ 151,136	111,844	\$ 114,126	105,481	\$ 265,262	217,325
Operating Grants & Contributions	8,990,194	8,643,360	769,076	715,668	9,759,270	9,359,028
Capital Grants & Contributions	177,900	208,810	18,984	-0-	196,884	208,810
General Revenues						
Property Taxes Levied for Gen Purpose	1,952,901	1,873,270	-0-	-0-	1,952,901	1,873,270
Property Taxes Levied for Debt Service	81,476	81,476	-0-	-0-	81,476	81,476
State Aid	880,599	879,873	-0-	-0-	880,599	879,873
Unrestricted Investment Earnings	52,142	93,102	92	83	52,234	93,185
Total Revenues	12,286,348	11,891,735	902,278	821,232	13,188,626	12,712,967
EXPENSES:						
Instruction	6,737,993	7,345,483	-0-	-0-	6,737,993	7,345,483
Supporting Services	5,053,387	4,946,920	-0-	-0-	5,053,387	4,946,920
Intergovernmental	87,673	46,465	-0-	-0-	87,673	46,465
Interest & Other Charges	12,535	10,503	-0-	-0-	12,535	10,503
Depreciation – Unallocated	98,398	98,033	-0-	-0-	98,398	98,033
Food Service	-0-	-0-	731,201	706,204	731,201	706,204
Total Expenses	11,989,986	12,447,404	731,201	706,204	12,721,187	13,153,608
Excess before Transfers	296,362	(555,669)	171,077	115,028	467,439	(440,641)
Transfers	39,036	12,680	(39,036)	(12,680)	-0-	-0-
INCREASE/(DECREASE) in Net Assets	335,398	(542,989)	132,041	102,348	467,439	(440,641)
Net Assets, Beginning	9,873,273	10,416,262	267,547	165,199	10,140,820	10,581,461
Net Assets, Ending	\$ 10,208,671	9,873,273	\$ 399,588	267,547	\$ 10,608,259	10,140,820

Governmental Activities: The following table presents the cost of the major functional activities: instruction, support services, intergovernmental and interest on long-term debt. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions:

	Total Expenses		Net (Expense) Revenue	
	2010	2009	2010	2009
Instruction	\$ 6,737,993	7,345,483	\$ 67,883	(528,158)
Support Services	5,053,387	4,946,920	(2,576,028)	(2,830,202)
Intergovernmental	87,673	46,465	(51,678)	(16,494)
Interest and Other Charges	12,535	10,503	(12,535)	(10,503)
Depreciation (unallocated)	98,398	98,033	(98,398)	(98,033)
Totals	\$ 11,989,986	12,447,404	\$ (2,670,756)	(3,483,390)

- The cost of all governmental activities this year was \$11,989,986.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$9,319,230.
- Net cost of governmental activities (\$2,670,756), was financed by general revenues, which are made up of primarily property taxes \$2,034,377, state aid \$880,599 and other miscellaneous general revenues, grants and transfers of \$39,036. Investment earnings accounted for \$52,142 of funding. All of these components contributed to an overall increase in net assets for Governmental activities of \$335,398.
- The net increase in governmental activities net assets of \$335,398 accounts for approximately 72% of the total increase in the District's net assets.

Business-Type Activities: Net assets of business-type activities increased by \$132,041 for the current fiscal year. This increase represents approximately 28% of the total increase in the District's net assets.

- Charges for services increased approximately 8% from fiscal year ended June 30, 2009 primarily due to an increase in ala carte sales to students and adults.

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 focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. Unreserved, undesignated fund balance represents approximately 45% of total General Fund expenditures.

As of the end of the current fiscal year, the District's governmental funds reported total combined unreserved ending fund balances of \$3,924,632, an increase of \$463,273 in comparison with the prior year.

Approximately \$540,750 of the District's fund balance has been designated to indicate that it is not available for new spending because it has already been committed to future Capital Projects expenditures approved by the Board of Trustees. The General Fund is the principal operating fund of the District.

The Capital Projects Fund has an ending fund balance of \$980,636, all of which is reserved for school renovation projects.

Proprietary Funds: The Proprietary Funds generally provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

The Food Service Fund showed an increase in net assets of \$132,041. The balance on June 30, 2010 was \$399,588. The balance on June 30, 2009 was \$267,547. Other factors concerning the finances of this fund have already been addressed in the discussion of the District's business-type activities.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets: As of June 30, 2010, the District has invested \$6,501,124 (net of accumulated depreciation) in capital assets, including land, school buildings and facilities, vehicles, and instructional and maintenance equipment of governmental activities. This represents a net \$209,041 decrease from the prior year. Total depreciation expense for the year was \$407,759.

As of June 30, 2010, a total of \$540,750 has been approved for expending if needed for SY 10-11 and beyond for school projects to include maintenance and operations and a land purchase.

The following schedule presents capital asset balances for governmental activities, net of depreciation, for the fiscal year ended June 30, 2010:

	Amount	
	2010	2009
Land	\$ 471,791	471,791
Construction in Progress	-0-	26,859
Buildings	3,796,348	3,937,392
Improvements	2,062,523	2,066,197
Vehicles	72,231	63,107
Instructional Equipment	96,687	137,441
Maintenance Equipment	1,544	7,378
Total Assets	\$ 6,501,124	6,710,165

The net capital assets ending balance for business-type activities is \$126,652, an increase of \$10,760 from the prior year. Depreciation expense for the year was \$14,344. Additional information on the District's capital assets can be found in Note 4 of this report.

Long-Term Debt: At fiscal year-end, the District has \$1,231,019 in general obligation bonds outstanding, of which \$182,985 in principal payments are due within one year. The following table presents a summary of the District's outstanding long-term debt for the fiscal year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Gen. Obligation Bonds	<u>\$303,817</u>	<u>\$1,000,000</u>	<u>\$ (72,798)</u>	<u>\$1,231,019</u>	<u>\$ 182,985</u>

During the current year, the District issued general obligation bonds to finance school renovation projects.

Under current state statutes, the District can issue general obligation debt without referendum whenever the new debt and outstanding balances of existing debt do not exceed 8% of taxable assessed values on property located within the district. More detailed information about the District's debt obligations and future debt service requirements can be found in Note 5 of this report.

BUDGETARY HIGHLIGHTS

Our General Fund budget preparing process for fiscal year 2010 continues to include estimating local tax revenue using 135-day average daily student membership and state revenue based on the state proposed base student count. As in past years, efforts were maintained in striving to obtain local and state grants to compensate for many of the budgeted expenditure items.

During the current fiscal year, there were no changes made to the original adopted budget. Following is an analysis of significant variations between budget and actual results:

- Actual state revenues of the General Fund were \$600,681 less than budgeted primarily due to continued state budget cuts.
- Actual instructional expenditures of the General Fund were \$927,438 less than budgeted primarily as a result of a decrease in salaries and fringe benefits of instructional and special programs.

A schedule showing the original General Fund budgeted and actual expenditure functions is provided in the report as required supplementary information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District presented a balanced budget for fiscal year 2010-11 to the County Board of Education. The 2010-11 budget focuses on maintaining high educational standards and

continuing to improve student achievement. Highlights of the budget include: continuation of International Baccalaureate teacher training and related costs; medical screening for employees; student insurance; salary increases for employees paid from SDE salary schedule gaining a years experience; continuation of security crossing guards; \$2.00 over pay scale per hour for bus drivers; perfect attendance bonuses for teachers and bus drivers; and new/additional technology equipment for students.

State revenues are fluctuating due to the present day unstable economy. The District received numerous state funding cuts during the past several years, however, our student population has not experienced a decline in enrollment as have many districts in the state. Our growing number of students and our reserve fund has helped to compensate for our decreases in revenue. The District will continue in its efforts to obtain grants that can be utilized to compensate for certain budgeted expenditure items.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Office of the Finance Director, Dillon County School District Three, 205 King Street, Latta, South Carolina 29565.

BASIC FINANCIAL STATEMENTS

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF NET ASSETS
JUNE 30, 2010

	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash	\$ -0-	\$ 218,802	\$ 218,802
Taxes Receivable (Net of Allowance)	212,889	-0-	212,889
Due From County Treasurer	3,954,368	-0-	3,954,368
Due From Other Agencies	73,993	-0-	73,993
Due From State Department of Education	905,778	-0-	905,778
Due From Federal Government	-0-	72,115	72,115
Internal Balances	25,601	(25,601)	-0-
Inventories	-0-	7,620	7,620
Capital Assets (Net of Accumulated Depreciation):			
Land (Non-Depreciable)	471,791	-0-	471,791
Buildings	3,796,348	-0-	3,796,348
Improvements	2,062,523	-0-	2,062,523
Vehicles	72,231	-0-	72,231
Equipment	98,231	126,652	224,883
Deferred Bond Issuance Costs (Net of Amortization)	17,981	-0-	17,981
TOTAL ASSETS	\$ 11,691,734	\$ 399,588	\$ 12,091,322
LIABILITIES			
Accounts Payable	\$ 43,298	\$ -0-	\$ 43,298
Accrued Payroll Liabilities & Benefits Payable	77,544	-0-	77,544
Accrued Interest Payable	3,355	-0-	3,355
Due To State Department of Education	8,083	-0-	8,083
Unearned Grant Revenues	55,249	-0-	55,249
Noncurrent Liabilities:			
Due Within One Year	227,500	-0-	227,500
Due In More Than One Year	1,068,034	-0-	1,068,034
TOTAL LIABILITIES	\$ 1,483,063	\$ -0-	\$ 1,483,063
NET ASSETS			
Invested In Capital Assets, Net of Related Debt	\$ 6,250,741	\$ 126,652	\$ 6,377,393
Restricted for Capital Projects	980,636	-0-	980,636
Unrestricted	2,977,294	272,936	3,250,230
TOTAL NET ASSETS	\$ 10,208,671	\$ 399,588	\$ 10,608,259

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction	\$ 6,737,993	\$ 73,242	\$ 6,704,860	\$ 27,774	\$ 67,883	\$ -0-	\$ 67,883
Supporting Services	5,053,387	41,899	2,285,334	150,126	(2,576,028)	-0-	(2,576,028)
Intergovernmental	87,673	35,995	-0-	-0-	(51,678)	-0-	(51,678)
Interest and Other Charges	12,535	-0-	-0-	-0-	(12,535)	-0-	(12,535)
Depreciation - Unallocated*	98,398	-0-	-0-	-0-	(98,398)	-0-	(98,398)
Total Governmental Activities	\$ 11,989,986	\$ 151,136	\$ 8,990,194	\$ 177,900	\$ (2,670,756)	\$ -0-	\$ (2,670,756)
Business-Type Activities:							
Food Service	\$ 731,201	\$ 114,126	\$ 769,076	\$ 18,984	\$ -0-	\$ 170,985	\$ 170,985
Total Business-Type Activities	\$ 731,201	\$ 114,126	\$ 769,076	\$ 18,984	\$ -0-	\$ 170,985	\$ 170,985
TOTALS	\$ 12,721,187	\$ 265,262	\$ 9,759,270	\$ 196,884	\$ (2,670,756)	\$ 170,985	\$ (2,499,771)
GENERAL REVENUES							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 1,952,901	\$ -0-	\$ 1,952,901
Property Taxes, Levied for Debt Service					81,476	-0-	81,476
State Aid Not Restricted to Specific Programs					880,599	-0-	880,599
Unrestricted Investment Earnings					52,142	92	52,234
TRANSFERS					39,036	(39,036)	-0-
TOTAL GENERAL REVENUES AND TRANSFERS					\$ 3,006,154	\$ (38,944)	\$ 2,967,210
CHANGE IN NET ASSETS					\$ 335,398	\$ 132,041	\$ 467,439
NET ASSETS BEGINNING OF YEAR					9,873,273	267,547	10,140,820
NET ASSETS END OF YEAR					\$ 10,208,671	\$ 399,588	\$ 10,608,259

* Excludes depreciation of \$309,361 that is included in the direct expenses of the various functions.

The accompanying notes are an integral part of these financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	GENERAL	SPECIAL PROJECTS
ASSETS		
Taxes Receivable (Net of Allowance for Uncollectibles)	\$ 212,889	\$ -0-
Due From County Treasurer	3,954,368	-0-
Due From Other Funds	-0-	-0-
Due From Other Agencies	-0-	73,993
Due From State Department of Education	33,483	869,763
TOTAL ASSETS	\$ 4,200,740	\$ 943,756
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	\$ 43,298	\$ -0-
Due To Other Funds	72,079	882,956
Due To State Department of Education	-0-	8,083
Accrued Payroll Liabilities	77,544	-0-
Deferred Tax Revenues	83,187	-0-
Deferred Grant Revenues	-0-	52,717
Total Liabilities	\$ 276,108	\$ 943,756
Fund Balances		
Reserved for:		
Capital Projects	\$ -0-	\$ -0-
Unreserved, Designated for, Reported in:		
Special Projects - General Fund	540,750	-0-
Unreserved, Undesignated Reported in:		
General Fund	3,383,882	-0-
Total Fund Balances	\$ 3,924,632	\$ -0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,200,740	\$ 943,756

The accompanying notes are an integral part of these financial statements.

<u>EDUCATION IMPROVEMENT ACT</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ -0-	\$ -0-	\$ -0-	\$ 212,889
-0-	-0-	-0-	3,954,368
-0-	-0-	980,636	980,636
-0-	-0-	-0-	73,993
<u>2,532</u>	<u>-0-</u>	<u>-0-</u>	<u>905,778</u>
<u>\$ 2,532</u>	<u>\$ -0-</u>	<u>\$ 980,636</u>	<u>\$ 6,127,664</u>

\$ -0-	\$ -0-	\$ -0-	\$ 43,298
-0-	-0-	-0-	955,035
-0-	-0-	-0-	8,083
-0-	-0-	-0-	77,544
-0-	-0-	-0-	83,187
<u>2,532</u>	<u>-0-</u>	<u>-0-</u>	<u>55,249</u>
<u>\$ 2,532</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,222,396</u>

\$ -0-	\$ -0-	\$ 980,636	\$ 980,636
-0-	-0-	-0-	540,750
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,383,882</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 980,636</u>	<u>\$ 4,905,268</u>
<u>\$ 2,532</u>	<u>\$ -0-</u>	<u>\$ 980,636</u>	<u>\$ 6,127,664</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2010**

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

Ending fund balances - governmental funds balance sheet	\$	4,905,268
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,501,124
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		83,187
Long-term liabilities, including general obligation bonds payable, compensated absences, and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(1,280,908)</u>
Net assets of governmental activities	\$	<u><u>10,208,671</u></u>

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2010

	GENERAL	SPECIAL PROJECTS
REVENUES		
Local	\$ 2,071,499	\$ 160,188
State	5,668,486	662,539
Federal	-0-	2,534,721
Intergovernmental	162,616	-0-
TOTAL REVENUES	\$ 7,902,601	\$ 3,357,448
EXPENDITURES		
Current		
Instruction	\$ 3,559,676	\$ 2,363,694
Supporting Services	3,918,515	783,576
Intergovernmental Expenditures	51,678	35,995
Debt Service		
Principal	-0-	-0-
Interest and Fiscal Agent Fees	-0-	-0-
Bond Issuance Costs	-0-	-0-
Capital Outlay	67,208	174,183
TOTAL EXPENDITURES	\$ 7,597,077	\$ 3,357,448
Excess Revenues Over (Under) Expenditures	\$ 305,524	\$ -0-
OTHER FINANCING SOURCES (USES)		
Proceeds of General Obligation Bonds	\$ -0-	\$ -0-
Transfers From Other Funds	322,834	-0-
Transfers To Other Funds	(165,085)	-0-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 157,749	\$ -0-
Net Change in Fund Balances	\$ 463,273	\$ -0-
FUND BALANCES BEGINNING OF YEAR	3,461,359	-0-
FUND BALANCES END OF YEAR	\$ 3,924,632	\$ -0-

The accompanying notes are an integral part of these financial statements.

<u>EDUCATION IMPROVEMENT ACT</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ -0-	\$ 81,476	\$ -0-	\$ 2,313,163
926,181	-0-	3,717	7,260,923
-0-	-0-	-0-	2,534,721
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>162,616</u>
\$ <u>926,181</u>	\$ <u>81,476</u>	\$ <u>3,717</u>	\$ <u>12,271,423</u>
\$ 582,090	\$ -0-	\$ -0-	\$ 6,505,460
60,293	-0-	10,335	4,772,719
-0-	-0-	-0-	87,673
-0-	72,798	-0-	72,798
-0-	8,678	-0-	8,678
-0-	-0-	19,364	19,364
<u>-0-</u>	<u>-0-</u>	<u>158,467</u>	<u>399,858</u>
\$ <u>642,383</u>	\$ <u>81,476</u>	\$ <u>188,166</u>	\$ <u>11,866,550</u>
\$ <u>283,798</u>	\$ <u>-0-</u>	\$ <u>(184,449)</u>	\$ <u>404,873</u>
\$ -0-	\$ -0-	\$ 1,000,000	\$ 1,000,000
-0-	-0-	165,085	487,919
<u>(283,798)</u>	<u>-0-</u>	<u>-0-</u>	<u>(448,883)</u>
\$ <u>(283,798)</u>	\$ <u>-0-</u>	\$ <u>1,165,085</u>	\$ <u>1,039,036</u>
\$ -0-	\$ -0-	\$ 980,636	\$ 1,443,909
-0-	-0-	-0-	3,461,359
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,461,359</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>980,636</u></u>	\$ <u><u>4,905,268</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2010**

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

Net change in fund balances - total governmental funds	\$	1,443,909
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(209,041)
Revenues in the statement of activities that will not be collected for several months after year end and do not provide for current financial resources, are not reported as revenues in the funds.		14,925
The issuance of long-term debt (e.g. general obligation bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(907,838)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(6,557)</u>
Change in net assets of governmental activities	\$	<u><u>335,398</u></u>

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

BUSINESS-TYPE
ACTIVITY
ENTERPRISE FUND
(FOOD SERVICE)

ASSETS

Current Assets:

Cash	\$ 218,802
Due From Federal Government	72,115
Inventories	<u>7,620</u>
Total Current Assets	<u>\$ 298,537</u>

Noncurrent Assets:

Equipment	\$ 209,895
Less: Accumulated Depreciation	<u>(83,243)</u>
Total Noncurrent Assets	<u>\$ 126,652</u>

TOTAL ASSETS

\$ 425,189

LIABILITIES

Current Liabilities:

Due To Other Funds	\$ 25,601
Total Current Liabilities	<u>\$ 25,601</u>

TOTAL LIABILITIES

\$ 25,601

NET ASSETS

Invested in Capital Assets	\$ 126,652
Unrestricted	<u>272,936</u>

TOTAL NET ASSETS

\$ 399,588

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)
OPERATING REVENUES	
Proceeds from Sales of Meals	\$ <u>106,222</u>
TOTAL OPERATING REVENUES	\$ <u>106,222</u>
OPERATING EXPENSES	
Food Costs	\$ 333,820
Salaries and Employee Benefits	230,705
Utilities	6,116
Depreciation	14,344
Supplies and Materials	100,378
Other Operating Costs	<u>45,838</u>
TOTAL OPERATING EXPENSES	\$ <u>731,201</u>
Operating Income (Loss)	\$ <u>(624,979)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest	\$ 92
USDA Reimbursements	742,314
Commodities Received From USDA	45,083
Other Federal and State Aid	663
Miscellaneous Revenues	<u>7,904</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ <u>796,056</u>
Income (Loss) Before Transfers	\$ 171,077
TRANSFERS IN (OUT)	\$ <u>(39,036)</u>
Change in Net Assets	\$ 132,041
NET ASSETS BEGINNING OF YEAR	<u>267,547</u>
NET ASSETS END OF YEAR	\$ <u><u>399,588</u></u>

The accompanying notes are an integral part of these financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITY ENTERPRISE FUND <u>(FOOD SERVICE)</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Patrons	\$ 106,222
Payments to Suppliers for Goods and Services	(508,796)
Payments to Employees for Services	<u>(230,705)</u>
Net Cash Provided (Used) By Operating Activities	\$ <u>(633,279)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Federal Reimbursements	\$ 760,377
Other Nonoperating Grants Received	663
Other Miscellaneous Receipts	7,904
Transfers to Other Funds	<u>(39,036)</u>
Net Cash Provided (Used) By Non-Capital Financing Activities	\$ <u>729,908</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	\$ <u>(25,105)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	\$ <u>(25,105)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	\$ <u>92</u>
Net Cash Provided (Used) By Investing Activities	\$ <u>92</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 71,616
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>147,186</u>
CASH AND CASH EQUIVALENTS END OF YEAR	\$ <u><u>218,802</u></u>

The accompanying notes are an integral part of these financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

**BUSINESS-TYPE
ACTIVITY
ENTERPRISE FUND
(FOOD SERVICE)**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (624,979)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Depreciation	14,344
Non-Cash Commodities Used	45,083
Changes in Assets and Liabilities:	
(Increase) Decrease in Inventory	(2,343)
Increase (Decrease) in Due To Other Funds	<u>(65,384)</u>
Net Cash Provided (Used) By Operating Activities	\$ <u><u>(633,279)</u></u>

Supplemental Non-Cash Financing and Investing Information:

Non-Cash Commodities Received from USDA	\$ <u><u>45,083</u></u>
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The accompanying notes are an integral part of these financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	<u>AGENCY FUND</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>213,392</u>
TOTAL ASSETS	\$ <u>213,392</u>
LIABILITIES	
Accounts Payable	\$ 1,719
Due To Third Parties	<u>211,673</u>
TOTAL LIABILITIES	\$ <u>213,392</u>
NET ASSETS	\$ <u><u>-0-</u></u>

The accompanying notes are an integral part of these financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dillon County School District No. 3 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The District is a Local Education Agency empowered by State law with the responsibility to oversee and control activities related to public school education in a portion of Dillon County, South Carolina. The Board receives state, local, and federal government funding and must adhere to the legal requirements of each funding entity. The District operates under the direction of a board of trustees appointed by the Dillon County Board of Trustees. Each trustee serves a term of three years. Upon completion of this term, the trustee continues to serve until a replacement is appointed by the Dillon County Board of Trustees. A Superintendent, hired by the Board, serves as the chief administrative officer of the District.

The financial reporting entity, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Based on this criteria, the District has determined there were no separate governmental units or other organizations meeting the criteria for inclusion in the reporting entity.

Government-Wide and Fund Financial Statements

The financial statement presentation for the District meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related amendments, pronouncements, and interpretations. The financial statement presentation provides a comprehensive, entity-wide perspective of the District's net assets, revenues, expenses and changes in net assets and cash flows that replaces the fund-group perspective previously required and provides for the inclusion of Management's Discussion and Analysis as required supplementary information.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District as a whole. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities.

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. Internally dedicated resources are also reported as general revenues.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Each major fund is determined in accordance with criteria established by the Governmental Accounting Standards Board. All non-major funds are aggregated and reported in a single column of the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement 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. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for food sales and services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The focus of proprietary fund measurement focus is upon determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are similar to businesses operating in the private sector, where fees are charged to external users for goods and services provided.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Since by definition these assets are being held for the benefit of a third party and cannot be used to finance activities or obligations of the District, these funds are not incorporated into the government-wide statements. These funds are, however, reported in the fund financial statements.

The District utilizes the following governmental funds:

General Fund: The general fund is the primary operating fund of the District. The general fund accounts for all financial resources except those that are required to be reported in another fund.

Special Revenue Fund - Special Projects Fund: Accounts for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes.

Special Revenue Fund - Education Improvement Act Fund: Accounts for the proceeds of the additional one percent sales and use tax that are restricted to expenditures for the Education Improvement Act strategies.

Debt Service Fund: Accounts for the accumulation of resources for and the payment of general long-term debt principal and interest.

Capital Projects Fund - School Building Fund: Accounts for major capital expenditures other than the acquisition of machinery, furniture, and vehicles which is usually accounted for in the fund responsible for financing the expenditures.

The District utilizes the following proprietary fund:

Enterprise Fund - Food Service Fund: Accounts for the operations of the breakfast and lunch food service programs within the District.

The District utilizes the following fiduciary fund:

Agency Fund - Pupil Activity Fund: Reports resources held by the District in a custodial capacity for students and student organizations.

The District reports the General Fund, Special Revenue - Special Projects Fund, Special Revenue - Education Improvement Act Fund, Debt Service Fund, and Capital Projects - School Building Fund as major governmental funds. The District reports the Enterprise - Food Service Fund as a major proprietary fund.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues, expenditures/expenses, and other sources and uses recognized during the reporting period. Actual results could differ from those amounts.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the United States and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal depository insurance, certificates of deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

Receivables

All receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Such allowances are estimated based upon such factors as length of delinquency, historical analysis, and available means for collection enforcement.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Interfund receivables and payables are eliminated in the government-wide financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventory in the food service fund consists of food and supplies held for resale. Inventories are valued at cost using the first-in/first-out (FIFO) method except for commodities received from the United States Department of Agriculture which are stated at values assigned by the USDA.

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All assets of the Food Service fund are capitalized, regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings	10 - 50
Improvements	10 - 50
Vehicles	3 - 10
Equipment	3 -12

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function. Depreciation for capital assets that serve essentially all functions is included in the statement of activities as a separate line item "depreciation - unallocated."

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation. All vacation pay and salary related expenses are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service.

A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Employees can earn up to 45 vacation days. The portion of time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide statements.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenues

Deferred revenues arise when a potential revenue does not meet criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the government has a legal claim to the resources, or the revenue has been earned, the liability is removed and revenue is recognized.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Net Assets/Fund Balances

The District's net assets in the government-wide financial statements and proprietary fund financial statements are classified as follows:

Invested in Capital Assets, Net of Related Debt: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Assets: This represents resources in which the District is legally or contractually obligated to spend in accordance with restrictions externally imposed by third parties or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets: Any remaining balance of net assets is reported as unrestricted, including management designations.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

Property taxes are assessed and collected under a joint billing and collection agreement with Dillon County. Property taxes are levied each October (except for vehicles which are annually assessed on the first day of the month the automobiles are registered) on the assessed value listed as of the prior January 1st for all real and personal property located in the County. The tax levy is considered due upon receipt by the taxpayer, however, the actual due date is January 15th. All unpaid taxes become delinquent on January 16th of the following year and are put into execution on March 15th. Vehicle taxes are levied monthly and are due within the period they are levied. Taxes collected by the County Treasurer are held for the Dillon County Board of Education. The County Board then distributes the funds for current operations to the three school districts in the county. Property taxes are recognized under the standards established by GASB Statement No. 33 for imposed nonexchange revenues.

Nonexchange Transactions

The standards established by GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*", provide accounting and reporting for the following four categories of nonexchange transactions: 1) Derived tax revenues, 2) Imposed nonexchange revenues, 3) Government-mandated nonexchange transactions, and 4) Voluntary nonexchange transactions. Nonexchange transactions involve financial or capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.

Assets from derived tax revenues are recognized when the underlying exchange has occurred or when the resources are received, whichever first. Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim has arisen or when resources are received, whichever occurs first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues, and expenditures from government-mandated and voluntary nonexchange transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as deferred revenues. Eligibility requirements can include one or more of the following:

1. The recipient has the characteristics specified by the provider.
2. Time requirements specified by the provider have been met.
3. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
4. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS

At year end, the District's carrying amount of deposits was \$432,194 and the corresponding bank balance was \$517,344.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a formal policy for custodial credit risk, but follows the investment policy statutes of the State of South Carolina. As of June 30, 2010, \$247,344 of the District's bank balances of \$517,344 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Cash with Fiscal Agent - The County Treasurer's Office collects the District's taxes, as well as certain federal and state revenues. The County Treasurer invests the District's monies with the South Carolina Local Government Investment Pool until the District submits a claim voucher. The pool is insured for both principal and interest. At year end the County Treasurer was responsible for \$3,954,368.

NOTE 3 - RECEIVABLES

Receivables as of the year end for individual major and nonmajor governmental funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Special Projects	EIA	Total
Receivables:				
Taxes	\$ 236,777	\$ -0-	\$ -0-	\$ 236,777
State and Federal Grants	33,483	869,763	2,532	905,778
Other Agencies	-0-	73,993	-0-	73,993
Gross Receivables	\$ 270,260	\$ 943,756	\$ 2,532	\$ 1,216,548
Less: Allowance for Uncollectible Taxes	(23,888)	-0-	-0-	(23,888)
Net Receivables	\$ <u>246,372</u>	\$ <u>943,756</u>	\$ <u>2,532</u>	\$ <u>1,192,660</u>

Receivables as of the year end for business-type activities consisted of \$72,115 due from USDA for reimbursement of federal food service revenues. There is no allowance associated with this receivable.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred revenues in the governmental funds consisted of \$83,187 in property taxes which are considered unavailable to liquidate current liabilities and \$55,249 in grants which are considered unearned.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 471,791	\$ -0-	\$ -0-	\$ 471,791
Construction in Progress	<u>26,859</u>	<u>158,467</u>	<u>(185,326)</u>	<u>-0-</u>
Total Capital Assets, not Being Depreciated	\$ <u>498,650</u>	\$ <u>158,467</u>	\$ <u>(185,326)</u>	\$ <u>471,791</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 8,790,962	\$ -0-	\$ -0-	\$ 8,790,962
Improvements	3,648,412	196,327	-0-	3,844,739
Vehicles	251,699	29,250	-0-	280,949
Instructional Equipment	354,689	-0-	-0-	354,689
Maintenance Equipment	<u>124,507</u>	<u>-0-</u>	<u>-0-</u>	<u>124,507</u>
Total Capital Assets Being Depreciated	\$ <u>13,170,269</u>	\$ <u>225,577</u>	\$ <u>-0-</u>	\$ <u>13,395,846</u>
Less Accumulated Depreciation for:				
Buildings	\$ (4,853,570)	\$ (141,045)	\$ -0-	\$ (4,994,614)
Improvements	(1,582,215)	(200,001)	-0-	(1,782,216)
Vehicles	(188,592)	(20,126)	-0-	(208,718)
Instructional Equipment	(217,248)	(40,754)	-0-	(258,002)
Maintenance Equipment	<u>(117,129)</u>	<u>(5,833)</u>	<u>-0-</u>	<u>(122,963)</u>
Total Accumulated Depreciation	\$ <u>(6,958,754)</u>	\$ <u>(407,759)</u>	\$ <u>-0-</u>	\$ <u>(7,366,513)</u>
Total Capital Assets, Being Depreciated, Net	\$ <u>6,211,515</u>	\$ <u>(182,182)</u>	\$ <u>-0-</u>	\$ <u>6,029,333</u>
Governmental Activities Capital Assets, Net	\$ <u><u>6,710,165</u></u>	\$ <u><u>(23,715)</u></u>	\$ <u><u>(185,326)</u></u>	\$ <u><u>6,501,124</u></u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ <u>191,409</u>	\$ <u>25,105</u>	\$ <u>(6,619)</u>	\$ <u>209,895</u>
Total Capital Assets Being Depreciated	\$ <u>191,409</u>	\$ <u>25,105</u>	\$ <u>(6,619)</u>	\$ <u>209,895</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	\$ <u>(75,518)</u>	\$ <u>(14,344)</u>	\$ <u>6,619</u>	\$ <u>(83,243)</u>
Total Accumulated Depreciation	\$ <u>(75,518)</u>	\$ <u>(14,344)</u>	\$ <u>6,619</u>	\$ <u>(83,243)</u>
Total Capital Assets, Being Depreciated, Net	\$ <u>115,891</u>	\$ <u>10,761</u>	\$ <u>-0-</u>	\$ <u>126,652</u>
Business-Type Activities Capital Assets, Net	\$ <u><u>115,891</u></u>	\$ <u><u>10,761</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>126,652</u></u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS (continued)

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

Governmental Activities:

Instruction	\$	206,221
Supporting Services		103,140
Unallocated		<u>98,398</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>407,759</u></u>

Business-Type Activities:

Food Service	\$	<u>14,344</u>
Total Depreciation Expense - Business-Type Activities	\$	<u><u>14,344</u></u>

NOTE 5 - LONG-TERM DEBT

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of debt obligations. The bonds have been issued to provide funds for the acquisition and construction of major facilities and improvements.

General obligation bonds currently outstanding at June 30, 2010, are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2010</u>
2003	2.86%	May 23, 2013	\$ 700,000	\$ 231,019
2009	0.40%	March 1, 2019	<u>1,000,000</u>	<u>1,000,000</u>
Totals			\$ <u><u>1,700,000</u></u>	\$ <u><u>1,231,019</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 182,985	\$ 11,992	\$ 194,977
2012	186,942	8,035	194,977
2013	189,517	5,460	194,977
2014	110,815	2,686	113,501
2015	111,258	2,243	113,501
2016 - 2019	<u>449,502</u>	<u>4,505</u>	<u>454,007</u>
Totals	\$ <u><u>1,231,019</u></u>	\$ <u><u>34,921</u></u>	\$ <u><u>1,265,940</u></u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - LONG-TERM DEBT (continued)

The following is a summary of changes in long-term obligations and balances for June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 303,817	\$ 1,000,000	\$ (72,798)	\$ 1,231,019	\$ 182,985
Compensated Absences	61,815	48,443	(45,743)	64,515	44,515
Totals	\$ <u>365,632</u>	\$ <u>1,048,443</u>	\$ <u>(118,541)</u>	\$ <u>1,295,534</u>	\$ <u>227,500</u>

For governmental activities, the general fund typically liquidates other long-term liabilities such as compensated absences.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At June 30, 2010, interfund receivables and payables resulting from various interfund transactions were as follows. All balances are expected to be repaid within the following year.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ -0-	\$ 72,079
Special Projects	-0-	882,956
School Building Fund	980,636	-0-
Food Service Fund	-0-	25,601
Total	\$ <u>980,636</u>	\$ <u>980,636</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

Transfers are used to move certain revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including indirect cost allocations. A schedule of transfers is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 322,834	\$ 165,085
EIA	-0-	283,798
School Building Fund	165,085	-0-
Food Service Fund	-0-	39,036
Total	\$ 487,919	\$ 487,919

NOTE 7 - POSTEMPLOYMENT BENEFITS

Plan Description

In accordance with the South Carolina Code of Laws and the Annual Appropriations Act, the State of South Carolina provides certain health care, dental, life insurance, and long-term disability (OPEB) benefits to certain retired State and school district employees and their covered dependents. All permanent full-time and certain permanent part-time employees of the District are eligible to receive these benefits.

The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for health and dental benefits if they have established at least ten years of retirement service credit. For new hires after May 2, 2008 and thereafter, retirees are eligible for benefits if they have established twenty-five years of services for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a state retirement system. Basic long-term disability benefits are provided to active employees approved for disability.

Funding Policy

Sections 1-11-705 and 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.50% of annual covered payroll for fiscal year 2009-2010. The EIP sets the employer contribution rate based on a pay-as-you-go basis.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 - POSTEMPLOYMENT BENEFITS (continued)

The District recorded fringe benefit expenses for insurance benefits for active employees in the amount of \$784,898 for the year ended June 30, 2010. The District also paid \$250,791 applicable to the 3.50% surcharge included with the employer contributions for retirement benefits. (The District paid \$240,554 and \$237,354 in 2009 and 2008, respectively.) These amounts were remitted to the South Carolina Retirement Systems for distribution to the Division of Insurance Services for retiree health and dental insurance benefits. Basis long-term disability benefits are funded through a per person premium. The monthly premium per active employee paid to EIP was \$3.50 for the fiscal year ended June 30, 2010.

To comply with the provisions of GASB Statement No. 43, the State created two postemployment benefit trust funds, the South Carolina Retiree Health Insurance Trust (SCRHITF) and the Long Term Disability Insurance Trust (LTDITF), to account for postemployment benefits provided by the State. These trusts are reported in the State's Comprehensive Annual Financial Report as fiduciary funds and the unfunded obligation of providing these postemployment benefits is reported as a liability in each of the trusts. The schedule of funding progress for the OPEB plans based on the most recent actuarial valuation date and complete financial statements may be obtained by writing to Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, South Carolina 29201.

Information regarding the cost of insurance benefits applicable to the District's retirees is not available. By State law, the District has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

NOTE 8 - RETIREMENT PLAN

South Carolina Retirement System

Plan Description

District employees participate in a plan administered by the South Carolina Retirement Systems (SCRS) which is classified as a cost-sharing multiple-employer public employee retirement system (PERS). The plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established under authority of Title 9 of the South Carolina Code of Laws.

The South Carolina Retirement Systems issues a Comprehensive Annual Financial Report which discloses detailed information regarding benefit provisions and actuarial information. That report is available to the public and may be obtained by writing to South Carolina Retirement Systems, P. O. Box 11960, Capital Station, Columbia, South Carolina 29211-1960 or by accessing their website at www.retirement.sc.gov.

Funding Policy

Members of the SCRS are required to contribute at the rate of 6.50% of their covered wages. The District is required to contribute at actuarially determined rates, currently 9.39% of SCRS member wages, which includes a .15% group life contribution. The contribution requirements of plan members and the District are established by the South Carolina Retirement Systems under authority of Title 9 of the South Carolina Code of Laws. The District's contributions to the SCRS for the plan years ending June 30, 2010, 2009, and 2008 were \$672,838, \$645,374, and \$639,190, respectively. Actual contributions were equal to the required contributions each year.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 8 - RETIREMENT PLAN (continued)

Optional Retirement Program

Plan Description

Certain employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The state assumes no liability for this plan other than for payment of contributions to designated insurance companies. ORP participation is limited to personnel who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within the first ninety days of employment.

Funding Policy - Optional Retirement Program

Under state law, contributions to the ORP are required at the same rates as for the SCRS. A direct remittance is required from the employer to the investment provider for the employee contribution and a portion of the employer contribution. Also, a direct remittance is required to the SCRS for a portion of the employer contribution, which must be retained by the SCRS. The District did not employ any individuals during the year ended June 30, 2010 that participated in the ORP.

Teacher and Employee Retention Incentive Program

Plan Description

The Teacher and Employee Retention Incentive Program (TERI), is a deferred retirement option program offered under the SCRS. Upon reaching normal retirement eligibility, a member can elect to retire and continue working under the TERI program for a maximum of five years, after which employment will cease. During the TERI period, retirement annuity is not paid to retirees, but monthly benefits are accumulated in TERI accounts and distributed to members upon termination of employment.

Funding Policy - Teacher and Employee Retention Incentive Program

TERI participants who entered the program after June 30, 2005, must continue to contribute at the same rate as active plan members of the SCRS. Those participants who entered the TERI program prior to July 1, 2005, make no employee contributions while participating in the program. The District is required to contribute at the current actuarially determined rates of the SCRS for all TERI participants.

NOTE 9 - DEFERRED COMPENSATION PLAN

The District offers a deferred compensation plan to all its employees under a plan administered by the South Carolina Deferred Compensation Commission, and established in accordance with Internal Revenue Code Section 457. Employees are permitted to defer portions of their salaries until future years. Only upon termination, retirement, disability, death or an approved hardship is the deferred compensation available to an employee.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 - DEFERRED COMPENSATION PLAN (continued)

In 1996, Congress passed new legislation to govern IRC section 457 plans. Specifically, the new legislation concludes that a plan shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries. During the year ended June 30, 1999, the South Carolina Deferred Compensation Commission modified their plan to comply with the new legislative requirements.

GASB Statement No. 32 was issued to address the financial reporting ramifications of the new federal legislation and states that a fiduciary relationship must exist for a governmental entity to report the balances and transactions related to the plan in its financial statements. According to the provisions of the statement, it was determined that a fiduciary relationship did not exist for the District's IRC section 457 plan.

NOTE 10 - 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 pays an annual premium to the South Carolina School Board Insurance Trust for its general insurance. The South Carolina School Board Insurance Trust reinsures through commercial companies for certain claims. There were no significant reductions in insurance coverage from the previous year and no settlements have exceeded insurance coverage for the past three fiscal years ended June 30, 2010, 2009, and 2008.

The District also acquires insurance from the South Carolina School Board Insurance Trust for job related injury and illness (workers' compensation) for its employees. Workers' compensation is insured under a retrospectively rated policy where premiums paid are estimated throughout the year and adjusted subsequent to the policy period based on actual experience.

NOTE 11 - CONTINGENCIES

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 12 - RELATED ORGANIZATIONS

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, requires certain legally separate tax-exempt organizations for which the primary government is not financially accountable to be included in the financial reporting entity if certain criteria are met. The standard is directed principally toward fund-raising organizations, such as foundations, parent teacher organizations (PTOs), and booster clubs. The District reviewed its relationship with these related organizations and determined they should not be included in the reporting entity because their economic resources are not significant to the District.

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12 - RELATED ORGANIZATIONS (continued)

In February of 2008, The Latta Schools Educational Foundation, Inc. (the Foundation) was formed as a tax-exempt nonprofit corporation under section 501 (c) (3) of the Internal Revenue Code. The organization's primary purpose is to provide scholarships to students of the District through tax deductible donations and grants. During the year ended June 30, 2010, the District's pupil activity funds transferred \$36,010 in maturing certificates of deposit to the Foundation to maintain for future scholarships. The District evaluated the impact of this organization as a potential component unit and determined that it should not be included in the reporting entity because it is not financially accountable for the foundation and its nature and economic resources are not significant so that exclusion would render the financial statements incomplete or misleading.

NOTE 14 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. The following explains certain elements of that reconciliation:

Long-Term Assets Not Available to Pay Current Period Expenditures:	
Property Taxes	\$ <u>83,187</u>
	\$ <u><u>83,187</u></u>
Long-Term Liabilities Not Reported in the Funds:	
General Obligation Bonds	\$ (1,231,019)
Accrued Interest Payable	(3,355)
Compensated Absences Payable	(64,515)
Deferred Bond Issuance Costs (Net)	<u>17,981</u>
	\$ <u><u>(1,280,908)</u></u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. The following explains certain elements of that reconciliation:

Capital Outlays:	
Capital Outlay Expenditures	\$ 198,718
Depreciation Expense	<u>(407,759)</u>
	\$ <u><u>(209,041)</u></u>

DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 14 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS (continued)

Revenues Not Recognized in the Funds:	
Property Taxes	\$ <u>14,925</u>
	\$ <u><u>14,925</u></u>
Issuance and Repayment of Long-Term Debt:	
Issuance of General Obligation Bonds	\$ (1,000,000)
Issuance Costs of General Obligation Bonds	19,364
Principal Repayment on General Obligation Bonds	<u>72,798</u>
	\$ <u><u>(907,838)</u></u>
Expenses Not Recognized in the Funds:	
Compensated Absences	\$ (2,700)
Accrued Interest on Long-Term Debt	(2,474)
Amortization of Issuance Costs	<u>(1,383)</u>
	\$ <u><u>(6,557)</u></u>

NOTE 15 - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” which is effective for the District’s year ending June 30, 2011. This statement redefines the components of fund balance and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. The effect of implementation of this statement has not been determined.

NOTE 16 - SUBSEQUENT EVENTS

On October 19, 2010, the District purchased land adjacent to school facilities on E. Academy Street for approximately \$40,000.

On January 18, 2011, the District’s Board authorized a resolution to convey land for the construction of the Latta Early Childhood Center to the Dillon County Board of Education. As of the date of this report the land had not been conveyed.

On February 8, 2011, the District’s Board approved a motion to transfer certain non-vital school properties to the Latta Schools Education Foundation, Inc. These properties include Oak Grove property, teacherage, majority of Cook property, approximately 15 acres for the Cemetery Committee, approximately 150 acres originally intended for a conservation easement, and vacant lot on Academy Street. As of the date of this report, these properties had not been conveyed.

REQUIRED SUPPLEMENTARY INFORMATION

**DILLON COUNTY SCHOOL DISTRICT NO. 3
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES				
Local	\$ 1,989,470	\$ 1,989,470	\$ 2,071,499	\$ 82,029
State	6,269,167	6,269,167	5,668,486	(600,681)
Intergovernmental	138,000	138,000	162,616	24,616
TOTAL REVENUES	\$ 8,396,637	\$ 8,396,637	\$ 7,902,601	\$ (494,036)
EXPENDITURES				
Current				
Instruction	\$ 4,488,614	\$ 4,488,614	\$ 3,559,676	\$ 928,938
Supporting Services	3,929,449	3,929,449	3,918,515	10,934
Intergovernmental Expenditures	65,000	65,000	51,678	13,322
Capital Outlay	96,300	96,300	67,208	29,092
TOTAL EXPENDITURES	\$ 8,579,363	\$ 8,579,363	\$ 7,597,077	\$ 982,286
Excess Revenues Over (Under) Expenditures	\$ (182,726)	\$ (182,726)	\$ 305,524	\$ 488,250
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	\$ 182,726	\$ 182,726	\$ 322,834	\$ 140,108
Transfers To Other Funds	-0-	-0-	(165,085)	(165,085)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 182,726	\$ 182,726	\$ 157,749	\$ (24,977)
Net Change in Fund Balance	\$ -0-	\$ -0-	\$ 463,273	\$ 463,273
FUND BALANCE BEGINNING OF YEAR	3,461,359	3,461,359	3,461,359	-0-
FUND BALANCE END OF YEAR	\$ 3,461,359	\$ 3,461,359	\$ 3,924,632	\$ 463,273

**DILLON COUNTY SCHOOL DISTRICT NO. 3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and legally adopted on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governments for the general fund. Amounts presented in the “*Original*” budget column in the budgetary comparison schedule reflect amounts originally adopted. Amounts presented in the “*Final*” budget column include any amendments or supplemental appropriations formally authorized by the District’s Board of Trustees. All annual appropriations lapse at fiscal year end.

The annual budget is prepared by the District and approved by the Board of Trustees. Prior to July 1, the budget is legally enacted through the passage of a resolution by the Board. The budget is prepared by function, object, and location as dictated by the S.C. State Department of Education. District administration has discretionary authority to make transfers of appropriations between and within functions; however, the total budget cannot be increased without approval by the Board. The legal level of control is at the fund level.

Formal budgetary accounting is employed as a management control for the District. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriations, is not utilized by the District.

NOTE 2 - PRESENTATION

The budgetary comparison schedule presents the general fund and each major individual special revenue fund for which an annual budget is legally adopted. Budgets are not legally adopted for the *Special Projects and Education Improvement Act* special revenue funds. As such, they have been excluded from the budgetary comparison presentation.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
1000 Revenue from Local Sources			
1100 Taxes:			
1110 Ad Valorem Taxes -			
Including Delinquent Taxes	\$ 1,469,798	\$ 1,584,127	\$ 114,329
1140 Penalties and Interest on Taxes	16,306	15,933	(373)
1190 Other Taxes	345,562	337,916	(7,646)
1500 Earnings on Investments:			
1510 Interest on Investments	95,000	52,142	(42,858)
1900 Other Revenue From Local Sources:			
1920 Contributions & Donations Private Sources	-0-	8,305	8,305
1930 Medicaid	-0-	1,712	1,712
1999 Revenue from Other Local Sources	62,804	71,364	8,560
Total Local Sources	\$ 1,989,470	\$ 2,071,499	\$ 82,029
2000 Intergovernmental Revenue			
2100 Payments from Other Governmental Units	\$ 138,000	\$ 162,616	\$ 24,616
Total Intergovernmental Revenues	\$ 138,000	\$ 162,616	\$ 24,616
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	\$ -0-	\$ 611	\$ 611
3160 School Bus Driver Salary	71,083	78,267	7,184
3162 Transportation Workers' Compensation	-0-	7,279	7,279
3180 Fringe Benefits Employer Contributions	1,387,417	1,385,351	(2,066)
3199 Other Restricted State Grants	-0-	13,351	13,351
3200 Unrestricted Grants:			
3250 Medicaid Match Reimbursement	-0-	3,326	3,326
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	*	-0-	214,944
3312 Primary	*	-0-	695,893
3313 Elementary	*	-0-	925,558
3314 High School	*	-0-	244,478
3315 Trainable Mentally Handicapped	*	-0-	40,210
3316 Speech Handicapped	*	-0-	235,066
3317 Homebound	*	-0-	5,196
3319 EFA Underpayment	*	-0-	11,881
3320 Part-Time Programs:			
3321 Emotionally Handicapped	*	-0-	1,068
3322 Educable Mentally Handicapped	*	-0-	41,099
3323 Learning Disabilities	*	-0-	193,950
3325 Visually Handicapped	*	-0-	4,222

* The District budgeted EFA programs (revenue account numbers 3311-3331) in total.

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES (continued)			
3000 Revenue from State Sources (continued)			
3300 Education Finance Act (continued):			
3320 Part-Time Programs (continued):			
3326 Orthopedically Handicapped	*	-0-	23,456
3327 Vocational	*	-0-	640,467
3330 Other EFA Programs:			
3331 Autism	*	-0-	25,540
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Property Tax Relief	184,116	184,116	-0-
3820 Homestead Exemption	-0-	107,065	107,065
3825 Reimbursement for Property Tax Relief	480,568	516,770	36,202
3830 Merchant's Inventory Tax	21,077	21,629	552
3840 Manufacturers Depreciation Reimbursement	32,968	18,070	(14,898)
3890 Other State Property Tax Revenues	35,350	29,623	(5,727)
Total State Sources	\$ 6,269,167	\$ 5,668,486	\$ (600,681)
TOTAL REVENUE ALL SOURCES	\$ 8,396,637	\$ 7,902,601	\$ (494,036)

EXPENDITURES

100 Instruction

110 General Instruction

111 Kindergarten Programs:

100 Salaries	\$	200,586	\$	190,860	\$	9,726
200 Employee Benefits		57,862		50,134		7,728
400 Supplies and Materials		12,750		5,001		7,749

112 Primary Programs:

100 Salaries	845,922	739,166		106,756
200 Employee Benefits	264,700	200,314		64,386
400 Supplies and Materials	14,800	7,213		7,587

113 Elementary Programs:

100 Salaries	786,106	574,630		211,476
200 Employee Benefits	263,700	167,219		96,481
300 Purchased Services	-0-	3,725		(3,725)
400 Supplies and Materials	15,985	9,923		6,062

114 High School Programs:

100 Salaries	1,099,446	912,118		187,328
200 Employee Benefits	353,179	260,287		92,892
300 Purchased Services	-0-	1,196		(1,196)
400 Supplies and Materials	30,735	29,824		911

115 Career and Technology Education Programs:

100 Salaries	133,102	132,989		113
200 Employee Benefits	45,482	45,062		420
500 Capital Outlay	-0-	1,500		(1,500)

**DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (continued)			
100 Instruction (continued)			
120 Exceptional Programs (continued)			
121 Educable Mentally Handicapped:			
100 Salaries	50,795	-0-	50,795
200 Employee Benefits	15,046	-0-	15,046
122 Trainable Mentally Handicapped:			
100 Salaries	51,668	34,677	16,991
200 Employee Benefits	20,251	10,491	9,760
126 Speech Handicapped:			
100 Salaries	24,099	27,470	(3,371)
200 Employee Benefits	9,473	2,394	7,079
127 Learning Disabilities:			
100 Salaries	25,398	25,398	-0-
200 Employee Benefits	6,874	6,826	48
128 Emotionally Handicapped:			
100 Salaries	25,398	25,398	-0-
200 Employee Benefits	6,874	6,826	48
130 Pre-School Programs			
137 Pre-School Handicapped-Self-Contained			
100 Salaries	-0-	432	(432)
139 Early Childhood Programs:			
100 Salaries	46,219	-0-	46,219
200 Employee Benefits	15,029	-0-	15,029
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	18,398	21,230	(2,832)
200 Employee Benefits	8,392	8,330	62
145 Homebound:			
100 Salaries	-0-	3,307	(3,307)
200 Employee Benefits	-0-	664	(664)
300 Purchased Services	9,500	836	8,664
170 Summer School Program			
175 Instructional Programs Beyond Regular School Day			
300 Purchased Services	-0-	1,199	(1,199)

**DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (continued)			
100 Instruction (continued)			
180 Adult/Continuing Educational Programs			
188 Parenting/Family Literacy:			
100 Salaries	23,522	42,342	(18,820)
200 Employee Benefits	7,323	12,169	(4,846)
400 Supplies and Materials	-0-	26	(26)
Total Instruction	\$ 4,488,614	\$ 3,561,176	\$ 927,438
200 Supporting Services			
210 Pupil Services			
211 Attendance and Social Work Services:			
400 Supplies and Materials	\$ -0-	\$ 28	\$ (28)
212 Guidance Services:			
100 Salaries	181,131	181,490	(359)
200 Employee Benefits	55,090	54,415	675
300 Purchased Services	2,000	1,163	837
400 Supplies and Materials	2,000	2,235	(235)
213 Health Services:			
100 Salaries	62,469	64,569	(2,100)
200 Employee Benefits	24,859	21,360	3,499
300 Purchased Services	1,500	744	756
400 Supplies and Materials	12,000	10,588	1,412
214 Psychological Services:			
100 Salaries	68,995	65,995	3,000
200 Employee Benefits	20,532	13,900	6,632
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	174,078	76,135	97,943
200 Employee Benefits	42,497	20,913	21,584
300 Purchased Services	22,100	3,608	18,492
400 Supplies and Materials	-0-	9,456	(9,456)
222 Library and Media Services:			
100 Salaries	93,120	94,766	(1,646)
200 Employee Benefits	25,755	25,657	98
400 Supplies and Materials	10,032	9,925	107
223 Supervision of Special Programs:			
100 Salaries	130,562	130,298	264
200 Employee Benefits	35,153	33,840	1,313
400 Supplies and Materials	-0-	177	(177)

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (continued)			
200 Supporting Services (continued)			
220 Instructional Staff Services (continued)			
224 Improvement of Instruction - Inservice Training:			
100 Salaries	-0-	345	(345)
200 Employee Benefits	-0-	19	(19)
300 Purchased Services	20,500	5,805	14,695
400 Supplies and Materials	1,050	293	757
600 Other Objects	450	565	(115)
230 General Administration Services			
231 Board of Education:			
100 Salaries	2,500	2,500	-0-
200 Employee Benefits	514	499	15
300 Purchased Services	12,000	7,406	4,594
318 Audit Services	20,000	20,135	(135)
600 Other Objects	137,907	189,966	(52,059)
232 Office of the Superintendent:			
100 Salaries	176,449	191,449	(15,000)
200 Employee Benefits	68,413	74,282	(5,869)
300 Purchased Services	12,600	11,185	1,415
400 Supplies and Materials	5,350	2,809	2,541
500 Capital Outlay	1,500	-0-	1,500
600 Other Objects	3,000	1,974	1,026
233 School Administration:			
100 Salaries	509,520	484,026	25,494
200 Employee Benefits	167,727	148,945	18,782
300 Purchased Services	1,000	906	94
400 Supplies and Materials	8,292	7,148	1,144
600 Other Objects	2,740	3,955	(1,215)
250 Finance and Operations Services			
252 Fiscal Services:			
100 Salaries	83,500	83,500	-0-
200 Employee Benefits	50,725	48,954	1,771
300 Purchased Services	8,700	6,396	2,304
400 Supplies and Materials	2,000	1,684	316
254 Operation and Maintenance of Plant:			
100 Salaries	229,153	234,384	(5,231)
200 Employee Benefits	92,690	91,434	1,256
300 Purchased Services	314,600	387,818	(73,218)
321 Public Utilities	12,100	15,474	(3,374)
400 Supplies and Materials	85,000	103,067	(18,067)
470 Energy	275,500	258,479	17,021
500 Capital Outlay	13,000	39,507	(26,507)
600 Other Objects	-0-	968	(968)

DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES (continued)			
200 Supporting Services (continued)			
250 Finance and Operations Services (continued)			
255 Student Transportation:			
100 Salaries	39,876	211,489	(171,613)
200 Employee Benefits	15,791	69,683	(53,892)
300 Purchased Services	194,342	18,525	175,817
400 Supplies and Materials	1,800	1,151	649
256 Food Services:			
200 Employee Benefits	95,307	73,146	22,161
257 Internal Services:			
300 Purchased Services	3,500	6,897	(3,397)
258 Security:			
300 Purchased Services	32,500	17,505	14,995
260 Central Support Services			
266 Technology and Data Processing Services:			
100 Salaries	70,000	82,149	(12,149)
200 Employee Benefits	17,815	23,426	(5,611)
300 Purchased Services	16,200	31,405	(15,205)
400 Supplies and Materials	-	3,619	(3,619)
500 Capital Outlay	81,800	26,201	55,599
270 Supporting Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries	120,428	120,151	277
200 Employee Benefits	24,237	23,792	445
400 Supplies and Materials	7,500	7,129	371
660 Pupil Activity	22,300	20,816	1,484
Total Supporting Services	\$ 4,025,749	\$ 3,984,223	\$ 41,526
400 Intergovernmental Expenditures			
412 Payments to Other Governmental Units			
720 Transits	\$ 65,000	\$ 51,678	\$ 13,322
Total Intergovernmental Expenditures	\$ 65,000	\$ 51,678	\$ 13,322
TOTAL EXPENDITURES	\$ 8,579,363	\$ 7,597,077	\$ 982,286
Excess Revenues Over (Under) Expenditures	\$ (182,726)	\$ 305,524	\$ 488,250

**DILLON COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 182,726	\$ 283,798	\$ 101,072
5280 Transfer from Other Funds Indirect Costs	-0-	39,036	39,036
424 - 710 Transfer to School Building Fund	<u>-0-</u>	<u>(165,085)</u>	<u>(165,085)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>182,726</u>	\$ <u>157,749</u>	\$ <u>(24,977)</u>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ <u><u>-0-</u></u>	\$ 463,273	\$ <u><u>463,273</u></u>
FUND BALANCE JULY 1, 2009		<u>3,461,359</u>	
FUND BALANCE JUNE 30, 2010		\$ <u><u>3,924,632</u></u>	

DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2010

	<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>
REVENUES			
1000 Revenue From Local Sources			
1900 Other Revenue from Local Sources:			
1930 Medicaid	\$ -0-	\$ -0-	\$ -0-
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Local Sources	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
3000 Revenue From State Sources			
3100 Restricted State Funding:			
3110 Occupational Education:			
3117 EEDA Middle and High School Career Awareness	\$ -0-	\$ -0-	\$ -0-
3118 EEDA Career Specialist	-0-	-0-	-0-
3120 General Education:			
3123 Formative Assessment	-0-	-0-	-0-
3125 Career and Technology Education Equipment	-0-	-0-	-0-
3126 Refurbishment of K-8 Science Kits	-0-	-0-	-0-
3127 Student Health and Fitness - PE Teachers	-0-	-0-	-0-
3128 High Schools That Work/Making Middle Grades Work	-0-	-0-	-0-
3130 Special Programs:			
3134 Child Development Education Pilot Program (CDEPP)	-0-	-0-	-0-
3136 Student Health and Fitness - Nurses	-0-	-0-	-0-
3190 Miscellaneous Restricted State Grants:			
3193 Education License Plates	-0-	-0-	-0-
3600 Education Lottery Act Revenue:			
3607 6-8 Enhancement	-0-	-0-	-0-
3610 K-5 Enhancement	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total State Sources	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
4000 Revenue From Federal Sources			
4300 Elementary and Secondary Education Act of 1965 (ESEA):			
4310 Title I, Basic State Grant Programs	\$ 668,768	\$ -0-	\$ -0-
4312 Rural and Low-Income School Program, Title VI	-0-	-0-	-0-
4315 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs	-0-	-0-	-0-
4331 Enhancing Education Through Technology (E2T2), Title II	-0-	-0-	-0-
4333 Enhancing Education Through Technology (E2T2), Title II, (ARRA)	-0-	-0-	-0-
4350 State Fiscal Stabilization Fund (ARRA)	-0-	-0-	-0-
4351 Improving Teacher Quality	-0-	-0-	-0-
4500 Programs for Children with Disabilities:			
4510 Individuals With Disabilities Education Act (IDEA)	-0-	368,648	-0-
4520 Pre-School Grants	-0-	-0-	22,257

DRUG FREE (FP/FQ Projects) (209/210)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
\$ -0-	\$ -0-	\$ 151,136	\$ 151,136
<u>-0-</u>	<u>-0-</u>	<u>9,052</u>	<u>9,052</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>160,188</u>	\$ <u>160,188</u>
\$ -0-	\$ 954	\$ -0-	\$ 954
-0-	81,495	-0-	81,495
-0-	7,941	-0-	7,941
-0-	27,419	-0-	27,419
-0-	2,667	-0-	2,667
-0-	16,955	-0-	16,955
-0-	4,629	-0-	4,629
-0-	276,682	-0-	276,682
-0-	60,742	-0-	60,742
-0-	355	-0-	355
-0-	4,265	-0-	4,265
<u>-0-</u>	<u>178,435</u>	<u>-0-</u>	<u>178,435</u>
\$ <u>-0-</u>	\$ <u>662,539</u>	\$ <u>-0-</u>	\$ <u>662,539</u>
\$ -0-	\$ -0-	\$ -0-	\$ 668,768
-0-	-0-	41,955	41,955
-0-	-0-	247,961	247,961
-0-	-0-	155,904	155,904
-0-	-0-	120,357	120,357
-0-	-0-	530,384	530,384
-0-	-0-	131,720	131,720
-0-	-0-	-0-	368,648
-0-	-0-	-0-	22,257

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	<u>TITLE I (BA Projects) (201/202)</u>	<u>IDEA (CA Projects) (203/204)</u>	<u>PRESCHOOL HANDICAPPED (CG Projects) (205/206)</u>
REVENUES (continued)			
4000 Revenue From Federal Sources (continued)			
4500 Programs for Children with Disabilities (continued):			
4540 IDEA (ARRA 611)	-0-	-0-	-0-
4550 IDEA Preschool (ARRA 619)	-0-	-0-	-0-
4900 Other Federal Sources:			
4920 Drug and Violence Prevention, Title IV	-0-	-0-	-0-
4999 Revenue from Other Federal Sources	-0-	-0-	-0-
Total Federal Sources	<u>\$ 668,768</u>	<u>\$ 368,648</u>	<u>\$ 22,257</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 668,768</u>	<u>\$ 368,648</u>	<u>\$ 22,257</u>
EXPENDITURES			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	\$ 12,896	\$ -0-	\$ -0-
200 Employee Benefits	9,281	-0-	-0-
400 Supplies and Materials	14,773	-0-	-0-
112 Primary Programs:			
100 Salaries	239,522	-0-	-0-
200 Employee Benefits	79,665	-0-	-0-
400 Supplies and Materials	-0-	-0-	-0-
500 Capital Outlay	-0-	-0-	-0-
113 Elementary Programs:			
100 Salaries	93,259	-0-	-0-
200 Employee Benefits	25,537	-0-	-0-
400 Supplies and Materials	-0-	-0-	-0-
114 High School Programs:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
115 Career and Technology Education Programs:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
500 Capital Outlay	-0-	-0-	-0-

DRUG FREE (FP/FQ Projects) (209/210)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
-0-	-0-	157,385	157,385
-0-	-0-	8,374	8,374
7,015	-0-	-0-	7,015
-0-	-0-	73,993	73,993
<u>7,015</u>	<u>-0-</u>	<u>1,468,033</u>	<u>2,534,721</u>
\$	\$	\$	\$
<u>7,015</u>	<u>662,539</u>	<u>1,628,221</u>	<u>3,357,448</u>

\$	-0-	\$	10,990	\$	-0-	\$	23,886
	-0-		4,288		-0-		13,569
	-0-		-0-		-0-		14,773
	-0-		114,464		-0-		353,986
	-0-		39,477		-0-		119,142
	-0-		1,432		-0-		1,432
	-0-		355		-0-		355
	-0-		-0-		294,816		388,075
	-0-		-0-		104,170		129,707
	-0-		1,235		-0-		1,235
	-0-		-0-		154,939		154,939
	-0-		-0-		45,657		45,657
	-0-		-0-		7,073		7,073
	-0-		-0-		1,414		1,414
	-0-		27,419		-0-		27,419

DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2010

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)
EXPENDITURES (continued)			
100 Instruction (continued)			
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
122 Trainable Mentally Handicapped:			
100 Salaries	-0-	109,719	-0-
200 Employee Benefits	-0-	26,725	-0-
400 Supplies and Materials	-0-	1,000	-0-
126 Speech Handicapped:			
100 Salaries	-0-	-0-	16,245
200 Employee Benefits	-0-	-0-	6,012
300 Purchased Services	-0-	-0-	-0-
400 Supplies and Materials	-0-	-0-	-0-
127 Learning Disabilities:			
100 Salaries	42,691	127,117	-0-
200 Employee Benefits	13,232	35,218	-0-
400 Supplies and Materials	-0-	1,903	-0-
130 Pre-School Programs			
136 Preschool Handicapped Itinerant (3&4-Yr. Olds):			
100 Salaries	-0-	505	-0-
400 Supplies and Materials	-0-	-0-	-0-
139 Early Childhood Programs:			
100 Salaries	61,760	-0-	-0-
200 Employee Benefits	23,028	-0-	-0-
140 Special Programs			
145 Homebound:			
300 Purchased Services	-0-	-0-	-0-
147 CDEPP:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
300 Purchased Services	-0-	-0-	-0-
400 Supplies and Materials	-0-	-0-	-0-
149 Other Special Programs:			
300 Purchased Services	-0-	-0-	-0-

DRUG FREE (FP/FQ Projects) (209/210)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
-0-	-0-	114,035	114,035
-0-	-0-	35,732	35,732
-0-	-0-	79,290	189,009
-0-	-0-	33,707	60,432
-0-	-0-	2,322	3,322
-0-	-0-	57,759	74,004
-0-	-0-	15,483	21,495
-0-	-0-	1,099	1,099
-0-	-0-	1,985	1,985
-0-	-0-	-0-	169,808
-0-	-0-	-0-	48,450
-0-	-0-	984	2,887
-0-	-0-	-0-	505
-0-	-0-	1,081	1,081
-0-	-0-	-0-	61,760
-0-	-0-	-0-	23,028
-0-	-0-	2,181	2,181
-0-	189,372	-0-	189,372
-0-	72,923	-0-	72,923
-0-	2,246	-0-	2,246
-0-	12,141	-0-	12,141
-0-	-0-	13,168	13,168

DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2010

	TITLE I (BA Projects)	IDEA (CA Projects)	PRE-SCHOOL HANDICAPPED (CG Projects)
	<u>(201/202)</u>	<u>(203/204)</u>	<u>(205/206)</u>
EXPENDITURES (continued)			
100 Instruction (continued)			
188 Parenting/Family Literacy:			
100 Salaries	1,075	-0-	-0-
300 Purchased Services	213	-0-	-0-
400 Supplies and Materials	<u>4,722</u>	<u>-0-</u>	<u>-0-</u>
Total Instruction	\$ <u>621,654</u>	\$ <u>302,187</u>	\$ <u>22,257</u>
200 Supporting Services			
210 Pupil Services			
211 Attendance and Social Work Services:			
400 Supplies and Materials	\$ -0-	\$ -0-	\$ -0-
212 Guidance Services:			
100 Salaries	-0-	-0-	-0-
400 Supplies and Materials	-0-	-0-	-0-
213 Health Services:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
300 Purchased Services	-0-	9,684	-0-
214 Psychological Services:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
300 Purchased Services	-0-	-0-	-0-
400 Supplies and Materials	-0-	2,966	-0-
217 Career Specialist Services:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
300 Purchased Services	-0-	-0-	-0-
400 Supplies and Materials	-0-	-0-	-0-
223 Supervision of Special Programs:			
100 Salaries	-0-	23,444	-0-
200 Employee Benefits	-0-	11,892	-0-
300 Purchased Services	3,850	-0-	-0-
400 Supplies and Materials	9,017	7,055	-0-
600 Other Objects	-0-	-0-	-0-

DRUG FREE (FP/FQ Projects) (209/210)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
-0-	-0-	1,000	2,075
-0-	-0-	-0-	213
-0-	-0-	1,133	5,855
<u>\$ -0-</u>	<u>\$ 476,342</u>	<u>\$ 969,028</u>	<u>\$ 2,391,468</u>

\$ 4,247 \$ -0- \$ -0- \$ 4,247

2,768 -0- -0- 2,768
-0- 954 -0- 954

-0- 42,737 -0- 42,737
-0- 18,005 -0- 18,005
-0- -0- 38,796 48,480

-0- -0- 45,788 45,788
-0- -0- 15,796 15,796
-0- -0- 2,473 2,473
-0- -0- 3,344 6,310

-0- 63,254 -0- 63,254
-0- 18,242 -0- 18,242

-0- 20,000 66,305 86,305
-0- -0- 23,851 23,851
-0- 7,941 14,797 22,738
-0- 6,171 -0- 6,171

-0- -0- 2,500 25,944
-0- -0- 493 12,385
-0- -0- 3,241 7,091
-0- -0- 5,301 21,373
-0- -0- 1,299 1,299

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	TITLE I	IDEA	PRE-SCHOOL
	(BA Projects)	(CA Projects)	HANDICAPPED
	(201/202)	(203/204)	(CG Projects)
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES (continued)			
200 Supporting Services (continued)			
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	1,908	2,600	-0-
200 Employee Benefits	146	-0-	-0-
300 Purchased Services	27,767	8,820	-0-
400 Supplies and Materials	4,426	-0-	-0-
230 General Administration Services			
233 School Administration:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
250 Finance and Operations Services			
254 Operation and Maintenance of Plant:			
300 Purchased Services	-0-	-0-	-0-
400 Supplies and Materials	-0-	-0-	-0-
470 Energy	-0-	-0-	-0-
260 Central Support Services			
266 Technology and Data Processing Services:			
100 Salaries	-0-	-0-	-0-
200 Employee Benefits	-0-	-0-	-0-
300 Purchased Services	-0-	-0-	-0-
400 Supplies and Materials	-0-	-0-	-0-
500 Capital Outlay	-0-	-0-	-0-
270 Support Services - Pupil Activity			
271 Pupil Service Activities:			
600 Other Objects	-0-	-0-	-0-
Total Supporting Services	\$ 47,114	\$ 66,461	\$ -0-
400 Intergovernmental Expenditures			
414 Medicaid Payments to SDE			
720 Transits	-0-	-0-	-0-
Total Intergovernmental Expenditures	\$ -0-	\$ -0-	\$ -0-
TOTAL EXPENDITURES	\$ 668,768	\$ 368,648	\$ 22,257
Excess Revenues Over (Under) Expenditures	-0-	-0-	-0-
FUND BALANCE JULY 1, 2009	-0-	-0-	-0-
FUND BALANCE JUNE 30, 2010	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

DRUG FREE (FP/FQ Projects) (209/210)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
-0-	-0-	-0-	4,508
-0-	-0-	17,173	17,319
-0-	2,130	-0-	38,717
-0-	2,498	-0-	6,924
-0-	-0-	23,444	23,444
-0-	-0-	7,777	7,777
-0-	-0-	15,400	15,400
-0-	-0-	58,593	58,593
-0-	-0-	566	566
-0-	-0-	71,858	71,858
-0-	-0-	23,568	23,568
-0-	-0-	21,875	21,875
-0-	-0-	12,551	12,551
-0-	-0-	146,409	146,409
<u>-0-</u>	<u>4,265</u>	<u>-0-</u>	<u>4,265</u>
\$ <u>7,015</u>	\$ <u>186,197</u>	\$ <u>623,198</u>	\$ <u>929,985</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>35,995</u>	\$ <u>35,995</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>35,995</u>	\$ <u>35,995</u>
\$ <u>7,015</u>	\$ <u>662,539</u>	\$ <u>1,628,221</u>	\$ <u>3,357,448</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

<u>SUBFUND CODE</u>	<u>REVENUE CODE</u>	<u>PROGRAMS</u>	<u>REVENUES</u>
905	3125	Career and Education Technology Equipment	\$ 27,419
908	3126	Refurbishments of K-8 Science Kits	2,667
919	3193	Education License Plates	355
924	3134	Child Development Education Pilot Program (CDEPP)	276,682
927	3117	EEDA 8th Grade Career Awareness	954
928	3118	EEDA Career Specialist	81,495
933	3123	Formative Assessment	7,941
936	3136	Student Health and Fitness - Nurses	60,742
937	3127	Student Health and Fitness - PE Teachers	16,955
938	3128	High Schools That Work/Making Middle Grades Work	4,629
960	3610	K-5 Enhancement	178,435
967	3607	6-8 Enhancement	4,265
TOTALS			\$ <u>662,539</u>

<u>EXPENDITURES</u>	<u>SPECIAL PROJECTS INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>DEFERRED REVENUE</u>
\$ 27,419	\$ -0-	\$ -0-	\$ -0-
2,667	-0-	-0-	4,889
355	-0-	-0-	-0-
276,682	-0-	-0-	17,246
954	-0-	-0-	-0-
81,495	-0-	-0-	-0-
7,941	-0-	-0-	-0-
60,742	-0-	-0-	-0-
16,955	-0-	-0-	-0-
4,629	-0-	-0-	3,112
178,435	-0-	-0-	-0-
4,265	-0-	-0-	-0-
<u>\$ 662,539</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 25,247</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL PROGRAMS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources	
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	\$ 37,490
3511 Professional Development	10,953
3530 Trainable & Profoundly Mentally Disabled Student Services	12,703
3532 National Board Certification (NBC) Salary Supplement	27,122
3533 Teacher of the Year Awards	1,076
3538 Students At Risk of School Failure	372,201
3542 Preschool Programs for Children with Disabilities	10,322
3544 High Achieving Students	30,339
3550 Teacher Salary Increase	130,374
3555 School Employer Contributions	26,779
3558 Reading	9,251
3568 EAA Technical Assistance	200,750
3577 Teacher Supplies	29,975
3582 Principal Salary/Fringe Increase	5,141
3591 Excellence in Middle Schools	14,660
3592 School-To-Work Transition Act	<u>7,045</u>
Total State Sources	\$ <u>926,181</u>
TOTAL REVENUE ALL SOURCES	\$ <u>926,181</u>
EXPENDITURES	
100 Instruction	
110 General Instruction	
111 Kindergarten Programs:	
400 Supplies and Materials	\$ 10,125
112 Primary Programs:	
100 Salaries	187,918
200 Employee Benefits	23,430
400 Supplies and Materials	13,426
113 Elementary Programs:	
100 Salaries	170,361
200 Employee Benefits	36,017
400 Supplies and Materials	6,875
114 High School Programs:	
100 Salaries	38,960
200 Employee Benefits	7,559
400 Supplies and Materials	8,800
120 Exceptional Programs	
122 Trainable Mentally Handicapped:	
100 Salaries	10,153
200 Employee Benefits	2,550

**DILLON COUNTY SCHOOL DISTRICT NO. 3
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL PROGRAMS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	ACTUAL
EXPENDITURES (continued)	
100 Instruction (continued)	
130 Pre-School Programs	
137 Preschool Handicapped Self-Contained (3 & 4 Yr. Olds):	
100 Salaries	8,514
200 Employee Benefits	1,808
140 Special Programs	
141 Gifted and Talented - Academic:	
100 Salaries	24,764
200 Employee Benefits	5,575
180 Adult/Continuing Educational Programs	
188 Parenting/Family Literacy:	
100 Salaries	17,195
200 Employee Benefits	8,060
Total Instruction	\$ 582,090
200 Supporting Services	
210 Pupil Services	
212 Guidance Services:	
100 Salaries	\$ 5,859
200 Employee Benefits	1,186
213 Health Services:	
100 Salaries	12,169
200 Employee Benefits	2,491
220 Instructional Staff Services	
221 Improvement of Instruction - Curriculum Development:	
100 Salaries	22,385
200 Employee Benefits	3,810
224 Improvement of Instruction - Inservice Training:	
300 Purchased Services	3,987
230 General Administration Services	
233 School Administration:	
100 Salaries	7,785
200 Employee Benefits	621
Total Supporting Services	\$ 60,293
TOTAL EXPENDITURES	\$ 642,383
Excess Revenues Over (Under) Expenditures	\$ 283,798

**DILLON COUNTY SCHOOL DISTRICT NO. 3
 EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - ALL PROGRAMS
 FOR FISCAL YEAR ENDED JUNE 30, 2010**

	ACTUAL
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds	
420-710 Transfer to General Fund	\$ <u>283,798</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>283,798</u>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ -0-
FUND BALANCE JULY 1, 2009	<u>-0-</u>
FUND BALANCE JUNE 30, 2010	\$ <u><u>-0-</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
 EDUCATION IMPROVEMENT ACT
 SUMMARY SCHEDULE BY PROGRAM
 FOR FISCAL YEAR ENDED JUNE 30, 2010**

PROGRAM	<u>REVENUES</u>
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	\$ 37,490
3511 Professional Development	10,953
3530 Trainable & Profoundly Mentally Disabled Student Services	12,703
3532 National Board Certification (NBC) Salary Supplement	27,122
3533 Teacher of the Year Awards	1,076
3538 Students At Risk of School Failure	372,201
3542 Preschool Programs for Children with Disabilities	10,322
3544 High Achieving Students	30,339
3550 Teacher Salary Increase	130,374
3555 School Employer Contributions	26,779
3558 Reading	9,251
3568 EAA Technical Assistance	200,750
3577 Teacher Supplies	29,975
3582 Principal Salary/Fringe Increase	5,141
3591 Excellence in Middle Schools	14,660
3592 School-To-Work Transition Act	<u>7,045</u>
TOTALS	<u><u>\$ 926,181</u></u>

<u>EXPENDITURES</u>	<u>EIA INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>DEFERRED REVENUE</u>
\$ 37,490	\$ -0-	\$ -0-	\$ -0-
10,953	-0-	-0-	2,532
12,703	-0-	-0-	-0-
27,122	-0-	-0-	-0-
1,076	-0-	-0-	-0-
372,201	-0-	-0-	-0-
10,322	-0-	-0-	-0-
30,339	-0-	-0-	-0-
-0-	-0-	130,374	-0-
-0-	-0-	26,779	-0-
9,251	-0-	-0-	-0-
74,105	-0-	126,645	-0-
29,975	-0-	-0-	-0-
5,141	-0-	-0-	-0-
14,660	-0-	-0-	-0-
7,045	-0-	-0-	-0-
<u>\$ 642,383</u>	<u>\$ -0-</u>	<u>\$ 283,798</u>	<u>\$ 2,532</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	<u>ACTUAL</u>
REVENUES	
1000 Revenue From Local Sources	
1110 Ad Valorem Taxes - Including Delinquent Taxes	\$ <u>81,476</u>
Total Local Sources	\$ <u>81,476</u>
TOTAL REVENUE ALL SOURCES	\$ <u>81,476</u>
EXPENDITURES	
500 Debt Service	
610 Redemption of Principal	\$ 72,798
620 Interest	<u>8,678</u>
TOTAL EXPENDITURES	\$ <u>81,476</u>
Excess Revenues Over (Under) Expenditures	\$ -0-
FUND BALANCE JULY 1, 2009	<u>-0-</u>
FUND BALANCE JUNE 30, 2010	<u><u>-0-</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHOOL BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	ACTUAL
REVENUES	
3000 Revenue from State Sources	
3100 Restricted State Funding:	
3172 Children's Education Endowment (Barnwell Facilities Fund)	\$ <u>3,717</u>
Total Revenue from State Sources	\$ <u>3,717</u>
TOTAL REVENUE ALL SOURCES	\$ <u>3,717</u>
EXPENDITURES	
200 Supporting Services	
250 Finance and Operations	
253 Facilities Acquisition and Construction:	
300 Purchased Services	\$ 10,335
500 Capital Outlay	
520 Construction Services	<u>158,467</u>
Total Supporting Services	\$ <u>168,802</u>
500 Debt Service	
319 Legal Services	\$ 19,344
350 Advertising	<u>20</u>
Total Debt Service	\$ <u>19,364</u>
TOTAL EXPENDITURES	\$ <u>188,166</u>
Excess Revenues Over (Under) Expenditures	\$ <u>(184,449)</u>
OTHER FINANCING SOURCES	
5120 Proceeds of General Obligation Bonds	\$ 1,000,000
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund	<u>165,085</u>
TOTAL OTHER FINANCING SOURCES	\$ <u>1,165,085</u>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ 980,636
FUND BALANCE JULY 1, 2009	<u>-0-</u>
FUND BALANCE JUNE 30, 2010	<u><u>\$ 980,636</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	ACTUAL
REVENUES	
1000 Revenue From Local Sources	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 92
1600 Food Service:	
1610 Lunch Sales to Pupils	71,734
1630 Special Sales to Pupils	16,727
1640 Lunch Sales to Adults	12,803
1650 Breakfast Sales to Adults	117
1660 Special Sales to Adults	4,841
1900 Other Revenue from Local Sources:	
1910 Rentals	600
1999 Revenue from Other Local Sources	7,304
Total Local Sources	\$ 114,218
3000 Revenue from State Sources	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	\$ 663
Total State Sources	\$ 663
4000 Revenue From Federal Sources	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	\$ 451,149
4830 School Breakfast Program	272,181
4870 School Food Service (Equipment), (ARRA)	18,984
4900 Other Federal Sources:	
4991 USDA Commodities	45,083
Total Federal Sources	\$ 787,397
TOTAL REVENUE ALL SOURCES	\$ 902,278

**DILLON COUNTY SCHOOL DISTRICT NO. 3
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	<u>ACTUAL</u>
EXPENSES	
250 Finance and Operations	
256 Food Service:	
100 Salaries	\$ 227,315
200 Employee Benefits	3,390
300 Purchased Services	39,707
400 Supplies and Materials	434,198
500 Capital Outlay	14,344
600 Other Objects	<u>12,247</u>
TOTAL EXPENSES	\$ <u>731,201</u>
Operating Income (Loss) Before Other Financing Sources (Uses)	\$ <u>171,077</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds	
432-791 Food Service Fund Indirect Costs	\$ <u>(39,036)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>(39,036)</u>
Net Income (Loss)	\$ 132,041
NET ASSETS JULY 1, 2009	<u>267,547</u>
NET ASSETS JUNE 30, 2010	\$ <u><u>399,588</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN AMOUNTS DUE TO THIRD PARTIES
FOR FISCAL YEAR ENDED JUNE 30, 2010**

	ACTUAL
RECEIPTS	
1000 Receipts From Local Sources	
1700 Pupil Activities:	
1710 Admissions	\$ 58,815
1730 Pupil Organization Membership Dues and Fees	2,467
1740 Student Fees	235
1790 Other	395,558
Total Receipts From Local Sources	\$ 457,075
TOTAL RECEIPTS ALL SOURCES	\$ 457,075
DISBURSEMENTS	
270 Supporting Services Pupil Activity	
271 Pupil Service Activities:	
660 Supporting Services Pupil Activity	\$ 123,944
272 Enterprise Activities:	
660 Pupil Activity	218,521
273 Trust and Agency Activities:	
660 Enterprise Activities	85,353
Total Pupil Activity Expenditures	\$ 427,818
400 Intergovernmental Expenditures	
412 Payments to Other Governmental Units	
720 Transits	\$ 36,010
Total Intergovernmental Expenditures	\$ 36,010
TOTAL DISBURSEMENTS	\$ 463,828
Excess/(Deficiency) Receipts Over Disbursements	\$ (6,753)
DUE TO THIRD PARTIES JULY 1, 2009	218,426
DUE TO THIRD PARTIES JUNE 30, 2010	\$ 211,673

**SUPPLEMENTAL SCHEDULES
REQUIRED BY
THE S.C. STATE DEPARTMENT OF EDUCATION**

**DILLON COUNTY SCHOOL DISTRICT NO. 3
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
 FOR FISCAL YEAR ENDED JUNE 30, 2010**

<u>PROGRAM</u>	<u>PROJECT/ GRANT NUMBER</u>	<u>REVENUE & SUBFUND CODE</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>AMOUNT DUE TO SDE OR FEDERAL GOV'T</u>
IDEA	09CA028	4510/203	Unexpended	Reimbursed After Y/E	\$1,727
Medicaid	N/A	1930/270	Match/Relief	Reimbursed After Y/E	<u>6,356</u>
TOTALS					<u><u>\$8,083</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
LOCATION RECONCILIATION SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2010**

<u>LOCATION</u>	<u>LOCATION DESCRIPTION</u>	<u>EDUCATION LEVEL</u>	<u>COST TYPE</u>	<u>TOTAL EXPENDITURES</u>
30	District	Non-Schools	Central	\$ 1,789,898
31	Latta Elementary	Elementary Schools	School	3,200,642
32	Latta Middle	Middle Schools	School	2,579,823
33	Latta High	High Schools	School	3,765,699
34	Latta Early Childhood	Other School	School	<u>1,725,517</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS				\$ <u>13,061,579</u>

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

General Fund (Subfunds 100s)	\$ 7,597,077
Special Revenue Fund (Subfunds 200s, 800s, 900s)	3,357,448
Special Revenue EIA Fund (Subfunds 300s)	642,383
Debt Service Fund (Subfunds 400s)	81,476
Capital Projects Fund (School Building) (Subfunds 500s)	188,166
Proprietary Fund (Food Service) (Subfunds 600s)	731,201
Trust and Agency Fund (Pupil Activity) (Subfunds 700s)	<u>463,828</u>
TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS	\$ <u>13,061,579</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SPECIAL PROJECTS FUND
SUBFUND CODE LIST
FOR FISCAL YEAR ENDED JUNE 30, 2010**

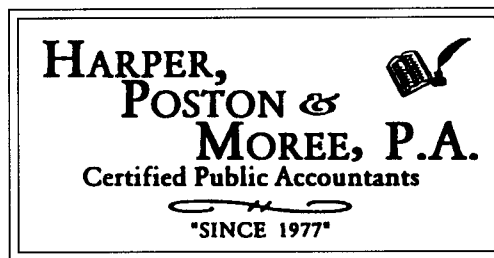
OTHER RESTRICTED STATE GRANTS

905	Career & Technology Education Equipment
908	Refurbishments of K-8 Science Kits
919	Education License Plates
924	Child Development Education Pilot Program (CDEPP)
927	EEDA 8th Grade Career Awareness
928	EEDA Career Specialist
933	Formative Assessment
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
938	High Schools That Work/Making Middle Grades Work
960	K-5 Enhancement
967	6-8 Enhancement

OTHER SPECIAL REVENUE GRANTS

215	IDEA (ARRA 611)
216	IDEA Preschool (ARRA 619)
222	American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs
238	Park Commission
250	State Fiscal Stabilization Fund (ARRA)
251	Title VI, Rural and Low-Income School Program
253	Title II, Enhancing Education Through Technology (E2T2)
254	Title II, Enhancing Education Through Technology (E2T2), (ARRA)
267	Improving Teacher Quality
270	Medicaid
274	12-Months Ag Program
275	Energy Grant Award (ARRA)

SINGLE AUDIT SECTION



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

To the Board of Trustees
Dillon County School District No. 3
Latta, 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 Dillon County School District No. 3 as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

significant deficiencies in internal control over financial reporting. This deficiency is listed as item 10-B1. A *significant deficiency* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the District in a separate letter dated February 22, 2011.

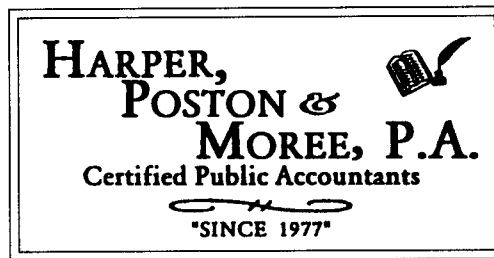
The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, 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.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
February 22, 2011



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

To the Board of Trustees
Dillon County School District No. 3
Latta, South Carolina

Compliance

We have audited Dillon County School District No. 3's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs 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 of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010. However, the results of our audit procedures disclosed instances of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 10-C1.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. 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 internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, 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.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Pawleys Island, South Carolina
February 22, 2011

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements.
2. One significant deficiency was disclosed during the audit of the basic financial statements. This deficiency is not reported as a material weakness.
3. No instances of noncompliance were disclosed during the audit of the basic financial statements.
4. No control deficiencies were disclosed during the audit of major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unqualified opinion.
6. One instance of noncompliance relative to major federal award programs is reported in Part C of this schedule.
7. The following programs were tested as major programs:

Title I, Part A Cluster:

Title I (CFDA No. 84.010)

ARRA - Title I (CFDA No. 84.389)

Special Education Cluster:

IDEA (CFDA No. 84.027)

Preschool Grant (CFDA No. 84.173)

ARRA - IDEA (CFDA No. 84.391)

ARRA - Preschool Grant (CFDA No. 84.392)

ARRA - State Fiscal Stabilization Fund (CFDA No. 84.394)

Education Technology Cluster:

Title II Technology Literacy Challenge (CFDA No. 84.318)

ARRA - Education Technology (CFDA No. 84.386)

8. The threshold for distinguishing types A and B programs was \$300,000.
9. The District was determined to be a low risk auditee.

B. Findings - Financial Statement Audit

10-B1 Financial Statement Preparation

Control Deficiency: The District's accounting staff does not prepare its financial statements and related note disclosures.

Criteria: Controls over the preparation of financial statements are necessary in preventing and detecting misstatements that could occur in the financial statements.

Cause: District personnel do not possess the technical skills necessary to prepare the financial statements and related note disclosures in accordance with generally accepted accounting principles.

Effect: Errors or misstatements could occur and not be detected by management.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

B. Findings - Financial Statement Audit (continued)

10-B1 Financial Statement Preparation (continued)

Recommendation: Management should continue to consult with outside accountants on significant accounting matters and take steps toward gaining the experience needed to prepare financial statements that are presented in accordance with generally accepted accounting principles.

Management's Response: Management will evaluate the cost/benefit of internal auditing necessary to prepare financial statements presented in accordance with generally accepted accounting principles. To mitigate the risk of material misstatement in the financial statements, management will ensure that all journal entries are reviewed prior to posting and the financial statements are approved prior to issuance.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

***10-C1 Special Education Cluster - CFDA No. 84.027, 84.173, 84.391, 84.392; Grant Period
September 30, 2010***

Noncompliance Finding: The District did not maintain local effort.

Criteria: The Special Education Cluster requires state and/or local funding expended by the District in the current fiscal year for children with disabilities to be at least equal to the amount expended in the preceding fiscal year.

Cause: Increase in federal stimulus funding led to a misunderstanding of compliance requirements related to maintenance of effort.

Context: Total local expenditures for students with disabilities for the current fiscal year were compared to total local expenditures for students with disabilities for the prior fiscal year. The audit test found that local expenditures for June 30, 2010 were less than local expenditures for June 30, 2009.

Questioned Costs: Unknown at the present time. The District is currently working with the State Department of Education to obtain a determination regarding any allowances that may be granted between the two fiscal years.

Recommendation: The District should use the budgeting process to ensure local effort is maintained in future years.

Management's Response: The District will review and evaluate budgeting procedures to ensure compliance with maintenance of effort for future fiscal years. The District will continue to consult with the State Department of Education concerning the current fiscal year maintenance of effort and for guidance in meeting requirements for future fiscal years.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

LEA SUBFUND CODE	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	TOTAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION				
Passed Through State Department of Education:				
Title I, Part A Cluster:				
201	Title I	84.010	10BA028	\$ 668,768 *
222	ARRA - Title I	84.389	09SA028	247,961 *
Special Education Cluster:				
203	IDEA	84.027	10CA028	368,648 *
205	Preschool Grant	84.173	10CG028	22,257 *
215	ARRA - IDEA	84.391	09SC028	54,137 *
215	ARRA - IDEA	84.391	10SC028	103,248 *
216	ARRA - Preschool Grant	84.392	09SG028	3,496 *
216	ARRA - Preschool Grant	84.392	10SG028	4,878 *
209	Drug & Violence Prevention Program	84.186	10FQ028	7,015
250	ARRA - State Fiscal Stabilization Education	84.394	10SF028	530,384 *
251	Title VI Rural and Low-Income Schools	84.358	10BS028	41,955
Education Technology Cluster:				
253	Title II Technology Literacy Challenge	84.318	10ES028	150,000 *
253	Title II Technology Literacy Challenge	84.318	10ET028	5,904 *
254	ARRA - Education Technology	84.386	10SS028	120,357 *
267	Improving Teacher Quality	84.367	10TQ028	<u>131,720</u>
Total U.S. Department of Education				\$ <u>2,460,728</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through State Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
600	School Lunch Program	10.555	N/A	\$ 45,083
Cash Assistance:				
600	School Breakfast Program	10.553	N/A	272,181
600	School Lunch Program	10.555	N/A	451,149
630	ARRA - Child Nutrition Discretionary Grant	10.579	09SE028	<u>18,984</u>
Total U.S. Department of Agriculture				(See Disclosure Below) \$ <u>787,397</u> **
U.S. DEPARTMENT OF ENERGY				
Passed Through S.C. Energy Office:				
275	ARRA - State Energy Program	81.041	S09-0050	<u>\$ 73,993</u>
TOTAL FEDERAL AWARDS EXPENDED				\$ <u><u>3,322,118</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

Notes to Schedule of Expenditures of Federal Awards:

* Denotes a major program

** The accounting system used by South Carolina LEAs does not allow for the segregation of expenditures by fund source in the Food Service Fund. The total amount displayed under "Total USDA" excludes \$114,881 of expenditures made from state and local revenue sources. A detailed schedule of the Food Service Fund is included in this audit report.

1. The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting and includes the federal grant activity of Dillon County School District No. 3. The information in this schedule is presented in conformity with the requirements of OMB Circular A-133 "*Audits of States, Local Governments, and Non-Profit Organizations.*"
2. Non-monetary assistance provided by the U.S. Department of Agriculture is reported in the schedule at the fair value of commodities received. Dillon County School District No. 3 received \$45,083 in the form of federal non-cash USDA food commodities for the year ended June 30, 2010. The School Breakfast Program, unlike the School Lunch Program, does not generate separate commodity entitlements; therefore, commodities used in the School Breakfast Program are deemed to be awarded under the School Lunch Program and reported as such in the Schedule of Expenditures of Federal Awards.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2010**

There are no prior year audit findings relating to federal award programs that are required by Circular A-133 to be reported in the Summary Schedule of Prior Audit Findings for the year ended June 30, 2010.