

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
*LATTA, SOUTH CAROLINA*

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**FISCAL YEAR ENDED JUNE 30, 2014**

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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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***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, the discretely presented component

unit, each major fund, and the aggregate remaining fund information of Dillon County School District No. 3, Latta, South Carolina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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 45 through 46 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.

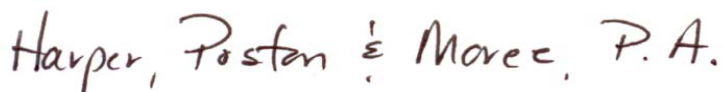
***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. 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 basic financial statements. The schedule of expenditures of federal awards is 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



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

Pawleys Island, South Carolina  
October 24, 2014

**DILLON COUNTY SCHOOL DISTRICT THREE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**FOR YEAR ENDED JUNE 30, 2014**

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, 2014. 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, 2014 by \$7,772,917 (net). Of this amount \$2,614,330 is unrestricted.
- The District's total net position increased \$367,794 which represents an approximate 4.9% increase from fiscal year ended June 30, 2013.
- Revenues totaled \$12,074,802.
- Expenses totaled \$11,980,132.
- During the current fiscal year, the District transferred \$526,876 (net book value) of its capital assets for construction costs related to the Ellis Performing Arts Center to The Latta Schools Educational Foundation. The assets are leased back to the District at no cost. Also during the fiscal year, the Foundation transferred \$800,000 to the District to reimburse for construction costs, resulting in a net transfer of \$273,124. This amount is reported as a special item in the statement of activities.
- Our principal operating fund, the General Fund, had \$8,441,261 in fiscal year 2014 revenues, which primarily consisted of state aid and property taxes and \$8,631,548 in expenditures. The General Fund's fund balance decreased from \$2,686,850 as of June 30, 2013 to \$2,642,686 as of June 30, 2014.
- As of the close of the year, 100% of the District's ending fund balances are available for spending at the District's discretion (unrestricted, unassigned 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 are comprised of 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 and include the operations of the District and its discretely presented component unit – The Latta Schools Educational Foundation. 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 Position: The statement of net position 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 position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities: The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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 position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7,772,917 as of June 30, 2014.

By far the largest portion of the District's net position (65%) 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 position for the fiscal year ended June 30, 2014 as compared to fiscal year ended June 30, 2013. For purposes of comparison, the amounts presented below for 2013 have been restated due to the implementation of GASB Statement No. 65 during the current fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 3,171,705	3,837,206	\$ 379,755	318,805	\$ 3,551,460	4,156,011
Capital assets, net	5,043,087	4,947,614	115,500	110,552	5,158,587	5,058,166
<b>Total Assets</b>	<b>8,214,792</b>	<b>8,784,820</b>	<b>495,255</b>	<b>429,357</b>	<b>8,710,047</b>	<b>9,214,177</b>
Current liabilities	304,847	1,073,207	-0-	-0-	304,847	1,073,207
Long-term liabilities	629,498	733,293	2,785	2,554	632,283	735,847
<b>Total Liabilities</b>	<b>934,345</b>	<b>1,806,500</b>	<b>2,785</b>	<b>2,554</b>	<b>937,130</b>	<b>1,809,054</b>
<b>Net Position:</b>						
Net investment in capital assets	5,043,087	4,947,614	115,500	110,552	5,158,587	5,058,166
Unrestricted	2,237,360	2,030,706	376,970	316,251	2,614,330	2,346,957
<b>Total Net Position</b>	<b>\$ 7,280,447</b>	<b>6,978,320</b>	<b>\$ 492,470</b>	<b>426,803</b>	<b>\$ 7,772,917</b>	<b>7,405,123</b>

At the end of the current fiscal year, the District is reporting positive balances in all categories of net position, 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 position of \$7,405,123 (as restated) and ended the fiscal year with net position of \$7,772,917.

The following table presents a comparative summary of the changes in net position for the fiscal year ended June 30, 2014 and for the fiscal year ended June 30, 2013. As noted above, amounts presented for 2013 have been restated for implementation of GASB Statement No. 65.

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>REVENUES:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 296,013	198,252	\$ 91,320	108,582	\$ 387,333	306,834
Operating Grants & Contributions	8,116,066	7,998,890	713,382	717,980	8,829,448	8,716,870
Capital Grants & Contributions	50,168	107,178	-0-	-0-	50,168	107,178
<b>General Revenues:</b>						
Property Taxes Levied for Gen Purpose	1,834,178	1,742,679	-0-	-0-	1,834,178	1,742,679
Property Taxes Levied for Debt Service	113,501	194,892	-0-	-0-	113,501	194,892
State Aid	824,175	812,852	-0-	-0-	824,175	812,852
Unrestricted Investment Earnings	894	2,634	63	107	957	2,741
Miscellaneous	35,042	20,183	-0-	-0-	35,042	20,183
<b>Total Revenues</b>	<b>11,270,037</b>	<b>11,077,560</b>	<b>804,765</b>	<b>826,669</b>	<b>12,074,802</b>	<b>11,904,229</b>
<b>EXPENSES:</b>						
Instruction	6,360,361	6,335,825	-0-	-0-	6,360,361	6,335,825
Supporting Services	4,731,109	4,700,864	-0-	-0-	4,731,109	4,700,864
Community Services	6,000	2,691	-0-	-0-	6,000	2,691
Intergovernmental	72,835	69,541	-0-	-0-	72,835	69,541
Interest & Other Charges	2,540	5,006	-0-	-0-	2,540	5,006
Depreciation – Unallocated	98,711	98,398	-0-	-0-	98,711	98,398
Food Service	-0-	-0-	708,576	776,090	708,576	776,090
<b>Total Expenses</b>	<b>11,271,556</b>	<b>11,212,325</b>	<b>708,576</b>	<b>776,090</b>	<b>11,980,132</b>	<b>11,988,415</b>
Excess before Transfers	(1,519)	(134,765)	96,189	50,579	94,670	(84,186)
Transfers	30,522	60,207	(30,522)	(60,207)	-0-	-0-
Special Item-Contribution of Capital Assets to Component Unit (Note 4)	273,124	(1,000,966)	-0-	-0-	273,124	(1,000,966)
<b>INCREASE/(DECREASE) in Net Position</b>	<b>302,127</b>	<b>(1,075,524)</b>	<b>65,667</b>	<b>(9,628)</b>	<b>367,794</b>	<b>(1,085,152)</b>
Net Position, Beginning (Restated)	6,978,320	8,053,844	426,803	436,431	7,405,123	8,490,275
Net Position, Ending	\$ 7,280,447	6,978,320	\$ 492,470	426,803	\$ 7,772,917	7,405,123

**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	
	2014	2013	2014	2013
Instruction	\$ 6,360,361	6,335,825	\$ (302,281)	(357,525)
Support Services	4,731,109	4,700,864	(2,377,724)	(2,417,699)
Community Services	6,000	2,691	(6,000)	(2,691)
Intergovernmental	72,835	69,541	(22,053)	(26,686)
Interest and Other Charges	2,540	5,006	(2,540)	(5,006)
Depreciation (unallocated)	98,711	98,398	(98,711)	(98,398)
<b>Totals</b>	<b>\$ 11,271,556</b>	<b>11,212,325</b>	<b>\$ (2,809,309)</b>	<b>(2,908,005)</b>

- The cost of all governmental activities this year was \$11,271,556.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$8,462,247.
- Net cost of governmental activities (\$2,809,309), was financed by general revenues, which are made up of primarily property taxes \$1,947,679, state aid \$824,175 and other miscellaneous general revenues, grants and transfers of \$65,564. Investment earnings accounted for \$894 of funding and there was a special item \$273,124 for a net transfer from The Latta Schools Educational Foundation. All of these components contributed to an overall increase in net position for Governmental activities of \$302,127.
- The net increase in governmental activities net position of \$302,127 accounts for the majority of the total increase in the District's net position and is primarily a result of the net transfer of \$273,124 from the Foundation.

Business-Type Activities: Net position of business-type activities increased by \$65,667 for the current fiscal year. Operating grants and contributions remained approximately the same from the prior fiscal year.

## **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, unrestricted fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. Unrestricted, unassigned fund balance represents approximately 30% of total General Fund expenditures.

As of the end of the current fiscal year, the District's governmental funds reported total combined ending fund balances of \$2,642,686, a decrease of \$44,164 in comparison with the prior year.

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 position of \$65,667. The balance of net position on June 30, 2014 was \$492,470. The balance on June 30, 2013 was \$426,803. 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, 2014, the District has invested \$5,043,087 (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 \$95,473 increase from the prior year. Total depreciation expense for the year was \$292,764.

During the current fiscal year, the District transferred assets for construction costs related to the Ellis Performing Arts Center with a net book value of \$526,876 to its discretely presented component unit – The Latta Schools Educational Foundation. The Foundation transferred \$800,000 to the district for reimbursement of construction costs. The net transfer of \$273,124 is reported as a special item in the statement of activities.

The following schedule presents capital asset balances for governmental activities, net of depreciation, for the fiscal year ended June 30, 2014:

	Amount	
	2014	2013
Land	\$ 188,730	188,730
Construction in Progress	236,607	-0-
Buildings	3,190,412	3,140,156
Improvements	1,288,026	1,477,166
Vehicles	23,727	40,495
Equipment	115,585	101,067
Total Assets	\$ 5,043,087	4,947,614

The net capital assets ending balance for business-type activities is \$115,500, an increase of \$4,948 from the prior year. Depreciation expense for the year was \$17,337. Additional information on the District's capital assets and construction commitments can be found in Note 4 and Note 15, respectively, of this report.

Long-Term Debt: At fiscal year-end, the District has \$560,726 in general obligation bonds outstanding, of which \$111,258 in principal payments are due within one year. The following table presents a summary of the District's total outstanding long-term debt for the fiscal year ended June 30, 2014:

	Beginning Balance	Addition	Reduction	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 671,541	-0-	(110,815)	\$ 560,726	\$ 111,258
Total Long-Term Debt	<u>\$ 671,541</u>	<u>-0-</u>	<u>(110,815)</u>	<u>\$ 560,726</u>	<u>\$ 111,258</u>

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 2014 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. Revenues exceeded budgetary estimates primarily due to the receipt of local and state funding that were not anticipated in the original budget. Actual expenditures exceeded budgetary appropriations by \$57,477. 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 2014-15 to the County Board of Education. The 2014-15 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; funds for supplies towards growth of the Montessori program; medical screening for all employees; student insurance; and funding for school resource officers and security crossing guards. Step increases continued for employees paid from the SDE salary schedule as well as \$2.00 over pay scale per hour for bus drivers while salaries for other paraprofessional staff were adjusted according to an hourly rate schedule.

While state revenues slightly increased, funding continues to fluctuate in the present economy. The District received numerous funding cuts during the past several years. In order to adjust for the loss of revenue, budgeted expenditure reductions in various areas were maintained. Our growth in number of students and our reserve fund have helped to compensate for decreases in revenue along with tuition fees now charged for out of district students. 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 POSITION**  
**JUNE 30, 2014**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	
	ACTIVITIES	ACTIVITIES		
<b>ASSETS</b>				
Cash	\$ -	\$ 213,024	\$ 213,024	\$ 951,075
Taxes Receivable (Net of Allowance)	188,701	-	188,701	-
Due From County Treasurer	2,285,916	-	2,285,916	-
Due From State Department of Education	439,573	-	439,573	-
Due From Pupil Activity Funds	7,738	-	7,738	-
Due From Component Unit	248,843	-	248,843	-
Pledges Receivable	-	-	-	119,397
Other Receivables	152,241	3,254	155,495	-
Internal Balances	(151,307)	151,307	-	-
Inventories	-	12,170	12,170	-
Capital Assets (Net of Accumulated Depreciation):				
Land (Non-Depreciable)	188,730	-	188,730	308,260
Construction in Progress (Non-Depreciable)	236,607	-	236,607	-
Buildings	3,190,412	-	3,190,412	3,536,364
Improvements	1,288,026	-	1,288,026	-
Vehicles	23,727	-	23,727	-
Equipment	115,585	115,500	231,085	313,767
<b>TOTAL ASSETS</b>	<b>\$ 8,214,792</b>	<b>\$ 495,255</b>	<b>\$ 8,710,047</b>	<b>\$ 5,228,863</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 187,361	\$ -	\$ 187,361	\$ 541
Accrued Payroll Liabilities	66,398	-	66,398	-
Accrued Interest Payable	744	-	744	19,100
Due To State Department of Education	4,248	-	4,248	-
Due To Primary Government	-	-	-	248,843
Unearned Grant Revenues	46,096	-	46,096	-
Noncurrent Liabilities:				
Due Within One Year	155,342	1,989	157,331	125,249
Due In More Than One Year	474,156	796	474,952	1,255,261
<b>TOTAL LIABILITIES</b>	<b>\$ 934,345</b>	<b>\$ 2,785</b>	<b>\$ 937,130</b>	<b>\$ 1,648,994</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 5,043,087	\$ 115,500	\$ 5,158,587	\$ 3,482,724
Restricted for Capital Projects	-	-	-	102,837
Restricted for Scholarships	-	-	-	147,362
Unrestricted	2,237,360	376,970	2,614,330	(153,054)
<b>TOTAL NET POSITION</b>	<b>\$ 7,280,447</b>	<b>\$ 492,470</b>	<b>\$ 7,772,917</b>	<b>\$ 3,579,869</b>

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, 2014**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
Governmental Activities:								
Instruction	\$ 6,360,361	\$ 157,056	\$ 5,859,610	\$ 41,414	\$ (302,281)	\$ -	\$ (302,281)	\$ -
Supporting Services	4,731,109	88,175	2,256,456	8,754	(2,377,724)	-	(2,377,724)	-
Community Services	6,000	-	-	-	(6,000)	-	(6,000)	-
Intergovernmental	72,835	50,782	-	-	(22,053)	-	(22,053)	-
Interest and Other Charges	2,540	-	-	-	(2,540)	-	(2,540)	-
Depreciation - Unallocated*	98,711	-	-	-	(98,711)	-	(98,711)	-
Total Governmental Activities	\$ 11,271,556	\$ 296,013	\$ 8,116,066	\$ 50,168	\$ (2,809,309)	\$ -	\$ (2,809,309)	\$ -
Business-Type Activities:								
Food Service	\$ 708,576	\$ 91,320	\$ 713,382	\$ -	\$ -	\$ 96,126	\$ 96,126	\$ -
Total Business-Type Activities	\$ 708,576	\$ 91,320	\$ 713,382	\$ -	\$ -	\$ 96,126	\$ 96,126	\$ -
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 11,980,132</b>	<b>\$ 387,333</b>	<b>\$ 8,829,448</b>	<b>\$ 50,168</b>	<b>\$ (2,809,309)</b>	<b>\$ 96,126</b>	<b>\$ (2,713,183)</b>	<b>\$ -</b>
<b>COMPONENT UNIT</b>								
Educational Foundation	\$ 202,325	\$ 2,158	\$ 27,772	\$ 18,881	\$ -	\$ -	\$ -	\$ (153,514)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					\$ 1,834,178	\$ -	\$ 1,834,178	\$ -
Property Taxes, Levied for Debt Service					113,501	-	113,501	-
State Aid Not Restricted to Specific Programs					824,175	-	824,175	-
Unrestricted Investment Earnings					894	63	957	532
Miscellaneous					35,042	-	35,042	-
Transfers					30,522	(30,522)	-	-
Special Item - Contribution from Component Unit (Note 4)					273,124	-	273,124	(273,124)
<b>TOTAL GENERAL REVENUES, TRANSFERS, AND SPECIAL ITEM</b>					<b>\$ 3,111,436</b>	<b>\$ (30,459)</b>	<b>\$ 3,080,977</b>	<b>\$ (272,592)</b>
<b>CHANGE IN NET POSITION</b>					<b>\$ 302,127</b>	<b>\$ 65,667</b>	<b>\$ 367,794</b>	<b>\$ (426,106)</b>
<b>NET POSITION BEGINNING OF YEAR, AS RESTATED (NOTE 14)</b>					<b>6,978,320</b>	<b>426,803</b>	<b>7,405,123</b>	<b>4,005,975</b>
<b>NET POSITION END OF YEAR</b>					<b>\$ 7,280,447</b>	<b>\$ 492,470</b>	<b>\$ 7,772,917</b>	<b>\$ 3,579,869</b>

\* Excludes depreciation of \$194,053 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, 2014**

	<u>GENERAL</u>	<u>SPECIAL PROJECTS</u>
<b>ASSETS</b>		
Taxes Receivable (Net of Allowance for Uncollectibles)	\$ 188,701	\$ -
Due From County Treasurer	2,285,916	-
Due From Other Funds	252,354	-
Due From State Department of Education	18,545	305,269
Due From Pupil Activity Funds	7,738	-
Due From Component Unit	<u>215,866</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,969,120</u></b>	<b>\$ <u>305,269</u></b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 187,361	\$ -
Due To Other Funds	-	258,038
Due To State Department of Education	-	4,248
Accrued Payroll Liabilities	66,398	-
Unearned Grant Revenues	<u>-</u>	<u>42,983</u>
<b>Total Liabilities</b>	<b>\$ <u>253,759</u></b>	<b>\$ <u>305,269</u></b>
<b>Deferred Inflows of Resources</b>		
Unavailable Property Taxes	<u>72,675</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<b>\$ <u>72,675</u></b>	<b>\$ <u>-</u></b>
<b>Fund Balances</b>		
Unassigned	<u>2,642,686</u>	<u>-</u>
<b>Total Fund Balances</b>	<b>\$ <u>2,642,686</u></b>	<b>\$ <u>-</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ <u>2,969,120</u></b>	<b>\$ <u>305,269</u></b>

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>
\$ -	\$ -	\$ -	\$ 188,701
-	-	-	2,285,916
-	-	-	252,354
115,759	-	-	439,573
-	-	-	7,738
-	-	32,977	248,843
<u>\$ 115,759</u>	<u>\$ -</u>	<u>\$ 32,977</u>	<u>\$ 3,423,125</u>
\$ -	\$ -	\$ -	\$ 187,361
112,646	-	32,977	403,661
-	-	-	4,248
-	-	-	66,398
3,113	-	-	46,096
<u>\$ 115,759</u>	<u>\$ -</u>	<u>\$ 32,977</u>	<u>\$ 707,764</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,675</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,675</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,642,686</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,642,686</u>
<u>\$ 115,759</u>	<u>\$ -</u>	<u>\$ 32,977</u>	<u>\$ 3,423,125</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

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

Ending fund balances - governmental funds balance sheet	\$	2,642,686
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		5,043,087
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recognized as revenues in the funds.		224,916
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>(630,242)</u>
Net position of governmental activities	\$	<u><u>7,280,447</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, 2014**

	<b>GENERAL</b>	<b>SPECIAL PROJECTS</b>
<b>REVENUES</b>		
Local	\$ 2,101,453	\$ 156,073
State	6,069,928	319,245
Federal	-	1,079,897
Intergovernmental	269,880	1,190
<b>TOTAL REVENUES</b>	<b>\$ 8,441,261</b>	<b>\$ 1,556,405</b>
<b>EXPENDITURES</b>		
Current		
Instruction	\$ 4,378,880	\$ 882,965
Supporting Services	4,052,913	613,462
Community Services	6,000	-
Intergovernmental Expenditures	22,053	50,782
Debt Service		
Principal	-	-
Interest and Fiscal Agent Fees	-	-
Capital Outlay	171,702	9,196
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,631,548</b>	<b>\$ 1,556,405</b>
Excess Revenues Over (Under) Expenditures	<b>\$ (190,287)</b>	<b>\$ -</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers From Other Funds	\$ 273,497	\$ -
Transfers To Other Funds	(927,374)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (653,877)</b>	<b>\$ -</b>
<b>SPECIAL ITEM</b>		
Contribution From (To) Component Unit (Note 4)	\$ 800,000	-
Net Change in Fund Balances	\$ (44,164)	\$ -
<b>FUND BALANCES BEGINNING OF YEAR</b>	<b>2,686,850</b>	<b>-</b>
<b>FUND BALANCES END OF YEAR</b>	<b>\$ 2,642,686</b>	<b>\$ -</b>

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>
\$ -	\$ 113,501	\$ -	\$ 2,371,027
1,164,234	-	-	7,553,407
-	-	-	1,079,897
-	-	-	271,070
<u>\$ 1,164,234</u>	<u>\$ 113,501</u>	<u>\$ -</u>	<u>\$ 11,275,401</u>
\$ 860,341	\$ -	\$ -	\$ 6,122,186
19,946	-	51,154	4,737,475
-	-	-	6,000
-	-	-	72,835
-	110,815	-	110,815
-	2,686	-	2,686
<u>40,972</u>	<u>-</u>	<u>346,438</u>	<u>568,308</u>
<u>\$ 921,259</u>	<u>\$ 113,501</u>	<u>\$ 397,592</u>	<u>\$ 11,620,305</u>
<u>\$ 242,975</u>	<u>\$ -</u>	<u>\$ (397,592)</u>	<u>\$ (344,904)</u>
\$ -	\$ -	\$ 924,468	\$ 1,197,965
<u>(242,975)</u>	<u>-</u>	<u>-</u>	<u>(1,170,349)</u>
<u>\$ (242,975)</u>	<u>\$ -</u>	<u>\$ 924,468</u>	<u>\$ 27,616</u>
\$ -	\$ -	\$ (526,876)	\$ 273,124
\$ -	\$ -	\$ -	\$ (44,164)
-	-	-	2,686,850
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,642,686</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, 2014**

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

Net change in fund balances - total governmental funds	\$	(44,164)
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.		622,349
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(526,876)
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.		146,877
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 position. Also, governmental funds report the effect of premiums and discounts 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.		110,815
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>(6,874)</u>
Change in net position of governmental activities	\$	<u><u>302,127</u></u>

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



**DILLON COUNTY SCHOOL DISTRICT NO. 3  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

	<b>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)</b>
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 213,024
Due From Other Funds	151,307
Other Receivables	3,254
Inventories	12,170
Total Current Assets	<u>\$ 379,755</u>
Noncurrent Assets:	
Equipment	\$ 264,176
Less: Accumulated Depreciation	<u>(148,676)</u>
Total Noncurrent Assets	<u>\$ 115,500</u>
<b>TOTAL ASSETS</b>	<u>\$ 495,255</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Compensated Absences	\$ <u>1,989</u>
Total Current Liabilities	<u>\$ 1,989</u>
Noncurrent Liabilities:	
Compensated Absences	\$ <u>796</u>
Total Noncurrent Liabilities	<u>\$ 796</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,785</u>
<b>NET POSITION</b>	
Investment in Capital Assets	\$ 115,500
Unrestricted	<u>376,970</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 492,470</u></u>

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 POSITION**  
**PROPRIETARY FUNDS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

	<b>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)</b>
<b>OPERATING REVENUES</b>	
Proceeds from Sales of Meals	\$ <u>87,604</u>
<b>TOTAL OPERATING REVENUES</b>	\$ <u>87,604</u>
<b>OPERATING EXPENSES</b>	
Food Costs	\$ 320,899
Salaries and Employee Benefits	247,176
Utilities	5,212
Depreciation	17,337
Supplies and Materials	84,158
Other Operating Costs	<u>33,794</u>
<b>TOTAL OPERATING EXPENSES</b>	\$ <u>708,576</u>
Operating Income (Loss)	\$ <u>(620,972)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest	\$ 63
USDA Reimbursements	662,876
Commodities Received From USDA	50,506
Miscellaneous Revenues	<u>3,716</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	\$ <u>717,161</u>
Income (Loss) Before Transfers	\$ 96,189
<b>TRANSFERS IN (OUT)</b>	\$ <u>(30,522)</u>
Change in Net Position	\$ 65,667
<b>NET POSITION BEGINNING OF YEAR</b>	<u>426,803</u>
<b>NET POSITION END OF YEAR</b>	<u><u>492,470</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, 2014**

		<b>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Patrons	\$	87,604
Payments to Suppliers for Goods and Services		(566,200)
Payments to Employees for Services		<u>(247,176)</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$</b>	<b><u>(725,772)</u></b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
USDA Federal Reimbursements	\$	667,669
Other Miscellaneous Receipts		3,716
Transfers to Other Funds		<u>(30,522)</u>
<b>Net Cash Provided (Used) By Non-Capital Financing Activities</b>	<b>\$</b>	<b><u>640,863</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets	\$	<u>(22,285)</u>
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>\$</b>	<b><u>(22,285)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	\$	<u>63</u>
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>\$</b>	<b><u>63</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$</b>	<b>(107,131)</b>
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>		<u>320,155</u>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$</b>	<b><u><u>213,024</u></u></b>

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, 2014**

		<b>BUSINESS-TYPE ACTIVITY ENTERPRISE FUND (FOOD SERVICE)</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$	(620,972)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Depreciation		17,337
Non-Cash Commodities Used		50,506
Changes in Assets and Liabilities:		
(Increase) Decrease in Due From Other Funds		(151,307)
(Increase) Decrease in Other Receivables		(3,254)
(Increase) Decrease in Inventory		(7,226)
Increase (Decrease) in Due To Other Funds		(11,087)
Increase (Decrease) in Compensated Absences		231
		<hr/>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$</b>	<b><u><u>(725,772)</u></u></b>
 <b>Supplemental Non-Cash Financing and Investing Information:</b>		
Non-Cash Commodities Received from USDA	\$	<u><u>50,506</u></u>

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

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	<u><b>AGENCY FUND</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>108,066</u>
<b>TOTAL ASSETS</b>	\$ <u>108,066</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 202
Due To District	7,738
Due To Third Parties	<u>100,126</u>
<b>TOTAL LIABILITIES</b>	\$ <u>108,066</u>
<b>NET POSITION</b>	\$ <u><u>-</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, 2014**

**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.

Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the primary government. Disclosures in the notes to the financial statements are applicable to both the District and its component unit unless otherwise indicated.

*Discretely Presented Component Unit:* The Latta Schools Educational Foundation, Inc. (the Foundation) is a not-for-profit 501 (c) (3) organization incorporated for the purpose of cultivating resources to improve the educational environment in the District. Because the District is financially accountable for the Foundation and because the nature and significance of the relationship between the District and the Foundation is such that exclusion of the Foundation would cause the District's basic financial statements to be misleading, the financial statements of the Foundation are included with those of the District. Separate financial statements for the Foundation are not issued.

**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. This financial statement presentation provides a comprehensive, entity-wide perspective of the District's net position, revenues, expenses and changes in net position 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 District implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the current year. This statement defines which assets and liabilities are to be reported as deferred outflows and inflows of resources and identifies items previously reported as assets and liabilities that should be recognized as revenues, expenses or expenditures when incurred and not reported in the statement of net position or balance sheet. As required by GASB, this statement was implemented retroactively by restating beginning net position.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The South Carolina State Department of Education (SDE) regulations require that component units discretely presented in the basic financial statements be blended with the District balances in the supplementary schedules. If this presentation format were followed, the amounts reported as revenues, expenditures and changes in fund balances for the General Fund in the supplementary schedules would not agree to the amounts reported as revenues, expenditures and changes in fund balances for the General Fund in the basic financial statements. The District has not prepared the supplemental schedules in accordance with SDE requirements as the District does not believe that this presentation is consistent with generally accepted accounting principles. Separate schedules for the component unit have been provided in the supplementary information to assist in providing this information to the SDE.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District, as a whole, and its component unit. 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. Likewise, the primary government is reported separately from certain legally separate component units.

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.

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.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.



**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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.

**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.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 nonspendable 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.

**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, including the discretely presented component unit, 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 and the discretely presented component unit 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

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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."

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**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.

**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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

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.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Position/Fund Balances**

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

*Net Investment in Capital Assets:* 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.

*Restricted Net Position:* 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 Position:* Any remaining balance of net position is reported as unrestricted, including management designations.

In the governmental fund financial statements, equity is classified as fund balance. The following classifications describe the relative strength of spending constraints placed on the purposes for which resources can be used:

*Nonspendable Fund Balance:* Consists of amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

*Restricted Fund Balance:* Consists of amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Committed Fund Balance:* Consists of amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Assigned Fund Balance:* Consists of amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Unassigned Fund Balance:* Consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for a specific purpose.

When fund balance resources are available for a specific purpose in more than one classification, it is the District's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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 1<sup>st</sup> 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 15<sup>th</sup>. All unpaid taxes become delinquent on January 16<sup>th</sup> of the following year and are put into execution on March 15<sup>th</sup>. 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 unearned 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, 2014**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

*Primary Government*

At year end, the District's carrying amount of deposits was \$321,090 and the corresponding bank balance was \$353,400.

*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, 2014, \$83,400 of the District's bank balances of \$353,400 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, 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 \$2,285,916.

*Component Unit*

At year end, the Foundation's carrying amount of deposits was \$951,075 and the corresponding bank balance was \$1,353,110. Of the Foundation's bank balance, \$1,103,110 was exposed to custodial credit risk (as defined above) because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, in the Foundation's name.

**NOTE 3 – RECEIVABLES**

*Primary Government*

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:

	<u>General</u>	<u>Special Projects</u>	<u>EIA</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:					
Taxes	\$ 211,024	\$ -	\$ -	\$ -	\$ 211,024
State and Federal Grants	18,545	305,269	115,759	-	439,573
Pupil Activity Funds	7,738	-	-	-	7,738
Component Unit	<u>215,866</u>	<u>-</u>	<u>-</u>	<u>32,977</u>	<u>248,843</u>
Gross Receivables	\$ 453,173	\$ 305,269	\$ 115,759	\$ 32,977	\$ 907,178
Less: Allowance for					
Uncollectible Taxes	<u>(22,323)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,323)</u>
Net Receivables	<u>\$ 430,850</u>	<u>\$ 305,269</u>	<u>\$ 115,759</u>	<u>\$ 32,977</u>	<u>\$ 884,855</u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 3 – RECEIVABLES (continued)**

*Primary Government (continued)*

Other receivables of \$155,495 consisted of amounts due from the County for the elementary school construction. There is no allowance associated with this receivable.

*Component Unit*

Receivables for the Foundation at year end consisted primarily of pledges receivable of \$119,397. The Foundation believes all pledges will ultimately be collected; therefore, no allowance has been estimated for uncollectible amounts. Management intends to reevaluate the allowance for uncollectible amounts in future years as historical collection analysis becomes available. Collections expected to be received beyond 60 days after year end have been recorded as deferred inflows of resources in the amount of \$118,037.

The following schedule lists pledges receivable by year.

Year Ended June 30	Pledges Receivable
2015	\$ 37,088
2016	28,929
2017	26,830
2018	11,331
2019	3,620
Thereafter	11,599
Totals	\$ 119,397

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**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Capital Assets, not Being Depreciated:				
Land	\$ 188,730	\$ -	\$ -	\$ 188,730
Construction in Progress	<u>-</u>	<u>763,483</u>	<u>(526,876)</u>	<u>236,607</u>
Total Capital Assets, not Being Depreciated	\$ <u>188,730</u>	\$ <u>763,483</u>	\$ <u>(526,876)</u>	\$ <u>425,337</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 8,476,769	\$ -	\$ -	\$ 8,476,769
Improvements	3,664,813	118,097	-	3,782,910
Vehicles	280,949	-	-	280,949
Support Equipment	64,518	-	-	64,518
Instructional Equipment	413,663	33,533	-	447,196
Maintenance Equipment	<u>124,507</u>	<u>-</u>	<u>-</u>	<u>124,507</u>
Total Capital Assets, Being Depreciated	\$ <u>13,025,219</u>	\$ <u>151,630</u>	\$ <u>-</u>	\$ <u>13,176,849</u>
Less Accumulated Depreciation for:				
Buildings	\$ (5,151,287)	\$ (135,070)	\$ -	\$ (5,286,357)
Improvements	(2,372,973)	(121,911)	-	(2,494,884)
Vehicles	(249,959)	(7,263)	-	(257,222)
Support Equipment	(19,217)	(9,217)	-	(28,434)
Instructional Equipment	(348,799)	(18,896)	-	(367,695)
Maintenance Equipment	<u>(124,100)</u>	<u>(407)</u>	<u>-</u>	<u>(124,507)</u>
Total Accumulated Depreciation	\$ <u>(8,266,335)</u>	\$ <u>(292,764)</u>	\$ <u>-</u>	\$ <u>(8,559,099)</u>
Total Capital Assets, Being Depreciated, Net	\$ <u>4,758,884</u>	\$ <u>(141,134)</u>	\$ <u>-</u>	\$ <u>4,617,750</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,947,614</u>	<u>\$ 622,349</u>	<u>\$ (526,876)</u>	<u>\$ 5,043,087</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ <u>241,891</u>	\$ <u>22,285</u>	\$ <u>-</u>	\$ <u>264,176</u>
Total Capital Assets, Being Depreciated	\$ <u>241,891</u>	\$ <u>22,285</u>	\$ <u>-</u>	\$ <u>264,176</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	\$ <u>(131,339)</u>	\$ <u>(17,337)</u>	\$ <u>-</u>	\$ <u>(148,676)</u>
Total Accumulated Depreciation	\$ <u>(131,339)</u>	\$ <u>(17,337)</u>	\$ <u>-</u>	\$ <u>(148,676)</u>
Total Capital Assets, Being Depreciated, Net	\$ <u>110,552</u>	\$ <u>4,948</u>	\$ <u>-</u>	\$ <u>115,500</u>
Business-Type Activities Capital Assets, Net	<u>\$ 110,552</u>	<u>\$ 4,948</u>	<u>\$ -</u>	<u>\$ 115,500</u>



**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 - CAPITAL ASSETS (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Unit:</b>				
Capital Assets, not Being Depreciated:				
Land	\$ 308,260	\$ -	\$ -	\$ 308,260
Construction in Progress	3,101,937	601,462	(3,703,399)	-
Total Capital Assets, not Being Depreciated	<u>\$ 3,410,197</u>	<u>\$ 601,462</u>	<u>\$ (3,703,399)</u>	<u>\$ 308,260</u>
Capital Assets, Being Depreciated:				
Buildings	\$ 242,325	\$ 3,364,267	\$ -	\$ 3,606,592
Equipment and Furnishings	-	339,132	-	339,132
Total Capital Assets, Being Depreciated	<u>\$ 242,325</u>	<u>\$ 3,703,399</u>	<u>\$ -</u>	<u>\$ 3,945,724</u>
Less Accumulated Depreciation for:				
Buildings	\$ (15,055)	\$ (55,173)	\$ -	\$ (70,228)
Equipment and Furnishings	-	(25,365)	-	(25,365)
Total Accumulated Depreciation	<u>\$ (15,055)</u>	<u>\$ (80,538)</u>	<u>\$ -</u>	<u>\$ (95,593)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 227,270</u>	<u>\$ 3,622,861</u>	<u>\$ -</u>	<u>\$ 3,850,131</u>
Total Capital Assets, Net	<u><u>\$ 3,637,467</u></u>	<u><u>\$ 4,224,323</u></u>	<u><u>\$ (3,703,399)</u></u>	<u><u>\$ 4,158,391</u></u>

Depreciation expense was charged to functions/programs as follows:

**Primary Government:**

**Governmental Activities:**

Instruction	\$ 153,873
Supporting Services	40,180
Unallocated	<u>98,711</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 292,764</u></u>

**Business-Type Activities:**

Food Service	<u>17,337</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 17,337</u></u>

**Component Unit:**

Supporting Services	<u>80,538</u>
Total Depreciation Expense - Component Unit	<u><u>\$ 80,538</u></u>

During the current fiscal year, the District transferred capital assets (construction costs) related to the Ellis Performing Arts Center with a net book value of \$526,876 to the Foundation, which are included in increases and decreases of the above schedules. The assets are leased back to the District at no cost. Also during the current fiscal year, the Foundation transferred \$800,000 to the District to reimburse construction costs. The net transfer of \$273,124 is reported as a "special item" in the statement of activities.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5 - LONG-TERM DEBT**

*Primary Government*

**General Obligation Bonds**

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 of the District, as well as its component unit.

General obligation bonds currently outstanding at June 30, 2014, are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2014</u>
2009	0.40%	March 1, 2019	\$ <u>1,000,000</u>	\$ <u>560,726</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>
2015	\$ 111,258	\$ 2,243	\$ 113,501
2016	111,703	1,798	113,501
2017	112,150	1,351	113,501
2018	112,599	902	113,501
2019	<u>113,016</u>	<u>485</u>	<u>113,501</u>
Totals	\$ <u>560,726</u>	\$ <u>6,779</u>	\$ <u>567,505</u>

The following is a summary of changes in long-term obligations and balances of the District for June 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 671,541	\$ -	\$ (110,815)	\$ 560,726	\$ 111,258
Compensated Absences	<u>61,752</u>	<u>52,636</u>	<u>(45,616)</u>	<u>68,772</u>	<u>44,084</u>
Totals	\$ <u>733,293</u>	\$ <u>52,636</u>	\$ <u>(156,431)</u>	\$ <u>629,498</u>	\$ <u>155,342</u>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ <u>2,554</u>	\$ <u>2,055</u>	\$ <u>(1,824)</u>	\$ <u>2,785</u>	\$ <u>1,989</u>
Totals	\$ <u>2,554</u>	\$ <u>2,055</u>	\$ <u>(1,824)</u>	\$ <u>2,785</u>	\$ <u>1,989</u>

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

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5 - LONG-TERM DEBT (continued)**

*Component Unit*

**Notes Payable**

On March 20, 2013, the Foundation obtained a loan from Carolina Bank & Trust in the amount of \$1,500,000 to finance the completion of the Ellis Performing Arts Center. Repayment of the loan is being made in annual installments of \$194,285 beginning March 20, 2014. Outstanding notes payable of the Foundation at June 30, 2014, are as follows:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2014</u>
2013	5.00%	March 20, 2023	\$ <u>1,500,000</u>	\$ <u>1,380,510</u>

Annual debt service requirements to maturity for the Carolina Bank & Trust note payable are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 125,249	\$ 69,036	\$ 194,285
2016	131,511	62,774	194,285
2017	138,087	56,198	194,285
2018	144,991	49,294	194,285
2019	152,241	42,044	194,285
2020 - 2023	<u>688,431</u>	<u>88,151</u>	<u>776,582</u>
Totals	\$ <u>1,380,510</u>	\$ <u>367,497</u>	\$ <u>1,748,007</u>

The following is a summary of changes in long-term obligations and balances of the Foundation for June 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Component Unit:</b>					
Notes Payable	\$ <u>1,500,000</u>	\$ <u>-</u>	\$ <u>(119,490)</u>	\$ <u>1,380,510</u>	\$ <u>125,249</u>
Totals	\$ <u>1,500,000</u>	\$ <u>-</u>	\$ <u>(119,490)</u>	\$ <u>1,380,510</u>	\$ <u>125,249</u>

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**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014, interfund receivables and payables resulting from various interfund transactions were as follows. All balances are expected to be repaid within the following year.

	Due From Other Funds	Due To Other Funds
General Fund	\$ 252,354	\$ -
Special Projects	-	258,038
EIA	-	112,646
School Building Fund	-	32,977
Food Service Fund	151,307	-
Total	\$ 403,661	\$ 403,661

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	\$ 273,497	\$ 927,374
EIA	-	242,975
School Building Fund	924,468	-
Food Service Fund	-	30,522
Pupil Activity Funds	2,906	-
Total	\$ 1,200,871	\$ 1,200,871

**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.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7 - POSTEMPLOYMENT BENEFITS (continued)**

**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, 4.92% of annual covered payroll for fiscal year 2013-2014. The EIP sets the employer contribution rate based on a pay-as-you-go basis.

The District recorded fringe benefit expenses for insurance benefits for active employees in the amount of \$948,105 for the year ended June 30, 2014. The District also paid \$354,465 applicable to the 4.92% surcharge included with the employer contributions for retirement benefits. (The District paid \$286,387 and \$282,497 in 2013 and 2012, 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 \$3.56 for the fiscal year ended June 30, 2014.

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](http://www.retirement.sc.gov).

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 8 - RETIREMENT PLAN (continued)**

**Funding Policy**

Members of the SCRS are required to contribute at the rate of 7.50% of their covered wages. The District is required to contribute at actuarially determined rates, currently 10.60% 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, 2014, 2013, and 2012 were \$763,684, \$667,188, and \$626,422, respectively. Actual contributions were equal to the required contributions each year.

***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, 2014 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.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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.

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 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, 2014, 2013, and 2012.

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 is involved in various lawsuits arising in the ordinary course of operations. It is the opinion of management after giving consideration to the District's related insurance coverage and consultation with legal counsel that the final settlements of these matters will not result in a material adverse effect on the financial position of the District.

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.

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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 that they should not be included in the reporting entity because their economic resources are not significant to the District.

**NOTE 13 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS**

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

Long-Term Assets Not Available to Pay Current Period Expenditures:	
Property Taxes	\$ 72,675
County Reimbursement for Elementary School Construction	<u>152,241</u>
	<u>\$ 224,916</u>
Long-Term Liabilities Not Reported in the Funds:	
General Obligation Bonds	\$ (560,726)
Accrued Interest Payable	(744)
Compensated Absences Payable	<u>(68,772)</u>
	<u>\$ (630,242)</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 position 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	\$ 915,113
Depreciation Expense	<u>(292,764)</u>
	<u>\$ 622,349</u>
Miscellaneous Transactions Involving Capital Assets:	
Contribution of Capital Assets to Component Unit	\$ <u>(526,876)</u>
	<u>\$ (526,876)</u>
Revenues Not Recognized in the Funds:	
Property Taxes	\$ (5,364)
County Reimbursement for Elementary School Construction	<u>152,241</u>
	<u>\$ 146,877</u>



**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 13 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND STATEMENTS**  
**(continued)**

Issuance and Repayment of Long-Term Debt:	
Principal Repayment on General Obligation Bonds	\$ <u>110,815</u>
	\$ <u><u>110,815</u></u>
Expenses Not Recognized in the Funds:	
Compensated Absences	\$ (7,020)
Accrued Interest on Long-Term Debt	<u>146</u>
	\$ <u><u>(6,874)</u></u>

**NOTE 14 – NET POSITION RESTATEMENT**

The implementation of GASB 65 resulted in the reclassification of beginning net position for debt issuance costs that were previously reported as deferred charges.

	<u>Governmental Activities</u>		<u>Component Unit</u>
Beginning Net Position, As Originally Reported	\$ 6,990,076	\$	4,026,477
Change in Reporting for Debt Issuance Costs	<u>(11,756)</u>	<u>\$</u>	<u>(20,502)</u>
Beginning Net Position, As Restated	<u>\$ 6,978,320</u>	<u>\$</u>	<u>4,005,975</u>

**NOTE 15 - COMMITMENTS**

At June 30, 2014, construction and related commitments were as follows:

	<u>Estimated Completion Date</u>	<u>Commitment</u>	<u>Expenditures Incurred</u>	<u>Remaining Commitment June 30, 2014</u>
<b>Primary Government:</b>				
Ellis Performing Arts Center/High School Project	December 2014	\$ <u>3,360,995</u>	\$ <u>(3,331,444)</u>	\$ <u>29,551</u>

On September 11, 2012, the District’s Board approved a resolution supporting the Foundation and its efforts to borrow \$1,500,000 for the completion of the Ellis Performing Arts Center. The Board also agreed to make any loan repayment in full or in part on behalf of the Foundation in the event the Foundation’s resources are not sufficient.

**NOTE 16 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

GASB has issued Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68*. The primary objectives of these statements are to improve accounting and financial reporting by state and local governments for pensions. These statements will become effective for the District in the 2015 fiscal year and are required to be implemented simultaneously. The District has not yet determined the impact of these statements on the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Local	\$ 2,028,132	\$ 2,028,132	\$ 2,101,453	\$ 73,321
State	6,062,919	6,062,919	6,069,928	7,009
Intergovernmental	198,000	198,000	269,880	71,880
<b>TOTAL REVENUES</b>	<b>\$ 8,289,051</b>	<b>\$ 8,289,051</b>	<b>\$ 8,441,261</b>	<b>\$ 152,210</b>
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 4,471,742	\$ 4,471,742	\$ 4,378,880	\$ 92,862
Supporting Services	3,798,719	3,798,719	4,052,913	(254,194)
Community Services	6,000	6,000	6,000	-
Intergovernmental Expenditures	254,610	254,610	22,053	232,557
Capital Outlay	43,000	43,000	171,702	(128,702)
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,574,071</b>	<b>\$ 8,574,071</b>	<b>\$ 8,631,548</b>	<b>\$ (57,477)</b>
Excess Revenues Over (Under) Expenditures	\$ (285,020)	\$ (285,020)	\$ (190,287)	\$ 94,733
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	\$ 285,020	\$ 285,020	\$ 273,497	\$ (11,523)
Transfers To Other Funds	-	-	(927,374)	(927,374)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 285,020</b>	<b>\$ 285,020</b>	<b>\$ (653,877)</b>	<b>\$ (938,897)</b>
<b>SPECIAL ITEM</b>				
Contribution From Component Unit	\$ -	\$ -	\$ 800,000	\$ 800,000
Net Change in Fund Balance	\$ -	\$ -	\$ (44,164)	\$ (44,164)
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>2,686,850</b>	<b>2,686,850</b>	<b>2,686,850</b>	<b>-</b>
<b>FUND BALANCE END OF YEAR</b>	<b>\$ 2,686,850</b>	<b>\$ 2,686,850</b>	<b>\$ 2,642,686</b>	<b>\$ (44,164)</b>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

**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.

**NOTE 3 - EXPENDITURES IN EXCESS OF BUDGET**

For the fiscal year ended June 30, 2014, actual expenditures in the general fund exceeded budgeted appropriations by \$57,477.

**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, 2014**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES</b>			
<b>1000 Revenue from Local Sources</b>			
1100 Taxes:			
1110 Ad Valorem Taxes -			
Including Delinquent Taxes	\$ 1,350,866	\$ 1,471,438	\$ 120,572
1140 Penalties and Interest on Taxes	13,300	16,660	3,360
1190 Other Taxes	298,744	351,444	52,700
1500 Earnings on Investments:			
1510 Interest on Investments	3,700	894	(2,806)
1900 Other Revenue From Local Sources:			
1930 Medicaid	-	2,487	2,487
1990 Miscellaneous Local Revenue			
1993 Receipt of Insurance Proceeds	-	32,931	32,931
1999 Revenue from Other Local Sources	361,522	225,599	(135,923)
<b>Total Local Sources</b>	<b>\$ 2,028,132</b>	<b>\$ 2,101,453</b>	<b>\$ 73,321</b>
<b>2000 Intergovernmental Revenue</b>			
2100 Payments from Other Governmental Units	\$ 198,000	\$ 269,880	\$ 71,880
2310 Payments from Nonprofit Entities	-	800,000	800,000
<b>Total Intergovernmental Revenues</b>	<b>\$ 198,000</b>	<b>\$ 1,069,880</b>	<b>\$ 871,880</b>
<b>3000 Revenue from State Sources</b>			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	\$ -	\$ 699	\$ 699
3160 School Bus Driver Salary	47,830	78,989	31,159
3162 Transportation Workers' Compensation	-	7,207	7,207
3180 Fringe Benefits Employer Contributions	1,546,467	1,574,938	28,471
3199 Other Restricted State Grants	-	530	530
3300 Education Finance Act:	*	3,626,836	-
3310 Full-Time Programs:			
3311 Kindergarten	*	-	242,498
3312 Primary	*	-	714,708
3313 Elementary	*	-	1,109,886
3314 High School	*	-	314,872
3315 Trainable Mentally Handicapped	*	-	39,890
3316 Speech Handicapped	*	-	194,009
3317 Homebound	*	-	2,986
3320 Part-Time Programs:			
3322 Educable Mentally Handicapped	*	-	57,270
3323 Learning Disabilities	*	-	260,695
3324 Hearing Handicapped	*	-	4,809
3325 Visually Handicapped	*	-	4,809
3326 Orthopedically Handicapped	*	-	13,017
3327 Vocational	*	-	560,511

\* 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, 2014**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES (continued)</b>			
<b>3000 Revenue from State Sources (continued)</b>			
3300 Education Finance Act (continued):			
3330 Other EFA Programs:			
3331 Autism	*	-	63,430
		63,430	63,430
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)			
	184,116	184,116	-
3820 Homestead Exemption (Tier 2)	-	97,512	97,512
3825 Reimbursement for Property Tax Relief (Tier 3)	601,651	470,514	(131,137)
3830 Merchant's Inventory Tax	18,630	18,878	248
3840 Manufacturers Depreciation Reimbursement	18,285	31,136	12,851
3890 Other State Property Tax Revenues	19,104	22,019	2,915
	<b>Total State Sources</b>	<b>\$ 6,062,919</b>	<b>\$ 6,069,928</b>
		<b>\$ 7,009</b>	<b>\$ 7,009</b>
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 8,289,051</b>	<b>\$ 9,241,261</b>	<b>\$ 952,210</b>
<b>EXPENDITURES</b>			
<b>100 Instruction</b>			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	\$ 269,948	\$ 285,280	\$ (15,332)
200 Employee Benefits	101,642	105,941	(4,299)
400 Supplies and Materials	12,750	12,855	(105)
112 Primary Programs:			
100 Salaries	527,947	559,864	(31,917)
200 Employee Benefits	211,862	188,569	23,293
400 Supplies and Materials	9,000	8,987	13
113 Elementary Programs:			
100 Salaries	852,483	837,158	15,325
200 Employee Benefits	291,671	288,447	3,224
400 Supplies and Materials	9,000	8,824	176
500 Capital Outlay	-	43,679	(43,679)
114 High School Programs:			
100 Salaries	1,116,567	1,124,037	(7,470)
200 Employee Benefits	392,119	379,974	12,145
300 Purchased Services	475	475	-
400 Supplies and Materials	19,525	19,238	287
115 Career and Technology Education Programs:			
100 Salaries	145,821	147,234	(1,413)
200 Employee Benefits	56,550	58,856	(2,306)
500 Capital Outlay	-	590	(590)

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>EXPENDITURES (continued)</b>			
<b>100 Instruction (continued)</b>			
120 Exceptional Programs			
122 Trainable Mentally Handicapped:			
100 Salaries	96,220	101,893	(5,673)
200 Employee Benefits	48,174	49,612	(1,438)
126 Speech Handicapped:			
100 Salaries	57,811	57,811	-
200 Employee Benefits	18,331	18,926	(595)
127 Learning Disabilities:			
100 Salaries	53,917	53,917	-
200 Employee Benefits	21,164	21,978	(814)
130 Pre-School Programs			
139 Early Childhood Programs:			
100 Salaries	88,138	13,236	74,902
200 Employee Benefits	43,552	12,830	30,722
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	14,312	15,117	(805)
200 Employee Benefits	3,263	3,315	(52)
145 Homebound:			
100 Salaries	-	1,154	(1,154)
200 Employee Benefits	-	265	(265)
300 Purchased Services	4,750	1,513	3,237
149 Other Special Programs:			
300 Purchased Services	4,750	1,574	3,176
<b>Total Instruction</b>	<b>\$ 4,471,742</b>	<b>\$ 4,423,149</b>	<b>\$ 48,593</b>
<b>200 Supporting Services</b>			
210 Pupil Services			
212 Guidance Services:			
100 Salaries	\$ 65,176	\$ 116,241	(51,065)
200 Employee Benefits	20,420	41,922	(21,502)
300 Purchased Services	1,500	-	1,500
400 Supplies and Materials	1,500	2,009	(509)



**DILLON COUNTY SCHOOL DISTRICT NO. 3  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

<b>EXPENDITURES (continued)</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>200 Supporting Services (continued)</b>			
210 Pupil Services (continued)			
213 Health Services:			
100 Salaries	45,364	46,482	(1,118)
200 Employee Benefits	15,903	16,452	(549)
300 Purchased Services	1,500	710	790
400 Supplies and Materials	16,500	17,584	(1,084)
214 Psychological Services:			
100 Salaries	96,826	96,226	600
200 Employee Benefits	35,222	34,007	1,215
300 Purchased Services	751	10,402	(9,651)
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development:			
100 Salaries	55,575	51,566	4,009
200 Employee Benefits	15,810	15,978	(168)
300 Purchased Services	60,100	87,599	(27,499)
400 Supplies and Materials	-	46,358	(46,358)
222 Library and Media Services:			
100 Salaries	149,708	149,407	301
200 Employee Benefits	52,251	53,954	(1,703)
300 Purchased Services	600	108	492
400 Supplies and Materials	8,890	8,804	86
223 Supervision of Special Programs:			
100 Salaries	82,100	78,000	4,100
140 Terminal Leave	-	169	(169)
200 Employee Benefits	33,925	26,695	7,230
300 Purchased Services	600	600	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	12,615	9,236	3,379
200 Employee Benefits	4,211	915	3,296
300 Purchased Services	12,000	5,261	6,739
400 Supplies and Materials	900	871	29
600 Other Objects	450	480	(30)
230 General Administration Services			
231 Board of Education:			
100 Salaries	4,000	4,000	-
200 Employee Benefits	912	956	(44)
300 Purchased Services	22,000	11,921	10,079
318 Audit Services	27,000	30,650	(3,650)
600 Other Objects	177,500	233,416	(55,916)

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

<b>EXPENDITURES (continued)</b>	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>200 Supporting Services (continued)</b>			
230 General Administration Services (continued)			
232 Office of the Superintendent:			
100 Salaries	155,917	157,919	(2,002)
200 Employee Benefits	69,858	74,546	(4,688)
300 Purchased Services	12,100	9,886	2,214
400 Supplies and Materials	5,350	5,221	129
500 Capital Outlay	1,500	-	1,500
600 Other Objects	3,000	16,634	(13,634)
233 School Administration:			
100 Salaries	564,129	547,833	16,296
200 Employee Benefits	190,534	194,363	(3,829)
300 Purchased Services	1,500	-	1,500
400 Supplies and Materials	6,843	9,882	(3,039)
600 Other Objects	2,216	1,466	750
250 Finance and Operations Services			
252 Fiscal Services:			
100 Salaries	69,634	69,634	-
200 Employee Benefits	28,434	28,463	(29)
300 Purchased Services	8,500	13,062	(4,562)
400 Supplies and Materials	2,000	1,853	147
254 Operation and Maintenance of Plant:			
100 Salaries	227,629	262,098	(34,469)
200 Employee Benefits	99,406	89,570	9,836
300 Purchased Services	140,236	122,952	17,284
321 Public Utilities	12,100	17,562	(5,462)
400 Supplies and Materials	85,000	108,665	(23,665)
470 Energy	275,500	273,338	2,162
500 Capital Outlay	13,000	-	13,000
255 Student Transportation:			
100 Salaries	40,160	232,584	(192,424)
200 Employee Benefits	20,103	81,557	(61,454)
300 Purchased Services	263,251	18,935	244,316
400 Supplies and Materials	1,800	1,887	(87)
600 Other Objects	-	1,018	(1,018)
256 Food Services:			
200 Employee Benefits	119,601	75,866	43,735
257 Internal Services:			
300 Purchased Services	24,000	27,816	(3,816)
258 Security:			
300 Purchased Services	52,981	56,375	(3,394)

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
<b>EXPENDITURES (continued)</b>			
<b>200 Supporting Services (continued)</b>			
260 Central Support Services			
266 Technology and Data Processing Services:			
100 Salaries	121,575	121,575	-
200 Employee Benefits	39,093	32,523	6,570
300 Purchased Services	25,800	67,565	(41,765)
400 Supplies and Materials	-	19,868	(19,868)
500 Capital Outlay	28,500	127,433	(98,933)
270 Supporting Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries	71,466	75,423	(3,957)
200 Employee Benefits	15,694	13,466	2,228
400 Supplies and Materials	6,500	6,255	245
660 Pupil Activity	15,000	16,274	(1,274)
<b>Total Supporting Services</b>	<b>\$ 3,841,719</b>	<b>\$ 4,180,346</b>	<b>\$ (338,627)</b>
<b>300 Community Services</b>			
390 Other Community Services:			
100 Salaries	\$ 6,000	\$ -	\$ 6,000
300 Purchased Services	-	6,000	(6,000)
<b>Total Community Services</b>	<b>\$ 6,000</b>	<b>\$ 6,000</b>	<b>\$ -</b>
<b>400 Intergovernmental Expenditures</b>			
412 Payments to Other Governmental Units			
720 Transits	\$ 60,300	\$ 22,053	\$ 38,247
417 Payments to Nonprofit Entities			
720 Transits	194,310	-	194,310
<b>Total Intergovernmental Expenditures</b>	<b>\$ 254,610</b>	<b>\$ 22,053</b>	<b>\$ 232,557</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,574,071</b>	<b>\$ 8,631,548</b>	<b>\$ (57,477)</b>
Excess Revenues Over (Under) Expenditures	<b>\$ (285,020)</b>	<b>\$ 609,713</b>	<b>\$ 894,733</b>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<b>Interfund Transfers, From (To) Other Funds:</b>			
5230 Transfer from Special Revenue EIA Fund	\$ 245,020	\$ 242,975	\$ (2,045)
5280 Transfer from Other Funds Indirect Costs	40,000	30,522	(9,478)
424 - 710 Transfer to School Building Fund	-	(924,468)	(924,468)
426 - 710 Transfer to Pupil Activity Fund	-	(2,906)	(2,906)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 285,020</b>	<b>\$ (653,877)</b>	<b>\$ (938,897)</b>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (44,164)</u>	<u>\$ (44,164)</u>
<b>FUND BALANCE JULY 1, 2013</b>		<u>2,686,850</u>	
<b>FUND BALANCE JUNE 30, 2014</b>		<u>\$ 2,642,686</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, 2014**

	<b>TITLE I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>PRESCHOOL HANDICAPPED (CG Projects) (205/206)</b>
<b>REVENUES</b>			
<b>1000 Revenue From Local Sources</b>			
1900 Other Revenue from Local Sources:			
1930 Medicaid	\$ -	\$ -	\$ -
1990 Miscellaneous Local Revenue			
1999 Revenue from Other Local Sources	-	-	-
	-	-	-
<b>Total Local Sources</b>	\$ -	\$ -	\$ -
<b>2000 Intergovernmental Revenue</b>			
2100 Payments from Other Governmental Units	\$ -	\$ -	\$ -
	-	-	-
<b>Total Intergovernmental Revenue</b>	\$ -	\$ -	\$ -
<b>3000 Revenue From State Sources</b>			
3100 Restricted State Funding:			
3110 Occupational Education:			
3118 EEDA Career Specialist	\$ -	\$ -	\$ -
3120 General Education:			
3127 Student Health and Fitness - PE Teachers	-	-	-
3130 Special Programs:			
3136 Student Health and Fitness - Nurses	-	-	-
3177 Summer Reading Camp	-	-	-
3190 Miscellaneous Restricted State Grants:			
3193 Education License Plates	-	-	-
	-	-	-
3600 Education Lottery Act Revenue:			
3607 6-8 Enhancement	-	-	-
3610 K-5 Enhancement	-	-	-
3620 Digital Instructional Materials	-	-	-
3699 Other State Lottery Programs	-	-	-
	-	-	-
<b>Total State Sources</b>	\$ -	\$ -	\$ -
<b>4000 Revenue From Federal Sources</b>			
4300 Elementary and Secondary Education Act of 1965 (ESEA):			
4310 Title I, Basic State Grant Programs	\$ 537,139	\$ -	\$ -
4312 Rural and Low-Income School Program, Title VI	-	-	-
4351 Improving Teacher Quality	-	-	-
	-	-	-
4500 Programs for Children with Disabilities:			
4510 Individuals With Disabilities Education Act (IDEA)	-	387,937	-
4520 Pre-School Grants (IDEA)	-	-	13,541
	-	-	13,541
<b>Total Federal Sources</b>	\$ 537,139	\$ 387,937	\$ 13,541
<b>TOTAL REVENUE ALL SOURCES</b>	\$ 537,139	\$ 387,937	\$ 13,541

<b>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</b>	<b>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</b>	<b>TOTAL</b>
\$ -	\$ 145,805	\$ 145,805
<u>-</u>	<u>10,268</u>	<u>10,268</u>
\$ <u>-</u>	\$ <u>156,073</u>	\$ <u>156,073</u>
 \$ <u>-</u>	 \$ <u>1,190</u>	 \$ <u>1,190</u>
 \$ <u>-</u>	 \$ <u>1,190</u>	 \$ <u>1,190</u>
 \$ 81,496	 \$ -	 \$ 81,496
12,149	-	12,149
30,927	-	30,927
3,443	-	3,443
442	-	442
4,283	-	4,283
104,455	-	104,455
8,754	-	8,754
<u>73,296</u>	<u>-</u>	<u>73,296</u>
\$ <u>319,245</u>	\$ <u>-</u>	\$ <u>319,245</u>
 \$ -	 \$ -	 \$ 537,139
-	30,114	30,114
-	111,166	111,166
-	-	387,937
<u>-</u>	<u>-</u>	<u>13,541</u>
\$ <u>-</u>	\$ <u>141,280</u>	\$ <u>1,079,897</u>
\$ <u>319,245</u>	\$ <u>298,543</u>	\$ <u>1,556,405</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, 2014**

	<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>
<b>EXPENDITURES</b>			
<b>100 Instruction</b>			
110 General Instruction			
111 Kindergarten Programs:			
400 Supplies and Materials	\$ 5,098	\$ -	\$ -
112 Primary Programs:			
100 Salaries	146,638	-	-
200 Employee Benefits	47,473	-	-
400 Supplies and Materials	-	-	-
113 Elementary Programs:			
100 Salaries	29,523	-	-
200 Employee Benefits	10,475	-	-
400 Supplies and Materials	-	-	-
114 High School Programs:			
500 Capital Outlay	-	-	-
115 Career and Technology Education Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
120 Exceptional Programs			
122 Trainable Mentally Handicapped:			
100 Salaries	-	67,247	-
200 Employee Benefits	-	23,491	-
400 Supplies and Materials	-	2,199	-
126 Speech Handicapped:			
100 Salaries	-	2,092	9,908
200 Employee Benefits	-	344	3,633
300 Purchased Services	-	1,122	-
400 Supplies and Materials	-	195	-
127 Learning Disabilities:			
100 Salaries	-	117,116	-
200 Employee Benefits	-	37,231	-
400 Supplies and Materials	-	9,910	-
130 Pre-School Programs			
139 Early Childhood Programs:			
100 Salaries	48,280	-	-
200 Employee Benefits	17,959	-	-
140 Special Programs			
149 Other Special Programs:			
300 Purchased Services	-	23,335	-

<b>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</b>	<b>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</b>	<b>TOTAL</b>
\$ -	\$ 187	\$ 5,285
81,997	-	228,635
34,608	-	82,081
-	366	366
-	79,635	109,158
-	20,243	30,718
-	147	147
442	-	442
-	8,486	8,486
-	1,783	1,783
-	-	67,247
-	-	23,491
-	-	2,199
-	32,584	44,584
-	10,758	14,735
-	-	1,122
-	-	195
-	-	117,116
-	-	37,231
-	-	9,910
-	-	48,280
-	-	17,959
-	-	23,335



**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, 2014**

	<b>TITLE I</b>	<b>IDEA</b>	<b>PRESCHOOL</b>
	<b>(BA Projects)</b>	<b>(CA Projects)</b>	<b>HANDICAPPED</b>
	<b>(201/202)</b>	<b>(203/204)</b>	<b>(CG Projects)</b>
			<b>(205/206)</b>
<b>EXPENDITURES (continued)</b>			
<b>100 Instruction (continued)</b>			
170 Summer School Programs			
171 Primary Summer School:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
400 Supplies and Materials	-	-	-
180 Adult/Continuing Educational Programs			
188 Parenting/Family Literacy:			
100 Salaries	500	-	-
400 Supplies and Materials	4,959	-	-
	<u>4,959</u>	<u>-</u>	<u>-</u>
<b>Total Instruction</b>	<u>\$ 310,905</u>	<u>\$ 284,282</u>	<u>\$ 13,541</u>
<b>200 Supporting Services</b>			
210 Pupil Services			
212 Guidance Services:			
100 Salaries	\$ -	\$ -	-
200 Employee Benefits	-	-	-
213 Health Services:			
100 Salaries	32,769	-	-
200 Employee Benefits	15,130	-	-
300 Purchased Services	-	44,100	-
214 Psychological Services:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	651	-
400 Supplies and Materials	-	3,014	-
600 Other Objects	-	650	-
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development:			
300 Purchased Services	-	-	-
223 Supervision of Special Programs:			
100 Salaries	70,286	23,885	-
200 Employee Benefits	20,170	11,136	-
300 Purchased Services	-	877	-
400 Supplies and Materials	1,308	6,877	-
600 Other Objects	-	802	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	70,286	3,148	-
200 Employee Benefits	16,285	597	-
300 Purchased Services	-	7,918	-
400 Supplies and Materials	-	-	-

OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
2,300	-	2,300
521	-	521
622	-	622
-	-	500
-	-	4,959
\$ 120,490	\$ 154,189	\$ 883,407

\$ 63,935	\$ -	\$ 63,935
17,561	-	17,561

21,186	27,636	81,591
9,741	11,148	36,019
-	-	44,100

-	10,500	10,500
-	2,398	2,398
-	-	651
-	-	3,014
-	-	650

4,283	-	4,283
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-	-	94,171
-	-	31,306
-	988	1,865
-	-	8,185
-	-	802

50,888	10,800	135,122
22,407	2,502	41,791
-	21,357	29,275
-	6,243	6,243

**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, 2014**

	<b>TITLE I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>PRESCHOOL HANDICAPPED (CG Projects) (205/206)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>EXPENDITURES (continued)</b>			
<b>200 Supporting Services (continued)</b>			
260 Central Support Services			
266 Technology and Data Processing Services:			
500 Capital Outlay	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Supporting Services</b>	\$ 226,234	\$ 103,655	\$ -
<b>400 Intergovernmental Expenditures</b>			
412 Payments to Other Governmental Units			
720 Transits	-	-	-
414 Medicaid Payments to SCDE			
720 Transits	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Intergovernmental Expenditures</b>	\$ -	\$ -	\$ -
<b>TOTAL EXPENDITURES</b>	<u>\$ 537,139</u>	<u>\$ 387,937</u>	<u>\$ 13,541</u>
Excess Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE JULY 1, 2013</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCE JUNE 30, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<b>OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)</b>	<b>OTHER SPECIAL REVENUE PROGRAMS (200s/800s)</b>	<b>TOTAL</b>
<u>8,754</u>	<u>-</u>	<u>8,754</u>
\$ <u>198,755</u>	\$ <u>93,572</u>	\$ <u>622,216</u>
\$ -	\$ 313	\$ 313
<u>-</u>	<u>50,469</u>	<u>50,469</u>
\$ -	\$ <u>50,782</u>	\$ <u>50,782</u>
\$ <u>319,245</u>	\$ <u>298,543</u>	\$ <u>1,556,405</u>
\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
SPECIAL PROJECTS FUND  
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

<b>SUBFUND CODE</b>	<b>REVENUE CODE</b>	<b>PROGRAMS</b>	<b>REVENUES</b>
919	3193	Education License Plates	\$ 442
926	3177	Summer Reading Camp	3,443
928	3118	EEDA Career Specialist	81,496
936	3136	Student Health and Fitness - Nurses	30,927
937	3127	Student Health and Fitness - PE Teachers	12,149
960	3610	K-5 Enhancement	104,455
965	3620	Digital Instructional Materials	8,754
967	3607	6-8 Enhancement	4,283
969	3699	Other State Lottery Program	73,296
<b>TOTALS</b>			<b>\$ 319,245</b>

<u>EXPENDITURES</u>	<u>SPECIAL PROJECTS INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>UNEARNED REVENUE</u>
\$ 442	\$ -	\$ -	\$ -
3,443	-	-	2,003
81,496	-	-	-
30,927	-	-	-
12,149	-	-	-
104,455	-	-	-
8,754	-	-	-
4,283	-	-	-
73,296	-	-	-
<u>\$ 319,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,003</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, 2014**

<b>REVENUES</b>	<u><b>ACTUAL</b></u>
<b>3000 Revenue from State Sources</b>	
3500 Education Improvement Act:	
3502 ADEPT	\$ 2,134
3505 Technology Support	3,285
3511 Professional Development	8,938
3525 Career and Technology Education Equipment	34,368
3526 Refurbishment of K-8 Science Kits	6,761
3532 National Board Certification (NBC) Salary Supplement	18,475
3533 Teacher of the Year Award	1,077
3538 Students At Risk of School Failure	334,591
3541 Child Development Education Pilot Program (CDEPP)	329,004
3544 High Achieving Students	33,203
3550 Teacher Salary Increase	214,460
3555 School Employer Contributions	28,515
3558 Reading	37,128
3577 Teacher Supplies	26,400
3585 Aid to Districts - Special Education	5,163
3592 Work-Based Learning	6,604
3597 Aid to Districts	74,128
	<hr/>
<b>Total State Sources</b>	\$ <u>1,164,234</u>
<b>TOTAL REVENUE ALL SOURCES</b>	\$ <u>1,164,234</u>
<b>EXPENDITURES</b>	
<b>100 Instruction</b>	
110 General Instruction	
111 Kindergarten Programs:	
400 Supplies and Materials	\$ 15,988
112 Primary Programs:	
100 Salaries	45,432
200 Employee Benefits	14,429
400 Supplies and Materials	21,141
113 Elementary Programs:	
100 Salaries	214,207
200 Employee Benefits	70,811
400 Supplies and Materials	19,047
114 High School Programs:	
100 Salaries	20,415
200 Employee Benefits	7,454
400 Supplies and Materials	8,525
115 Career and Technology Education Programs:	
500 Capital Outlay	40,972

**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, 2014**

<b>EXPENDITURES (continued)</b>	<u><b>ACTUAL</b></u>
<b>100 Instruction (continued)</b>	
120 Exceptional Programs	
122 Trainable Mentally Handicapped:	
100 Salaries	40,504
200 Employee Benefits	20,182
140 Special Programs	
141 Gifted and Talented - Academic:	
100 Salaries	25,773
200 Employee Benefits	6,339
147 CDEPP:	
100 Salaries	218,855
200 Employee Benefits	110,149
148 Gifted and Talented - Artistic:	
100 Salaries	750
200 Employee Benefits	172
400 Supplies and Materials	168
<b>Total Instruction</b>	<b>\$ <u>901,313</u></b>
<b>200 Supporting Services</b>	
220 Instructional Staff Services	
224 Improvement of Instruction - Inservice Training:	
100 Salaries	\$ 2,840
200 Employee Benefits	712
300 Purchased Services	11,187
400 Supplies and Materials	1,922
260 Central Support Services	
266 Technology and Data Processing Services	
300 Purchased Services	<u>3,285</u>
<b>Total Supporting Services</b>	<b>\$ <u>19,946</u></b>
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>921,259</u></b>
Excess Revenues Over (Under) Expenditures	<u>\$ 242,975</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, 2014**

	<u>ACTUAL</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
<b>Interfund Transfers, From (To) Other Funds</b>	
420-710 Transfer to General Fund	\$ <u>(242,975)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	\$ <u>(242,975)</u>
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ -
<b>FUND BALANCE JULY 1, 2013</b>	<u>-</u>
<b>FUND BALANCE JUNE 30, 2014</b>	<u><u>-</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
 EDUCATION IMPROVEMENT ACT  
 SUMMARY SCHEDULE BY PROGRAM  
 FOR FISCAL YEAR ENDED JUNE 30, 2014**

<b>PROGRAM</b>	<b><u>REVENUES</u></b>
3500 Education Improvement Act:	
3502 ADEPT	\$ 2,134
3505 Technology Support	3,285
3511 Professional Development	8,938
3525 Career and Technology Education Equipment	34,368
3526 Refurbishment of K-8 Science Kits	6,761
3532 National Board Certification (NBC) Salary Supplement	18,475
3533 Teacher of the Year Award	1,077
3538 Students At Risk of School Failure	334,591
3541 Child Development Education Pilot Program (CDEPP)	329,004
3544 High Achieving Students	33,203
3550 Teacher Salary Increase	214,460
3555 School Employer Contributions	28,515
3558 Reading	37,128
3577 Teacher Supplies	26,400
3585 Aid to Districts - Special Education	5,163
3592 Work-Based Learning	6,604
3594 EEDA At Risk Supplemental Programs	-
3597 Aid to Districts	<u>74,128</u>
<b>TOTALS</b>	<b>\$ <u><u>1,164,234</u></u></b>

<u>EXPENDITURES</u>	<u>EIA INTERFUND TRANSFERS IN/(OUT)</u>	<u>OTHER FUND TRANSFERS IN/(OUT)</u>	<u>UNEARNED REVENUE</u>
\$ 2,134	\$ -	\$ -	\$ -
3,285	-	-	-
8,938	-	-	-
34,368	-	-	-
6,761	-	-	-
18,475	-	-	-
1,077	-	-	-
334,591	-	-	-
329,004	-	-	-
33,203	-	-	-
-	-	214,460	-
-	-	28,515	-
37,128	-	-	-
26,400	-	-	-
5,163	-	-	-
6,604	-	-	960
-	-	-	2,153
74,128	-	-	-
<u>\$ 921,259</u>	<u>\$ -</u>	<u>\$ 242,975</u>	<u>\$ 3,113</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, 2014**

	<b>ACTUAL</b>
<b>REVENUES</b>	
<b>1000 Revenue From Local Sources</b>	
1110 Ad Valorem Taxes - Including Delinquent Taxes	\$ <u>113,501</u>
<b>Total Local Sources</b>	\$ <u>113,501</u>
<b>TOTAL REVENUE ALL SOURCES</b>	\$ <u>113,501</u>
<b>EXPENDITURES</b>	
500 Debt Service	
610 Redemption of Principal	\$ 110,815
620 Interest	<u>2,686</u>
<b>TOTAL EXPENDITURES</b>	\$ <u>113,501</u>
Excess Revenues Over (Under) Expenditures	\$ <u>-</u>
<b>FUND BALANCE JULY 1, 2013</b>	<u>-</u>
<b>FUND BALANCE JUNE 30, 2014</b>	\$ <u><u>-</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, 2014**

	<b>ACTUAL</b>
<b>EXPENDITURES</b>	
<b>200 Supporting Services</b>	
250 Finance and Operations	
253 Facilities Acquisition and Construction:	
300 Purchased Services	\$ 67,824
500 Capital Outlay	
520 Construction Services	731,427
540 Equipment	125,217
	924,468
<b>Total Supporting Services</b>	\$ 924,468
<b>TOTAL EXPENDITURES</b>	\$ 924,468
Excess Revenues Over (Under) Expenditures	\$ (924,468)
<b>OTHER FINANCING SOURCES</b>	
<b>Interfund Transfers, From (To) Other Funds:</b>	
5210 Transfer from General Fund	\$ 924,468
<b>TOTAL OTHER FINANCING SOURCES</b>	\$ 924,468
Excess Revenues and Expenditures Over (Under) Other Financing Sources (Uses)	\$ -
<b>FUND BALANCE JULY 1, 2013</b>	-
<b>FUND BALANCE JUNE 30, 2014</b>	\$ -

**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**FOOD SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

	<b>ACTUAL</b>
<b>REVENUES</b>	
<b>1000 Revenue From Local Sources</b>	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 63
1600 Food Service:	
1610 Lunch Sales to Pupils	62,923
1620 Breakfast Sales to Pupils	1,463
1630 Special Sales to Pupils	10,089
1640 Lunch Sales to Adults	7,795
1650 Breakfast Sales to Adults	500
1660 Special Sales to Adults	4,834
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	3,716
<b>Total Local Sources</b>	<b>\$ 91,383</b>
<b>4000 Revenue From Federal Sources</b>	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	\$ 413,948
4830 School Breakfast Program	248,928
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	50,506
<b>Total Federal Sources</b>	<b>\$ 713,382</b>
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 804,765</b>
<b>EXPENSES</b>	
250 Finance and Operations	
256 Food Service:	
100 Salaries	\$ 223,059
200 Employee Benefits	24,117
300 Purchased Services	19,416
400 Supplies and Materials	410,269
500 Capital Outlay	17,337
600 Other Objects	14,378
<b>TOTAL EXPENSES</b>	<b>\$ 708,576</b>
Operating Income (Loss) Before Other Financing Sources (Uses)	<b>\$ 96,189</b>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

	<u>ACTUAL</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
<b>Interfund Transfers, From (To) Other Funds</b>	
432-791 Food Service Fund Indirect Costs	\$ <u>(30,522)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	\$ <u>(30,522)</u>
Net Income (Loss)	\$ 65,667
<b>NET POSITION JULY 1, 2013</b>	<u>426,803</u>
<b>NET POSITION JUNE 30, 2014</b>	<u><u>\$ 492,470</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, 2014**

	<b>ACTUAL</b>
<b>RECEIPTS</b>	
<b>1000 Receipts From Local Sources</b>	
1700 Pupil Activities:	
1710 Admissions	\$ 68,833
1730 Pupil Organization Membership Dues and Fees	3,231
1790 Other	354,347
<b>Total Receipts From Local Sources</b>	<b>\$ 426,411</b>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b>\$ 426,411</b>
<b>DISBURSEMENTS</b>	
270 Supporting Services Pupil Activity	
271 Pupil Service Activities:	
660 Supporting Services Pupil Activity	\$ 188,807
272 Enterprise Activities:	
660 Pupil Activity	138,507
273 Trust and Agency Activities:	
660 Enterprise Activities	108,769
<b>Total Pupil Activity Expenditures</b>	<b>\$ 436,083</b>
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 436,083</b>
Excess Receipts Over (Under) Disbursements	<b>\$ (9,672)</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
<b>Interfund Transfers, From (To) Other Funds</b>	
5210 Transfer from General Fund	\$ 2,906
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 2,906</b>
Excess Receipts and Disbursements Over (Under) Other Financing Sources (Uses)	<b>\$ (6,766)</b>
<b>DUE TO THIRD PARTIES JULY 1, 2013</b>	<b>106,892</b>
<b>DUE TO THIRD PARTIES JUNE 30, 2014</b>	<b>\$ 100,126</b>

*Note: This schedule is presented as prescribed by the S.C. Department of Education.*



## **DISCRETELY PRESENTED COMPONENT UNIT**

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
DISCRETELY PRESENTED COMPONENT UNIT  
BALANCE SHEET  
JUNE 30, 2014**

		<b><u>LATTA SCHOOLS EDUCATIONAL FOUNDATION</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$	951,075
Pledges Receivable		<u>119,397</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>1,070,472</u></u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts Payable	\$	541
Due to Primary Government		<u>248,843</u>
<b>Total Liabilities</b>	<b>\$</b>	<b><u>249,384</u></b>
<b>Deferred Inflows of Resources</b>		
Unavailable Pledges	\$	<u>118,037</u>
<b>Total Deferred Inflows of Resources</b>	<b>\$</b>	<b><u>118,037</u></b>
<b>Fund Balances</b>		
Restricted for:		
Scholarships	\$	132,162
Assigned for:		
Capital Projects and Debt Service		550,484
Unassigned		<u>20,405</u>
<b>Total Fund Balances</b>	<b>\$</b>	<b><u>703,051</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$</b>	<b><u><u>1,070,472</u></u></b>

**RECONCILIATION TO THE STATEMENT OF NET POSITION:**

Amounts reported in the statement of net position presented on page 12 are different because:

Ending governmental fund balance	\$	703,051
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,158,391
Other long-term assets (pledges receivable) are not available to pay for current period expenditures and therefore, are not recognized as revenues in the funds.		118,037
Long-term liabilities, including notes payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(1,399,610)</u>
Net position (presented on page 12)	\$	<b><u><u>3,579,869</u></u></b>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
DISCRETELY PRESENTED COMPONENT UNIT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

	<u><b>LATTA SCHOOLS EDUCATIONAL FOUNDATION</b></u>
<b>REVENUES</b>	
<b>1000 Revenue from Local Sources</b>	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 532
1900 Other Revenue From Local Sources:	
1920 Contributions & Donations Private Sources	95,691
1999 Revenue from Other Local Sources	<u>2,158</u>
<b>Total Local Sources</b>	<u>\$ 98,381</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u>\$ 98,381</u>
<b>EXPENDITURES</b>	
<b>300 Community Services</b>	
390 Other Community Services:	
300 Purchased Services	\$ 1,238
400 Supplies and Materials	1,257
500 Capital Outlay	74,586
600 Other Objects	<u>46,150</u>
<b>Total Community Services</b>	<u>\$ 123,231</u>
<b>400 Intergovernmental Expenditures</b>	
412 Payments to Other Governmental Units	
720 Transits	\$ <u>800,000</u>
<b>Total Intergovernmental Expenditures</b>	<u>\$ 800,000</u>
<b>500 Debt Service</b>	
610 Redemption of Principal	\$ 119,490
620 Interest	<u>74,795</u>
<b>Total Debt Service Expenditures</b>	<u>\$ 194,285</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,117,516</u>
Excess Revenues Over (Under) Expenditures	\$ (1,019,135)
<b>FUND BALANCE JULY 1, 2013</b>	<u>1,722,186</u>
<b>FUND BALANCE JUNE 30, 2014</b>	<u><u>\$ 703,051</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
DISCRETELY PRESENTED COMPONENT UNIT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES:**

Amounts reported in the statement of activities presented on page 13 are different because:

Net change in governmental fund balance	\$	(1,019,135)
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. This amount is the amount by which depreciation expense exceeded capital outlays in the current period.		(5,952)
Contribution of capital assets from primary government is reported as revenues in the statement of activities but is not recognized as revenues in the governmental fund.		526,876
Revenues in the statement of activities that will not be collected for several months after year end (pledges receivable) and do not provide for current financial resources, are not reported as revenues in the governmental fund.		(49,038)
The issuance of long-term debt (e.g. notes payable) provides current financial resources to the governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Also, the governmental fund reports the effect of 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.		119,490
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 the governmental fund.		<u>1,653</u>
Change in net position (reported on page 13)	\$	<u><u>(426,106)</u></u>

**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, 2014**

<u>PROGRAM</u>	<u>PROJECT/ GRANT NUMBER</u>	<u>REVENUE &amp; SUBFUND CODE</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>AMOUNT DUE TO SDE OR FEDERAL GOV'T</u>
Medicaid	N/A	1930/270	Match/Relief	Reimbursement	\$ <u>4,248</u>
<b>TOTALS</b>					\$ <u><u>4,248</u></u>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
LOCATION RECONCILIATION SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

<u>LOCATION</u>	<u>LOCATION DESCRIPTION</u>	<u>EDUCATION LEVEL</u>	<u>COST TYPE</u>	<u>TOTAL EXPENDITURES</u>
30	District	Non-Schools	Central	\$ 2,516,689
31	Latta Elementary	Elementary Schools	School	3,258,480
32	Latta Middle	Middle Schools	School	1,945,809
33	Latta High	High Schools	School	3,827,521
34	Latta Early Childhood	Other School	School	1,743,341
<b>TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS</b>				<b>\$ <u>13,291,840</u></b>

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

General Fund (Subfunds 100s)	\$ 8,631,548
Special Revenue Fund (Subfunds 200s, 800s, 900s)	1,556,405
Special Revenue EIA Fund (Subfunds 300s)	921,259
Debt Service Fund (Subfunds 400s)	113,501
Capital Projects Fund (School Building) (Subfunds 500s)	924,468
Proprietary Fund (Food Service) (Subfunds 600s)	708,576
Trust and Agency Fund (Pupil Activity) (Subfunds 700s)	436,083
<b>TOTAL EXPENDITURES/DISBURSEMENTS FOR ALL FUNDS</b>	<b>\$ <u>13,291,840</u></b>

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
SPECIAL PROJECTS FUND  
SUBFUND CODE LIST  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

**OTHER RESTRICTED STATE GRANTS**

905	Career & Technology Education Equipment
919	Education License Plates
926	Summer Reading Camp
928	EEDA Career Specialist
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
960	K-5 Enhancement
965	Digital Instructional Materials
967	6-8 Enhancement
969	Other State Lottery Program

**OTHER SPECIAL REVENUE GRANTS**

251	Title VI, Rural and Low-Income School Program
264	Title III, ESOL
267	Improving Teacher Quality
270	Medicaid
274	12-Months Ag Program



## **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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 24, 2014.

***Internal Control Over Financial Reporting***

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

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. This deficiency is listed as item 2014-001.

### ***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*.

### ***Auditee's Response to Findings***

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***Purpose of the Report***

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

*Harper, Poston & Moree, P.A.*

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

Pawleys Island, South Carolina  
October 24, 2014



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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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

***Report on Compliance for Each Major Federal Program***

We have audited Dillon County School District No. 3's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### ***Report on Internal Control Over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Harper, Poston & Moree, P.A.*

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

Pawleys Island, South Carolina  
October 24, 2014

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified 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 unmodified opinion.
6. There were no audit findings relative to major federal award programs is reported in Part C of this schedule.
7. The following programs were tested as major programs:  
  
Special Education Cluster:  
    IDEA (CFDA No. 84.027)  
    Preschool Grant (CFDA No. 84.173)  
    Improving Teacher Quality (CFDA No. 84.367)
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**

***2014-001 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.

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.

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

**B. Findings - Financial Statement Audit (continued)**

*2014-001 Financial Statement Preparation (continued)*

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**

None.

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

<b>LEA SUBFUND CODE</b>	<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH GRANTOR'S NUMBER</b>	<b>TOTAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
	Passed Through State Department of Education:			
201	Title I	84.010	14BA028	\$ 537,139
	Special Education Cluster:			
203	IDEA	84.027	13CA028	68,261 *
203	IDEA	84.027	14CA028	319,676 *
205	Preschool Grant	84.173	14CG028	13,541 *
251	Title VI Rural and Low-Income Schools	84.358	13BS028	1,333
251	Title VI Rural and Low-Income Schools	84.358	14BS028	28,781
267	Improving Teacher Quality	84.367	13TQ028	4,007 *
267	Improving Teacher Quality	84.367	14TQ028	107,159 *
	<b>Total U.S. Department of Education</b>			<b>\$ 1,079,897</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
	Passed Through State Department of Education:			
	Child Nutrition Cluster:			
	Non-Cash Assistance (Commodities):			
600	School Lunch Program	10.555	N/A	\$ 50,506
	Cash Assistance:			
600	School Breakfast Program	10.553	N/A	248,928
600	School Lunch Program	10.555	N/A	413,948
	<b>Total U.S. Department of Agriculture</b>		(See Disclosure Below)	<b>\$ 713,382 **</b>
<b>U.S. DEPARTMENT OF DEFENSE</b>				
	Passed Through Dillon County Board of Education:			
100	JROTC	N/A	N/A	\$ 68,735
	<b>Total U.S. Department of Defense</b>			<b>\$ 68,735</b>
	<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<b>\$ 1,862,014</b>



**DILLON COUNTY SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

**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 \$91,383 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 \$50,506 in the form of federal non-cash USDA food commodities for the year ended June 30, 2014. 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.
3. The District receives JROTC funding in the form of reimbursements from the Dillon County Board of Education. Amounts received for JROTC, as reported in the accompanying Schedule of Expenditures of Federal Awards, have been recorded as local revenue sources in the District's financial statements.

**DILLON COUNTY SCHOOL DISTRICT NO. 3  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014.