

**SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
DUNCAN, SOUTH CAROLINA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 FINANCIAL STATEMENTS
 AND SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 AND SUPPLEMENTARY INFORMATION
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To the Board of Trustees of
Spartanburg County School District Five
Duncan, South Carolina

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spartanburg County School District Five, Duncan, South Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Spartanburg County School District Five'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, each major fund, and the aggregate remaining fund information of Spartanburg County School District Five, Duncan, South Carolina as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Trustees of
Spartanburg County School District Five
Page Two

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedules required for pension disclosures and budgetary comparison information as listed in the table of contents 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 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 Spartanburg County School District Five's basic financial statements. The combining and individual fund financial schedules and other schedules required by the South Carolina Department of Education 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, other schedules required by the South Carolina Department of Education 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 combining and individual fund financial schedules, other schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2016 on our consideration of Spartanburg County School District Five, Duncan, South Carolina'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 Spartanburg County School District Five's internal control over financial reporting and compliance.

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
October 18, 2016

Spartanburg County School District Five
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016.

Financial Highlights

- Due to conservative budgeting, the General Fund state revenue received was \$471,654 more than budgeted.
- The revenue from local sources had a favorable variance of \$4,474,984. This favorable variance was due to an increase in fee-in-lieu of taxes and increased collections.
- The District had an unfavorable expenditure variance of \$58,480 between instruction and support services.
- A total of \$5,506,309 was transferred to the Capital Projects Fund.
- On June 30, 2016, the available, unassigned fund balance for the General Fund was \$14,325,787 which is 18.4% of the total budgeted General Fund expenditures, including transfers, for fiscal year 2016-17.
- The District's net position increased by \$7,328,320 or 25.8%. Program revenues accounted for \$38,047,862 or 40.9% of total revenues, and general revenues accounted for \$55,037,088 or 59.1%.
- The District entered into contractual commitments prior to fiscal year end 2016 for expansions of Byrnes High School and Lyman Elementary School. The contract amounts totaled \$29,907,140 of which \$7,162,419 was still outstanding on June 30, 2016. On July 15, 2015 the District issued \$18,200,000 of general obligation bonds to help fund these projects.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Spartanburg County School District Five as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in a single column.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

Spartanburg County School District Five
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 6. The fund financial statements begin on page 11 and provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Management of fiduciary funds is an auxiliary function of the District and is not necessarily related to the instructional and/or operational function of the District. Fiduciary funds 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 District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund. The District's fiduciary activities are reported in separate Statement of Fiduciary Assets and Liabilities on page 15.

Spartanburg County School District Five
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,692,697 at the close of the most recent fiscal year.

Table 1 provides a summary of the School District's net position for fiscal years ended 2016 and 2015:

	Governmental Activities 2016	Governmental Activities 2015
Assets		
Current and Other Assets	\$ 45,294,882	\$ 39,307,806
Capital Assets	133,664,271	117,972,298
Total Assets	<u>178,959,153</u>	<u>157,280,104</u>
Deferred Outflows of Resources		
Loss on Advanced Refunding	2,723,534	3,190,425
Deferred Outflows Related to Pensions	11,479,194	6,544,609
Total Deferred Outflows of Resources	<u>14,202,728</u>	<u>9,735,034</u>
Liabilities		
Long- Term Liabilities	146,072,678	125,734,920
Other Liabilities	6,358,277	6,630,428
Total Liabilities	<u>152,430,955</u>	<u>132,365,348</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	5,038,229	6,285,413
Total Deferred Inflows of Resources	<u>5,038,229</u>	<u>6,285,413</u>
Net Position		
Net Investment in Capital Assets	72,263,728	69,956,465
Restricted for:		
Debt Service	1,398,110	1,398,110
Food Service	1,194,956	1,045,222
Unrestricted (deficit)	(39,164,097)	(44,035,420)
Total Net Position	<u>\$ 35,692,697</u>	<u>\$ 28,364,377</u>

Spartanburg County School District Five
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016

Table 2 shows the changes in net position for fiscal year 2016 and 2015:

	<u>Governmental Activities 2016</u>	<u>Governmental Activities 2015</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,201,749	\$ 1,100,463
Operating Grants	36,846,113	36,052,324
Capital Grants		
General Revenues:		
Property Taxes	41,899,859	37,962,951
Grants and Entitlements	12,788,074	12,547,495
Other	349,155	345,965
Total Revenues	<u>93,084,950</u>	<u>88,009,198</u>
Program Expenses:		
Instruction	53,749,658	50,446,201
Support Services	29,197,186	27,228,784
Community Services	281,863	268,918
Intergovernmental	434,346	379,370
Interest and Fiscal Charges	2,093,577	1,746,275
Total Expenses	<u>85,756,630</u>	<u>80,069,548</u>
Increase (Decrease) in Net Position	<u>\$ 7,328,320</u>	<u>\$ 7,939,650</u>

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 11 reported a combined fund balance of \$38,886,668, which is more than last year's total of \$32,417,168.

Table 3 below indicates the fund balance and the total change in fund balances as of June 30, 2016 and 2015.

	<u>Fund Balance Comparison</u>		
	<u>Fund Balance June 30, 2016</u>	<u>Fund Balance June 30, 2015</u>	<u>Increase (Decrease)</u>
General	\$ 15,505,470	\$ 15,505,470	\$ -
Special Revenue - Food Service	1,194,956	1,045,222	149,734
Debt Service	1,398,110	1,398,110	-
Debt Service - EFC	20,056	23,742	(3,686)
Capital Projects	20,768,076	14,442,588	6,325,488
Capital Projects - EFC	-	2,036	(2,036)
Total	<u>\$ 38,886,668</u>	<u>\$ 32,417,168</u>	<u>\$ 6,469,500</u>

Spartanburg County School District Five
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2016

As Table 4 below illustrates, the largest portions of General Fund expenditures are for salaries and fringe benefits.

	General Fund Expenditures By Objects			
	Fiscal Year 2016		Fiscal Year 2015	
	Expenditures	Percent	Expenditures	Percent
Salary and Wages	\$ 40,464,420	60.5%	\$ 38,660,756	61.8%
Fringe Benefits	14,697,300	22.0%	13,642,111	21.8%
Purchased Services	4,917,372	7.4%	4,760,844	7.6%
Supplies and Materials	3,582,381	5.3%	3,353,366	5.4%
Capital Outlay	2,742,348	4.1%	1,757,780	2.8%
Miscellaneous	487,570	0.7%	381,057	0.6%
Total	\$ 66,891,391	100.0%	\$ 62,555,914	100.0%

The special revenue funds and Education Improvement Act funds are used to account for the proceeds and expenditures that are legally restricted for specified purposes.

General Fund Budget Information

The General Fund schedule of revenues, expenditures and changes in fund balance is presented in Schedule 3 on page 43 of the financial statements. This schedule compares budget to actual and indicates the favorable and unfavorable variances.

The revenue from local sources had a favorable variance of \$4,474,984. This favorable variance was largely a result of an increase in fee-in-lieu of taxes and increased collections.

The revenue from state sources had a favorable variance of \$471,654. This favorable variance was largely a result of a conservative budget approach in budgeting state revenue.

The District had an unfavorable expenditure variance in expenditures in the amount of \$58,480 between instruction and support services. The unfavorable expenditure variance was mainly due to the purchase of additional technology equipment to prepare for the district's 1 to 1 initiative.

The District was also able to transfer \$5,506,309 from the General Fund to the Capital Projects Fund to help fund school expansion projects.

Capital Assets

Expansion projects continued at Byrnes High School and Lyman Elementary School. The Lyman Elementary School addition is scheduled to be occupied August 2016 and the Byrnes High School addition is scheduled to be occupied January 2017.

Debt

Of the \$66,000,000 Installment Refunding Revenue Bonds issued on October 10, 2013, \$46,665,000 were still outstanding at the end of the fiscal year. On July 15, 2015 the district issued \$18,200,000 in General Obligation Bonds to help fund the Byrnes High and Lyman Elementary expansions. At fiscal year end, \$14,940,000 of the General Obligation Bonds were outstanding. The net pension liability of the District at fiscal year-end, as required by GASB 68, was \$81,928,545.

Spartanburg County School District Five
 Management's Discussion & Analysis
 For the Fiscal Year Ended June 30, 2016

Factors Expected to have an Effect on Future Operations

The number of students the District serves has been increasing annually for over twenty years, with the exception of FYE 2011. However, the rate of student growth has slowed in the last seven fiscal years. The district will continue to closely monitor the number of students served.

Table 5 shows the students served, kindergarten through grade 12, for the past twenty-one years:

Number of Students Served K-12

School Year	Number of Students	Number Increased	Percentage Increased
95-96	4,615		
96-97	4,801	186	4.0%
97-98	5,005	204	4.4%
98-99	5,195	190	3.8%
99-00	5,351	156	3.0%
00-01	5,487	136	2.5%
01-02	5,755	268	4.9%
02-03	5,858	103	1.8%
03-04	6,060	202	3.4%
04-05	6,291	231	3.8%
05-06	6,540	249	4.0%
06-07	6,806	266	4.1%
07-08	6,975	169	2.5%
08-09	7,336	361	5.2%
09-10	7,428	92	1.3%
10-11	7,321	(107)	-1.4%
11-12	7,397	76	1.0%
12-13	7,538	141	1.9%
13-14	7,692	154	2.0%
14-15	7,819	127	1.7%
15-16	7,838	19	0.2%
Twenty Year Increase		3,223	69.8%

* Based on 135 day Average Daily Membership K-12

To accommodate the projected growth in students, in 2005 the School District's Board of Trustees approved a long-range building plan that included building a new middle school to replace the existing D. R. Hill Middle School, renovating the existing D. R. Hill Middle School and converting it into a ninth grade academy, building two new elementary schools, building a fine arts facility, and building a field house. Construction began in November 2005. All of these facilities, along with a twelve classroom addition at River Ridge Elementary have now been constructed and are serving students. This fiscal year, the District continued expansion projects at Byrnes High School and Lyman Elementary.

The financial report is designed to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the finance director, P. O. Box 307, Duncan, South Carolina 29334.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,845,985
Taxes receivable	2,889,686
Less allowance for uncollectable	(2,022,780)
Accounts receivable	870,039
Due from county government	31,503,340
Due from other state agencies	941,001
Due from State Department of Education	89,000
Due from Federal Government	921,135
Commodities	77,793
Prepaid expenses	1,179,683
	<u>45,294,882</u>
Capital Assets:	
Land	6,628,706
Buildings and improvements	161,610,474
Furniture and equipment	4,779,599
Construction in progress	22,744,721
Less: Accumulated depreciation	(62,099,229)
	<u>133,664,271</u>
Total Assets	<u>178,959,153</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on advanced refunding	2,723,534
Deferred amounts related to pensions	11,479,194
	<u>14,202,728</u>
LIABILITIES	
Accounts payable	2,260,599
Retainage payable	748,369
Due to State Department of Education	6,279
Health and life insurance and other deductions	1,979,698
Accrued salaries	108,177
Accrued interest payable	326,418
Unearned revenues	928,737
Noncurrent liabilities:	
Due within one year	7,750,000
Due in more than one year	56,394,133
Net pension liability	81,928,545
	<u>152,430,955</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	5,038,229
	<u>5,038,229</u>
NET POSITION	
Net investment in capital assets	72,263,728
Restricted for:	
Debt service	1,398,110
Food service	1,194,956
Unrestricted (deficit)	(39,164,097)
	<u>(39,164,097)</u>
Total Net Position	<u>\$ 35,692,697</u>

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
PRIMARY GOVERNMENT:				
Governmental activities:				
Instruction	\$ 53,749,658	\$ 15,623	\$ 29,000,017	\$ (24,734,018)
Support services	29,197,186	1,186,126	7,486,327	(20,524,733)
Community services	281,863	-	234,265	(47,598)
Intergovernmental	434,346	-	125,504	(308,842)
Interest and other charges	2,093,577	-	-	(2,093,577)
TOTAL PRIMARY GOVERNMENT	85,756,630	1,201,749	36,846,113	(47,708,768)
GENERAL REVENUES:				
Property taxes levied for general purposes				37,611,983
Property taxes levied for debt service				4,287,876
Unrestricted state grants				12,788,074
Rentals				50
Sale of fixed assets				17,783
Transfers				266,936
Miscellaneous				55,117
Contributions				5,193
Unrestricted investment earnings				4,076
Total general revenues				55,037,088
CHANGE IN NET POSITION				7,328,320
NET POSITION - JULY 1, 2015				28,364,377
NET POSITION - JUNE 30, 2016				\$ 35,692,697

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Special Revenue Fund - Special Projects	Special Revenue Fund - EIA	Special Revenue Fund - Food Service	Debt Service Fund	Debt Service - Educational Facilities Corporation	Capital Projects Fund	Capital Projects - Educational Facilities Corporation	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 8,825,929	\$ -	\$ -	\$ -	\$ -	\$ 20,056	\$ -	\$ -	\$ 8,845,985
Taxes receivable	446,983	-	-	-	43,568	-	-	-	490,551
Accounts receivable	825,381	-	-	44,658	-	-	-	-	870,039
Due from other funds	952,676	-	765,453	1,123,056	-	-	11,468,221	-	14,309,406
Due from County Government	20,044,370	-	-	-	1,410,746	-	10,048,224	-	31,503,340
Due from other state agencies	941,001	-	-	-	-	-	-	-	941,001
Due from State Department of Education	85,856	3,144	-	-	-	-	-	-	89,000
Due from Federal Government	-	893,893	-	27,242	-	-	-	-	921,135
Prepaid expenses	1,179,683	-	-	-	-	-	-	-	1,179,683
Inventory - commodities	-	-	-	77,793	-	-	-	-	77,793
Total Assets	\$ 33,301,879	\$ 897,037	\$ 765,453	\$ 1,272,749	\$ 1,454,314	\$ 20,056	\$ 21,516,445	\$ -	\$ 59,227,933

LIABILITIES AND FUND BALANCE

Liabilities:									
Accounts payable	\$ 2,260,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,260,599
Retainage Payable	-	-	-	-	-	-	748,369	-	748,369
Due to other funds	13,447,935	805,267	-	-	56,204	-	-	-	14,309,406
Due to State Department of Education	-	-	6,279	-	-	-	-	-	6,279
Health, life insurance and other deductions	1,979,698	-	-	-	-	-	-	-	1,979,698
Accrued salaries	108,177	-	-	-	-	-	-	-	108,177
Unearned revenue	-	91,770	759,174	77,793	-	-	-	-	928,737
Total Liabilities	17,796,409	897,037	765,453	77,793	56,204	-	748,369	-	20,341,265
Fund balances:									
Nonspendable:									
Prepaid expenses	1,179,683	-	-	-	-	-	-	-	1,179,683
Restricted:									
Special revenue fund - food service	-	-	-	1,194,956	-	-	-	-	1,194,956
Debt service	-	-	-	-	1,398,110	20,056	-	-	1,418,166
Committed:									
Capital projects fund	-	-	-	-	-	-	20,768,076	-	20,768,076
Unassigned:									
General fund	14,325,787	-	-	-	-	-	-	-	14,325,787
Total Fund Balance	15,505,470	-	-	1,194,956	1,398,110	20,056	20,768,076	-	38,886,668
Total Liabilities and Fund Balance	\$ 33,301,879	\$ 897,037	\$ 765,453	\$ 1,272,749	\$ 1,454,314	\$ 20,056	\$ 21,516,445	\$ -	\$ 59,227,933

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total Governmental Fund Balances		\$ 38,886,668
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		133,664,271
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Taxes receivable		376,355
Deferred outflows of resources		
Loss on advanced refunding	2,723,534	
Pension related deferred outflows	<u>11,479,194</u>	14,202,728
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable	(326,418)	
Bond premium, net of amortization	(2,539,133)	
Bonds payable	(61,605,000)	
Net pension liability	<u>(81,928,545)</u>	(146,399,096)
Pension related deferred inflows		<u>(5,038,229)</u>
Net position of governmental activities		<u>\$ 35,692,697</u>

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund - Special Projects	Special Revenue Fund - EIA Fund	Special Revenue Fund - Food Service	Debt Service - Debt Service Fund	Debt Educational Facilities Corporation	Capital Projects Fund	Capital Projects - Educational Facilities Corporation	Total Governmental Funds
REVENUES									
Local property taxes	\$ 37,581,081	\$ -	\$ -	\$ -	\$ 4,287,876	\$ -	\$ -	\$ -	\$ 41,868,957
Other local	21,670	362,049	-	878,386	1,854	1,050	1,172	-	1,266,181
Total local	37,602,751	362,049	-	878,386	4,289,730	1,050	1,172	-	43,135,138
Intergovernmental	160,156	-	-	-	-	-	-	-	160,156
State	37,714,163	1,078,131	4,468,342	275	169,686	-	-	-	43,430,597
Federal	-	3,336,761	-	2,706,677	-	-	-	-	6,043,438
Total Revenue	75,477,070	4,776,941	4,468,342	3,585,338	4,459,416	1,050	1,172	-	92,769,329
EXPENDITURES									
Current									
Instruction	43,950,516	3,627,200	2,485,864	-	-	-	-	-	50,063,580
Support services	22,646,916	1,041,948	392,934	3,084,224	-	-	-	2,036	27,168,058
Community service	-	266,936	-	-	-	-	-	-	266,936
Intergovernmental	293,959	83,123	34,262	-	-	-	-	-	411,344
Debt Service	-	-	-	-	3,260,000	4,565,000	-	-	7,825,000
Principal	-	-	-	-	509,450	1,039,969	-	-	1,549,419
Interest	-	-	-	-	113,218	5,000	-	-	118,218
Other objects	-	-	-	-	-	-	20,203,252	-	20,203,252
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	66,891,391	5,019,207	2,913,060	3,084,224	3,882,668	5,609,969	20,203,252	2,036	107,605,807
Excess (deficiency) of revenues over expenditures	8,585,679	(242,266)	1,555,282	501,114	576,748	(5,608,919)	(20,202,080)	(2,036)	(14,836,478)
OTHER FINANCING SOURCES (USES)									
Premium on Bonds Sold	-	-	-	-	-	-	2,821,259	-	2,821,259
Proceeds of General obligation bonds	-	-	-	-	-	-	18,200,000	-	18,200,000
Sale of fixed assets	17,783	-	-	-	-	-	-	-	17,783
Transfers in	1,931,332	266,936	-	-	-	5,605,233	5,506,309	-	13,309,810
Transfers out	(10,534,794)	(24,670)	(1,555,282)	(351,380)	(576,748)	-	-	-	(13,042,874)
Total Other Financing Sources (Uses)	(8,585,679)	242,266	(1,555,282)	(351,380)	(576,748)	5,605,233	26,527,568	-	21,305,978
Total net change in fund balances	-	-	-	149,734	-	(3,686)	6,325,488	(2,036)	6,469,500
Fund Balance July 1, 2015	15,505,470	-	-	1,045,222	1,398,110	23,742	14,442,588	2,036	32,417,168
Fund Balance June 30, 2016	\$ 15,505,470	\$ -	\$ -	\$ 1,194,956	\$ 1,398,110	\$ 20,056	\$ 20,768,076	\$ -	\$ 38,886,668

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR FISCAL YEAR ENDED JUNE 30, 2016

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 6,469,500

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

Interest is reported as an expenditure when due in the governmental funds,
 but is accrued on outstanding debt on the statement of activities. (241,175)

The issuance of long-term debt 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. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized over the term of the long-term debt in the statement of activities.

Principal payments on long-term debt	7,825,000
Amortization of deferred loss on advanced refunding	(466,891)
Bond premium	(2,821,259)
Amortization of bond premium	282,126

Proceeds from debt issues are an other financing source in the fund statements, but a debt issue increases long-term liabilities in the statement of net position. (18,200,000)

Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay of \$20,048,633 exceeds depreciation expense of \$4,356,660 in the current year. 15,691,973

The cost of pension benefits earned net of employee contributions is reported in the Statement of Activities as an element of pension expense. The fund financial statements report pension contributions as expenditures. (1,241,856)

Revenues reported on the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. 30,902

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 7,328,320

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2016

ASSETS

Cash and cash equivalents	\$ 1,058,652
Total Assets	<u>\$ 1,058,652</u>

LIABILITIES

Due to student organizations	\$ 1,058,652
Total liabilities	<u>\$ 1,058,652</u>

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Spartanburg County School District Five (“the District”) is located between Greenville and Spartanburg in the western area of Spartanburg County. The District is one of seven (7) school districts in Spartanburg County. The District encompasses a land area of approximately 113 square miles and is bound by Spartanburg County School District One to the northwest, Spartanburg County School District Four to the south, Spartanburg County School District Six to the east, and Greenville County to the west. The District includes four incorporated small towns: Duncan, Lyman, Wellford, and Reidville as well as the unincorporated town of Startex.

For financial reporting purposes, the District includes all funds and account groups that are controlled by or financially dependent upon the District. Control or financial dependence was determined on the basis of obligation of the District to finance deficits, guarantee of debt, selection of governing authority, approval of budget, authority to make a public levy, ownership of assets, and scope of public service and special financing relationships where there was only partial or no oversight responsibility. These financial statements exclude the related organization discussed in Note 10 because the District does not significantly influence operations of the organization nor is the related organization accountable to the District for its fiscal operations. The component units discussed below are included in the District's reporting entity because of the significance of its operational or financial relationship with the District:

<u>Blended Component Unit Reported With Primary Government</u>	<u>Brief Description of Activities and Relationship to the District</u>	<u>Reporting Fund</u>
SCAGO Educational Facilities Corporation for Spartanburg County School District No. 5 South Carolina	Finance Construction and Renovations to School Facilities	Debt Service Fund and School Building Fund

B. Basic Financial Statements – Government-wide Statement

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basic Financial Statements – Fund Financial Statements

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's governmental funds:

General Fund (Major Fund) – The general fund is the District's primary operating fund. It accounts for all activities except those required to be accounted for in other funds.

Special Revenue Funds (Major Fund) - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects: The District has the following special revenue funds:

- 1) Special Projects Fund - is used to account for financial resources provided by federal and state grants.
- 2) Education Improvement Act (EIA) Fund - is used to account for the proceeds of the additional one percent sales and use tax revenues that are legally restricted to expenditures for the South Carolina Education Improvement Act of 1984 standards.
- 3) Food Service Fund - is used to account for cafeteria operations at school locations. The fund is financed by user charges and subsidized by USDA school lunch and breakfast programs.

Debt Service Fund (Major Fund) – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Debt Service Fund – EFC (Major Fund) - The Debt Service Fund – EFC is used to account for the accumulation of resources for, and the payment of, long-term debt of the Educational Facilities Corporation for Spartanburg County School District Five.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basic Financial Statements - Fund Financial Statements - Continued

Capital Projects Funds (Major Fund) – The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Projects Funds - EFC (Major Fund) – The Capital Projects funds – EFC are used to account for financial resources to be used for the acquisition or construction of major capital facilities for the Educational Facilities Corporation for Spartanburg County School District Five.

Additionally, the District reports the following fund type:

Fiduciary Fund Types - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's only fiduciary funds are agency funds:

- 1) Pupil Activity Fund – is used to account for student admissions, organization memberships, bookstore sales and other related receipts and disbursements held by the school in a trustee capacity on behalf of the students and/or District employees.
- 2) Middle Tyger Community Center Funds – are used to account for the funds held by Spartanburg School District Five on behalf of Middle Tyger Community Center and to record the changes in those funds.
- 3) First Steps Fund – is used to account for the expenditures related to First Steps and related the reimbursement of those funds from First Steps.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using modified accrual for governmental funds.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus and Basis of Accounting – Continued

Revenues - Exchange and Non-Exchange Transactions – continued

In applying the “susceptible to accrual concept” under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, investment earnings, tuition, grants and student fees.

Unearned Revenue

The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, taxes received that are “intended to finance” a future period are reported as unearned revenue. In subsequent periods, the liability for deferred revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenditures/Expenses

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

E. Budget

The District adopts an annual budget for the General Fund at the beginning of each fiscal year. The District superintendent submits to the local school Board of Trustees an operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Any revisions to transfer budgeted amounts between functions or that alter the total expenditures of the General Fund must be approved by the School Board. Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgeted amounts are as amended. The District reports the annual budget of all funds on the modified accrual basis of accounting. Budgeted General Fund appropriations lapse at fiscal year-end.

F. Deposits

State statutes authorize the District to invest in (1) obligations of the United States and its agencies, (2) general obligations of the State of South Carolina and its subdivisions, (3) savings and loan associations to the extent of federal insurance, (4) certificates of deposit collaterally secured, (5) the State Treasurer's Investment Pool.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

G. Due from County Government (Cash with Fiscal Agent)

The Spartanburg County Treasurer, fiscal agent for the District, receives local, state and federal monies from residents within the District and from the South Carolina Department of Education. The monies held by the County Treasurer are uninsured but collateralized with government investments held by the pledging institution's agent in the name of Spartanburg County. Market value approximates cost on the investments. These monies are remitted to the District once a claim has been presented to the Spartanburg County Treasurer.

H. Taxes Receivable

Taxes receivable represents delinquent taxes being processed for collection by the Spartanburg County Delinquent Tax Office, originally assessed for the District No. 5. Thirty percent of the delinquent taxes delivered each year to the Delinquent Tax Office are estimated to be collectible; the remainder is considered to be uncollectible and, accordingly, an allowance for the uncollectible amounts has been recorded.

I. Ad Valorem Taxes

The District's property taxes (except vehicles) are levied by the Spartanburg County Auditor each fall on the assessed valuation of the property located in the District as of the preceding January 1. The tax books are open for collection September 1, with the first penalty of 3% applied to payments made after January 15, the due date. An additional penalty of 7% is charged for payments made after January 31. Uncollected property taxes attach as an enforceable lien on January 1. Uncollected property taxes as of March 15 are transferred to the Spartanburg County Delinquent Tax Collector at which time an additional 5% penalty is assessed. Spartanburg County bills and collects the District's property taxes.

The assessed valuation of property in Spartanburg County for District No. 5 for 2015 was \$204,503,399. In addition, the District billed fees in lieu of taxes on assessed values of \$55,680,137. The District's operating tax rate is currently 184.8 mills with an additional 16.6 mills for debt retirement.

J. Inventory and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$5,000. The District does not possess any infrastructure.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Capital Assets and Depreciation - Continued

All reported capital assets except land and construction in progress are depreciated. Construction projects are depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Life
Land	not depreciated
Construction in progress	not depreciated
Buildings & improvements	10 - 50 years
Furniture & equipment	3 - 10 years

L. Interfund Transactions

Interfund transactions are reported either as loans, services provided, reimbursements, or transfers. Loans are reported as due to/from other funds, as appropriate, and are subject to elimination in the government-wide financial statements. Services provided are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated in the government-wide financial statements.

M. Vacation and Sick Pay

The District allows school teachers to accumulate a maximum of ninety days sick leave. Accumulated sick leave is transferable to other school districts. During an illness, a teacher continues to receive full pay for each day of accumulated sick leave. If a teacher leaves the employment of the District, any unused sick leave is not paid. Because of the nonvesting of sick leave and other uncertainties, no estimate of any potential liability has been made.

Two weeks of vacation is given to all 12-month employees. Vacation is noncumulative and employees are not paid for unused vacation days. Therefore no provision for liability has been made.

N. Accrued Liabilities and Long-term Debt

All payables, accrued liabilities and long-term debt are reported in the government-wide financial statements.

In general, accounts payable and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available resources. Long-term debts paid from governmental funds are not recognized as a liability in the fund financial statements until due.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Accrued Liabilities and Long-term Debt – Continued

In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Amortizations of premiums and discounts are included in interest expense. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

O. Deferred Outflows and Inflows of Resources

In the government-wide financial statements, in addition to assets and liabilities, separate sections for deferred outflows and deferred inflows of resources are reported. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time. In addition to the District's deferred inflows and outflows related to pensions, the District also has a deferred outflow related the advanced refunding of debt, which is amortized and included in interest expense.

P. Governmental Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources through either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision making authority. The Board of Trustees is the highest level of decision-making authority for the government and the formal action they take that can commit fund balance is a majority vote (highest level of decision making authority). These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. Government Fund Balance Classifications – Continued

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or an official to which the Board delegates authority. By a majority vote, the Board of Trustees has delegated this authority to the Superintendent. The authorization to assign fund balance can be found in the District's fund balance policy. This classification also includes the remaining positive fund balance for all governmental funds, except for the General Fund, as governed by the State Department of Education.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

Spending Policy

The District would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds. Where applicable, these classifications are presented on the face of the governmental fund balance sheet.

Minimum Unassigned Fund Balance

The primary purpose of this reserve is to provide sufficient cash flow for daily needs, secure and maintain investment grade bond rating, offset revenue shortfalls, and provide for unforeseen expenditures related to emergencies. The Board of Trustees intends to maintain a fund balance ranging from 15 to 20 percent of the budgeted expenditures and outgoing transfers. Any excess over the minimum reserve may be transferred to the District building fund for facility needs or the debt service fund for repayment of debt.

However, when unexpected obligations occur and the reserve falls below the desired minimum, the District will implement budget strategies to replenish the fund through reduction of recurring expenditures or pursue increases in revenue or funding sources.

Q. Net Position

Net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

R. Restricted Sources

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 needed.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

S. Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. 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 for which the District carries commercial insurance. The District obtains its employee health and accident insurance through the South Carolina Office of Insurance Services, South Carolina Reserve Fund (the "Fund") which is a public entity risk pool. The District pays premiums to the Fund for its employee health and accident insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

The District obtains its general liability, property and workmen's compensation insurance through the South Carolina School Boards Insurance Trust (the "Trust") which is a public entity risk pool. The District pays premiums to the Trust for its workmen's compensation. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

U. Expenditures Exceeding Appropriations

The following General Fund functions had an excess of actual expenditures over the legally adopted budgeted amounts for the year ended June 30, 2016:

<u>General Fund:</u>	
Supporting services	\$ 449,525

NOTE 2 - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has no policy regarding custodial credit risk for deposits.

At June 30, 2016, the District's cash deposits were as follows:

	Carrying Amount	Bank Balance
Demand Deposits	\$ 9,904,637	\$ 11,936,081

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 2 - DEPOSITS - CONTINUED

A reconciliation of deposits to cash as shown on the Statement of Net Position for the primary government and the Statement of Fiduciary Assets and Liabilities follows:

Statement of Net Position		
Cash and Cash Equivalents	\$	8,845,985
Statement of Fiduciary Assets and Liabilities		
Cash and Cash Equivalents		<u>1,058,652</u>
Cash and Cash Equivalents	\$	<u><u>9,904,637</u></u>

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Balance at 6/30/15	Additions	Deductions	Balance at 6/30/16
Governmental Activities				
Capital Asset, not Being Depreciated				
Land	\$ 6,272,026	\$ 356,680	\$ -	\$ 6,628,706
Construction in progress	3,303,445	19,441,276	-	22,744,721
Total Capital Asset, not Being Depreciated	9,575,471	19,797,956	-	29,373,427
Capital Assets, Being Depreciated				
Buildings and improvements	161,589,421	21,053	-	161,610,474
Furniture and equipment	4,549,975	229,624	-	4,779,599
Total Capital Assets, Being Depreciated	166,139,396	250,677	-	166,390,073
Less Accumulated Depreciation				
Buildings and improvements	54,618,309	3,933,537	-	58,551,846
Furniture and equipment	3,124,260	423,123	-	3,547,383
Total Accumulated Depreciation	57,742,569	4,356,660	-	62,099,229
Capital Assets, Being Depreciated, Net	108,396,827	(4,105,983)	-	104,290,844
Governmental Activities Capital Assets, Net	<u>\$ 117,972,298</u>	<u>\$ 15,691,973</u>	<u>\$ -</u>	<u>\$ 133,664,271</u>

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

Instructional	\$2,801,446
Supporting services	1,520,242
Community service	14,937
Intergovernmental	<u>20,035</u>
Total Depreciation Expense	<u><u>\$4,356,660</u></u>

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 – LONG-TERM OBLIGATIONS

The following is a summary of general obligation transactions of the District for the fiscal year ended June 30, 2016:

	Amount Outstanding June 30, 2015	Additions	Deductions	Amount Outstanding June 30, 2016	Amounts Due in One Year
General Obligation Bonds 2015	\$ -	\$ 18,200,000	\$ 3,260,000	\$ 14,940,000	\$ 530,000
Installment Purchase Refunding Revenue Bonds 2013	51,230,000	-	4,565,000	46,665,000	7,220,000
	51,230,000	18,200,000	7,825,000	61,605,000	7,750,000
Plus unamortized issuance premium	-	2,821,259	282,126	2,539,133	-
	<u>51,230,000</u>	<u>21,021,259</u>	<u>8,107,126</u>	<u>64,144,133</u>	<u>7,750,000</u>

Long-term debt at June 30, 2016 is comprised of the following individual issues:

	General Obligation Bonds	Revenue Bond	Total
\$18,200,000 2015 General Obligation Bonds due in annual installments of \$25,000 to \$3,965,000 through March 2025; interest at rates from 2.00% to 5.00%.	\$ 14,940,000	\$ -	\$ 14,940,000
\$66,000,000 2013 Installment Purchase Refunding Revenue Bond with principal due in annual installments of \$4,565,000 to \$9,070,000 through June 2022; interest at a rate of 2.030%.	-	46,665,000	46,665,000
	<u>\$ 14,940,000</u>	<u>\$ 46,665,000</u>	<u>\$ 61,605,000</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Refunding Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2017	\$ 530,000	\$ 746,312	\$ 7,220,000	\$ 947,300	\$ 9,443,612
2018	620,000	719,812	7,365,000	800,734	9,505,546
2019	720,000	688,812	7,515,000	651,224	9,575,036
2020	820,000	652,812	7,670,000	498,670	9,641,482
2021	885,000	611,812	7,825,000	342,969	9,664,781
2022-2025	11,365,000	1,719,812	9,070,000	184,121	22,338,933
	<u>\$ 14,940,000</u>	<u>\$ 5,139,372</u>	<u>\$ 46,665,000</u>	<u>\$ 3,425,018</u>	<u>\$ 70,169,390</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 4 – LONG-TERM OBLIGATIONS – CONTINUED

There are a number of limitations and restrictions contained in the various debt instruments. The District is in compliance with all the significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1985, as amended.

The SCAGO Educational Facilities Corporation for Spartanburg County School District No. 5 (the Corporation) Installment Purchase Revenue Bonds were issued pursuant to a School Facilities Purchase and Use Agreement and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a Base Lease Agreement between the District and the Corporation dated in December 14, 2005. The District will purchase the Capital Projects from the Corporation pursuant to the Purchase and Use Agreement, which will obligate the District to make semiannual installment payments of the purchase price to the Corporation in amounts calculated to be sufficient to enable the Corporation to pay the principal and interest on the outstanding bonds; amounts budgeted as reserves for the repair and replacement of the 2006 facilities and the program administrator fees. The District's obligations under the Purchase and Use Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments due in such fiscal year. However, the District would forfeit possession of the facilities for the remainder of the lease term.

The SCAGO Educational Facilities Corporation for Spartanburg County School District No. 5 bonds are not a debt of the District; however, as the Corporation is blended with the operations of the District, the debt of the Corporation is included with the District's other obligations as required by generally accepted accounting principles.

In prior years, advance refundings resulted in book losses that are being amortized over the original remaining life of the old bonds that were defeased. The unamortized loss at June 30, 2016 is shown as a deferred outflow of resources on the Statement of Net Position. Amortization has been included in interest expense and was \$466,891 for the year ending June 30, 2016.

NOTE 5 – PENSION PLANS

A. South Carolina Retirement System

Plan Description - The District, as the employer, participates in the South Carolina Retirement System (SCRS) Plan - a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA). PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov.

Benefits Provided - SCRS provides retirement and disability benefits, and an incidental death benefit is available to beneficiaries of active and retired members of employers who participate in the death benefit program. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws, and PEBA does not have the authority to establish or amend benefit terms without a change in the code of laws. Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 5 – PENSION PLANS - CONTINUED

A. South Carolina Retirement System – Continued

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit.

An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years.

Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes.

Contributions - Contribution requirements of the Plan are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9% of earnable compensation. Employees and employers (both Class II and III) are required to contribute 8.16% and 10.91%, respectively, of earnable compensation for the year ended June 30, 2016. Employers also contribute an additional .15% of earnable compensation, if participating in the death benefit program.

Employee and employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8.16%) and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.91%) and an incidental death benefit contribution (.15%), if applicable, which is retained by SCRS.

Contributions to the Plan from the District were \$4,663,080.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 5 – PENSION PLANS - CONTINUED

A. South Carolina Retirement System – Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a net pension liability of \$81,648,676 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2015. The June 30, 2015 total pension liability, net pension liability and sensitivity information are based on the July 1, 2014 actuarial valuation, which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015, using generally accepted actuarial procedures. The District's proportion of the collective net pension liability is based on the District's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2015. Based upon this information, the District's proportion of the collective net pension liability is .430512%, a decrease of .001477% since June 30, 2014, the prior measurement date.

For the year ended June 30, 2016, the District recognized pension expense of \$5,865,980. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,683,769	\$ -
Net difference between projected and actual earnings on pension plan investments	-	5,038,229
District contributions subsequent to the measurement date	4,663,080	-
Total	\$ 11,346,849	\$ 5,038,229

Deferred outflows of resources of \$4,663,080 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date is recognized as a reduction of the net pension liability in the year ended June 30, 2016. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2017	\$ (284,580)
2018	(284,580)
2019	213,683
2020	(1,290,063)
	\$ (1,645,540)

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 5 – PENSION PLANS - CONTINUED

A. South Carolina Retirement System - Continued

Actuarial Assumptions - The total pension liability, determined by the July 1, 2014 valuation, used the following actuarial assumptions and methods:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	4.0% to 10.0% (varies on service and includes 2.75% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.50% (includes 2.75% inflation)

Mortality assumptions are dependent upon the member's job category and gender (RP-2000). This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Actuarial assumptions and methods used in the July 1, 2014 valuation were based on the results of an actuarial experience study performed on data through June 30, 2010, and the next experience study performed on data through June 30, 2015, is currently underway.

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems' Investment Commission in collaboration with its investment consultant. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding expected inflation, and is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Short Term	5%	0.10%
Domestic Fixed Income	13%	0.42%
Global Fixed Income	9%	0.39%
Global Public Equity	31%	2.20%
Global Tactical Asset Allocation Alternatives	32%	2.40%
Total Expected Real Return	100%	6.00%
Inflation for Actuarial Purposes		2.75%
Total Expected Nominal Return		8.75%

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2016

NOTE 5 – PENSION PLANS - CONTINUED

A. South Carolina Retirement System – Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the collective net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the collective net pension liability	\$102,935,650	\$81,648,676	\$ 63,807,486

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CAFR of the Pension Trust Funds publicly available on PEBA's Retirement Benefits' website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

B. South Carolina Police Officers Retirement System

Plan Description - The District, as the employer, participates in the South Carolina Police Officers Retirement System (PORS) Plan - a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA). PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov.

Benefits Provided - PORS provides retirement and disability benefits, and an incidental death benefit available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws, and PEBA does not have the authority to establish or amend benefit terms without a change in the code of laws. To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 5 – PENSION PLANS - CONTINUED

B. South Carolina Police Officers Retirement System - Continued

An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age.

An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age.

Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions - Contribution requirements of the Plan are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 5.0% of earnable compensation. Employees and employers (both Class II and III) are required to contribute 8.74% and 13.34%, respectively, of earnable compensation for the year ended June 30, 2016. Employers also contribute an additional .20% of earnable compensation for the accidental death program and an additional .20% of earnable compensation, if participating in the incidental death benefit program.

Contributions to the Plan from the District were \$24,561.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the District reported a net pension liability of \$279,869 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2015. The June 30, 2015 total pension liability, net pension liability and sensitivity information are based on the July 1, 2014 actuarial valuation, which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015, using generally accepted actuarial procedures. The District's proportion of the collective net pension liability is based on the District's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2015. Based upon this information, the District's proportion of the collective net pension liability is .012840%, an increase of .006010% since June 30, 2014, the prior measurement date.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2016

NOTE 5 – PENSION PLANS - CONTINUED

B. South Carolina Police Officers Retirement System – Continued

For the year ended June 30, 2016, the District recognized pension expense of \$51,044. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,255	\$ -
Net difference between projected and actual earnings on pension plan investments	78,529	-
District contributions subsequent to the measurement date	24,561	-
Total	\$ 132,345	\$ -

Deferred outflows of resources of \$24,561 related to pensions resulting from District contributions subsequent to the measurement date is recognized as a reduction of the net pension liability in the year ended June 30, 2016. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2017	\$ (26,996)
2018	(26,996)
2019	(26,752)
2020	(27,040)
	\$ (107,784)

Actuarial Assumptions - The total pension liability, determined by the July 1, 2014 valuation, used the following actuarial assumptions and methods:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	4.0% to 10.0% (varies on service and includes 2.75% inflation)
Benefit adjustments	lesser of 1% or \$500 annually
Investment rate of return	7.50% (includes 2.75% inflation)

Mortality assumptions are dependent upon the member's job category and gender (RP-2000). This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 5 – PENSION PLANS - CONTINUED

B. South Carolina Police Officers Retirement System – Continued

Actuarial assumptions and methods used in the July 1, 2014 valuation were based on the results of an actuarial experience study performed on data through June 30, 2010, and the next experience study performed on data through June 30, 2015, is currently underway.

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems’ Investment Commission in collaboration with its investment consultant. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and then adding expected inflation, and is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Short Term	5%	0.10%
Domestic Fixed Income	13%	0.42%
Global Fixed Income	9%	0.39%
Global Public Equity	31%	2.20%
Global Tactical Asset Allocation	10%	0.49%
Alternatives	32%	2.40%
Total Expected Real Return	<u>100%</u>	<u>6.00%</u>
Inflation for Actuarial Purposes		<u>2.75%</u>
Total Expected Nominal Return		<u>8.75%</u>

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the District’s proportionate share of the collective net pension liability calculated using the discount rate of 7.5%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the collective net pension liability	\$ 381,247	\$ 279,869	\$ 189,243

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CAFR of the Pension Trust Funds publically available on PEBA’s Retirement Benefits’ website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2016

NOTE 6 - POST RETIREMENT BENEFITS

In addition to providing retirement plan benefits, the state currently provides its retired employees with health care benefits. All post retirement benefits paid to the District's retired members are made from the SCRS and from South Carolina's General Fund (Health Care). The District has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly covered payroll. The SCRS provides death benefits to retirees through the group life insurance program for members of the SCRS.

NOTE 7 - DEFERRED COMPENSATION PLANS

Several optional deferred compensation plans are available to the District's employees. The multiple-employer plans, created under Internal Revenue Code Sections 457 and 401(k) are accounted for by the State of South Carolina. Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements. These requirements differ among the three plans. Compensation deferred under the Section 457 and 401(k) plans is placed in trust for the contributing employees. Neither the State nor the District has any liability for losses under the plans.

NOTE 8 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables

Interfund balances for the year ended June 30, 2016 consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 952,676	\$ 13,447,935
Special Revenue Fund - Special Projects	-	805,267
Special Revenue Fund -EIA Fund	765,453	-
Special Revenue Fund - Food Service	1,123,056	-
Debt Service	-	56,204
Capital Projects	11,468,221	-
	\$ 14,309,406	\$ 14,309,406

The interfund balances result 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.

All remaining balances resulted from consolidation of available cash to optimize investments.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 JUNE 30, 2016

NOTE 8 - INTERFUND TRANSACTIONS - CONTINUED

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Transfer from	Transfer to	Amount
General Fund	Debt Service Fund - EFC	\$ 5,028,485
General Fund	Capital Projects Fund	5,506,309
Special Revenue Fund - Special Projects	General Fund	24,670
Special Revenue Fund - EIA	General Fund	1,555,282
Food Service Fund	General Fund	351,380
Debt Service Fund	Debt Service Fund - EFC	576,748
Pupil Activity Funds	Special Revenue Funds - Special Projects	266,936
		<u>\$ 13,309,810</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

The District is required to pay unemployment compensation on covered employees. It has chosen the alternative of paying claims as billed by the South Carolina Employment Security Commission. However, under this method of funding, no accurate estimate of any potential liability has been made.

The District has received proceeds from Federal and State grants, and/or entitlements. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

The District has contracted with Honeywell, Inc. to implement and maintain an energy conservation program. Under the program, Honeywell, Inc. provides an Energy and Operational Savings guarantee, maintenance and operation services, preferred maintenance services, building management support services and retrofit services. The contract is for an initial term of five years and will renew year to year up to an additional five years. Either party may terminate the agreement by giving thirty days notice prior to the end of the year.

During and prior to the fiscal year ended June 30, 2016, the District entered into several contractual commitments which were not complete as of June 30, 2016. These contracts were for the renovations and improvements of Byrnes High School and Lyman Elementary School.

Total contractual commitments of the building fund at June 30, 2016 are as follows:

Total Contractual Commitments	
Contract Amount	\$ 29,907,140
Job - to - Date Expenditures	<u>22,744,721</u>
Outstanding Commitments	<u>\$ 7,162,419</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2016

NOTE 10 - RELATED ORGANIZATION

These financial statements exclude R.D. Anderson Applied Technology Center, Moore, South Carolina. The Center serves the high schools in Spartanburg County School Districts Four, Five and Six. Two members of District Five's Board of Trustees serve as board members of the Center. Also, the superintendent of District Five is an ex-officio non-voting member of the R.D. Anderson Applied Technology Center. District Five remits a portion of their Education Finance Act monies to the Center to cover the educational costs of the District's students attending the Center and a portion of the Property Tax Relief Act Tier 3. For the year ended June 30, 2016, these amounts were \$422,621 and \$269,045 respectively and were recorded as General Fund expenditures.

NOTE 11 - SUBSEQUENT EVENT

On September 21, 2016, the District issued \$2,400,000 in short-term SCAGO General Obligation Bonds sold at 100.589% maturing on March 1, 2017 with \$21,333 of interest due at that time.

Management has evaluated subsequent events through October 18, 2016, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
 SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 COLLECTIVE NET PENSION LIABILITY
 SOUTH CAROLINA RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
District's Proportion of the Collective Net Pension Liability	0.430512%	0.431989%
District's Proportionate Share of the Collective Net Pension Liability	\$ 81,648,676	\$ 74,374,184
District's Covered-Employee Payroll	\$ 43,955,092	\$ 42,750,998
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	185.75%	173.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.00%	59.90%

*The amounts presented were determined as of the prior fiscal year ending June 30.

Notes to Schedule:

June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

REQUIRED SUPPLEMENTARY INFORMATION
 SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 SOUTH CAROLINA RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
Statutorially Required Contributions	\$ 4,663,080	\$ 4,399,863
Contributions in Relation to the Statutorially Required Contributions	<u>4,663,080</u>	<u>4,399,863</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 43,955,092	\$ 42,750,998
Contributions as a Percentage of Covered-Employee Payroll	10.61%	10.29%

Notes to Schedule:

June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

REQUIRED SUPPLEMENTARY INFORMATION
 SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
 COLLECTIVE NET PENSION LIABILITY
 POLICE OFFICERS RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
District's Proportion of the Collective Net Pension Liability	0.012840%	0.006830%
District's Proportionate Share of the Collective Net Pension Liability	\$ 279,869	\$ 130,736
District's Covered-Employee Payroll	\$ 159,084	\$ 82,140
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll	175.93%	159.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.60%	67.50%

*The amounts presented were determined as of the prior fiscal year ending June 30.

Notes to Schedule:

June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

REQUIRED SUPPLEMENTARY INFORMATION
 SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 POLICE OFFICERS RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
Statutorially Required Contributions	\$ 24,561	\$ 21,333
Contributions in Relation to the Statutorially Required Contributions	<u>24,561</u>	<u>21,333</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 159,084	\$ 82,140
Contributions as a Percentage of Covered-Employee Payroll	15.44%	25.97%

Notes to Schedule:

June 30, 2015 was the first year of GASB 68 implementation, therefore 10-year data is not yet available.

REQUIRED SUPPLEMENTARY INFORMATION
SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Local	\$ 33,127,767	\$ 33,127,767	\$ 37,602,751	\$ 4,474,984
Intergovernmental	166,631	166,631	160,156	(6,475)
State	<u>37,242,509</u>	<u>37,242,509</u>	<u>37,714,163</u>	<u>471,654</u>
Total Revenue	<u>70,536,907</u>	<u>70,536,907</u>	<u>75,477,070</u>	<u>4,940,163</u>
EXPENDITURES				
Current:				
Instruction	44,309,097	44,341,561	43,950,516	391,045
Supporting Services	22,229,855	22,197,391	22,646,916	(449,525)
Intergovernmental Expenditures	<u>328,660</u>	<u>328,660</u>	<u>293,959</u>	<u>34,701</u>
Total Expenditures	<u>66,867,612</u>	<u>66,867,612</u>	<u>66,891,391</u>	<u>(23,779)</u>
Excess / (Deficiency) of Revenues Over Expenditures	<u>3,669,295</u>	<u>3,669,295</u>	<u>8,585,679</u>	<u>4,916,384</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,830,705	1,830,705	1,949,115	118,410
Operating Transfers Out	<u>(5,500,000)</u>	<u>(5,500,000)</u>	<u>(10,534,794)</u>	<u>(5,034,794)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE JULY 1, 2015			<u>15,505,470</u>	
FUND BALANCE JUNE 30, 2016			<u>\$ 15,505,470</u>	

Note: The budget is prepared and monitored on a generally accepted accounting principles (GAAP) basis of accounting.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
1000 Revenue From Local Sources			
1100 Taxes			
1110 Ad Valorem taxes	\$ 24,730,281	\$ 25,275,139	\$ 544,858
1190 Other taxes	1,487,000	1,591,496	104,496
1200 Revenue from Local Governmental Units other than LEA's			
1280 Revenue in lieu of taxes	6,885,486	10,714,446	3,828,960
1300 Tuition			
1310 From patrons for regular day school	-	15,623	15,623
1500 Earnings on Investments			
1510 Interest on investments	25,000	-	(25,000)
1900 Other Revenue from Local Sources			
1910 Rentals	-	50	50
1920 Contributions	-	5,193	5,193
1999 Revenue from other local sources	-	804	804
Total Local Sources	<u>33,127,767</u>	<u>37,602,751</u>	<u>4,474,984</u>
2000 Intergovernmental Revenue			
2100 Payments from Other Governmental Units	<u>166,631</u>	<u>160,156</u>	<u>(6,475)</u>
Total Intergovernmental Revenues	<u>166,631</u>	<u>160,156</u>	<u>(6,475)</u>
3000 Revenue from State Sources			
3130 Special Programs			
3131 Handicapped transportation	-	8,401	8,401
3160 School Bus Driver's Salary			
3162 Transportation workers' compensation	192,124	249,425	57,301
	20,342	20,338	(4)
3180 Fringe Benefits Employer Contributions			
3181 Retiree Insurance	6,721,690	7,059,632	337,942
	1,526,158	1,404,251	(121,907)
3300 Education Finance Act			
3310 Full-time Programs			
3311 Kindergarten	948,339	786,770	(161,569)
3312 Primary	2,535,973	2,565,587	29,614
3313 Elementary	4,110,438	3,908,141	(202,297)
3314 High school	1,970,584	1,980,167	9,583
3315 Trainable mentally handicapped	37,920	52,130	14,210
3316 Speech handicapped (part-time program)	783,408	1,030,361	246,953
3317 Homebound	10,502	7,483	(3,019)

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
3320 Part-Time Programs			
3321 Emotionally handicapped	121,486	133,866	12,380
3322 Educable mentally handicapped	54,306	39,323	(14,983)
3323 Learning disabilities	1,196,663	1,387,916	191,253
3324 Hearing handicapped	28,074	42,443	14,369
3325 Visually handicapped	16,042	17,123	1,081
3326 Orthopedically handicapped	15,917	22,293	6,376
3327 Vocational	1,633,435	1,624,490	(8,945)
3330 Other EFA Programs			
3331 Autism	378,518	443,373	64,855
3332 High Achieving	381,077	341,379	(39,698)
3334 Limited English Proficiency	163,854	161,452	(2,402)
3351 Academic Assistance	266,379	210,742	(55,637)
3352 Pupils in Poverty	1,577,054	1,598,689	21,635
3800 State Revenue in Lieu of Taxes			
3810 Reimbursement for local property tax relief	1,681,807	1,681,807	-
3820 Homestead exemption	968,250	968,250	-
3825 Reimbursement for property tax relief	9,363,562	9,368,207	4,645
3830 Merchant's inventory tax	78,607	78,608	1
3840 Manufacturers depreciation reimbursement	403,000	440,319	37,319
3890 Other state property tax revenues	57,000	81,197	24,197
Total State Sources	<u>37,242,509</u>	<u>37,714,163</u>	<u>471,654</u>
TOTAL REVENUES ALL SOURCES	<u>70,536,907</u>	<u>75,477,070</u>	<u>4,940,163</u>
EXPENDITURES			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	2,095,091	2,102,800	(7,709)
200 Employee benefits	885,982	848,635	37,347
400 Supplies and materials	53,443	51,560	1,883
500 Capital outlay	1,700	-	1,700
112 Primary Programs			
100 Salaries	6,533,394	6,379,225	154,169
200 Employee benefits	2,497,217	2,357,492	139,725
300 Purchased services	83,174	76,965	6,209
400 Supplies and materials	145,893	140,730	5,163
500 Capital outlay	1,700	-	1,700
600 Other objects	3,700	4,950	(1,250)

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
113 Elementary Programs			
100 Salaries	9,597,095	8,931,923	665,172
200 Employee benefits	3,554,189	3,299,152	255,037
300 Purchased services	321,936	229,708	92,228
400 Supplies and materials	434,950	446,082	(11,132)
500 Capital outlay	1,456,617	2,373,180	(916,563)
600 Other objects	8,600	8,794	(194)
114 High School Programs			
100 Salaries	6,282,472	6,208,078	74,394
200 Employee benefits	2,262,225	2,143,685	118,540
300 Purchased services	530,024	634,726	(104,702)
400 Supplies and materials	304,332	240,536	63,796
500 Capital outlay	126,865	101,501	25,364
600 Other objects	3,843	6,793	(2,950)
115 Career and Technology Education Programs			
100 Salaries	518,660	567,972	(49,312)
200 Employee benefits	203,223	223,126	(19,903)
300 Purchased services	4,005	1,006	2,999
370 Purchased services - tuition	691,667	691,666	1
400 Supplies and materials	20,004	18,576	1,428
500 Capital outlay	8,588	8,525	63
120 Exceptional Programs			
121 Educable Mentally Handicapped			
100 Salaries	328,979	295,615	33,364
200 Employee benefits	126,232	109,065	17,167
300 Purchased services	762	286	476
400 Supplies and materials	632	1,111	(479)
122 Trainable Mentally Handicapped			
100 Salaries	141,746	150,565	(8,819)
200 Employee benefits	64,817	57,657	7,160
300 Purchased services	56,200	57,005	(805)
400 Supplies and materials	247	249	(2)
123 Orthopedically Handicapped			
100 Salaries	27,866	23,388	4,478
200 Employee benefits	14,525	12,848	1,677
300 Purchased services	-	665	(665)
400 Supplies and materials	132	86	46
124 Visually Handicapped			
300 Purchased services	6,000	17,156	(11,156)
400 Supplies and materials	132	117	15
125 Hearing Handicapped			
300 Purchased services	19,700	36,746	(17,046)
400 Supplies and materials	231	157	74
126 Speech Handicapped			
100 Salaries	116,360	61,786	54,574
200 Employee benefits	35,685	42,372	(6,687)
300 Purchased services	600	36,812	(36,212)
400 Supplies and materials	12,323	18,199	(5,876)

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
127 Learning Disabilities			
100 Salaries	1,245,625	1,279,828	(34,203)
200 Employee benefits	506,466	514,075	(7,609)
300 Purchased services	750	513	237
400 Supplies and materials	13,760	13,646	114
128 Emotionally Handicapped			
100 Salaries	436,609	438,222	(1,613)
200 Employee benefits	174,721	160,062	14,659
300 Purchased services	7,500	24,708	(17,208)
400 Supplies and materials	1,110	905	205
130 Pre-School Programs			
137 Pre-School Handicapped-Contained (3 & 4 yr. Olds)			
100 Salaries	372,804	412,905	(40,101)
200 Employee benefits	178,236	162,258	15,978
400 Supplies and materials	2,068	1,417	651
139 Early Childhood Programs			
100 Salaries	250,139	181,234	68,905
200 Employee benefits	115,310	112,271	3,039
140 Special Programs			
141 Gifted and Talented - Academic			
100 Salaries	309,770	311,545	(1,775)
200 Employee benefits	117,434	116,592	842
300 Purchased services	6,200	5,600	600
400 Supplies and materials	7,288	2,643	4,645
143 Advanced Placement			
300 Purchased services	360	360	-
400 Supplies and materials	3,825	2,932	893
145 Homebound			
100 Salaries	19,000	89,897	(70,897)
200 Employee benefits	4,657	22,269	(17,612)
300 Purchased services	15,000	730	14,270
148 Gifted and Talented - Artistic			
100 Salaries	5,000	5,000	-
200 Employee benefits	1,225	1,223	2
400 Supplies and materials	3,541	4,127	(586)
160 Other Exceptional Programs			
161 Autism			
100 Salaries	148,683	144,013	4,670
200 Employee benefits	74,696	71,679	3,017
300 Purchased services	10,000	64,594	(54,594)
400 Supplies and materials	2,940	2,218	722

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
162 Limited English Proficiency			
100 Salaries	516,602	518,652	(2,050)
200 Employee benefits	192,233	191,846	387
300 Purchased services	-	838	(838)
170 Summer School Program			
172 Elementary Summer School			
100 Salaries	10,000	6,800	3,200
200 Employee benefits	2,451	1,614	837
173 High School Summer School			
100 Salaries	-	50,419	(50,419)
200 Employee benefits	-	12,610	(12,610)
180 Adult/Continuing Education Programs			
188 Parenting/Family Literacy			
100 Salaries	-	35	(35)
300 Purchased services	1,800	965	835
Total Instruction	<u>44,341,561</u>	<u>43,950,516</u>	<u>391,045</u>
200 Supporting Services			
210 Pupil Services			
211 Attendance and Social Work			
100 Salaries	52,367	52,367	-
200 Employee benefits	17,256	17,064	192
300 Purchased services	2,308	834	1,474
400 Supplies and materials	200	-	200
212 Guidance			
100 Salaries	1,211,055	1,201,892	9,163
200 Employee benefits	443,622	432,379	11,243
300 Purchased services	1,800	5,937	(4,137)
400 Supplies and materials	46,883	39,712	7,171
213 Health			
100 Salaries	399,979	491,216	(91,237)
200 Employee benefits	159,471	139,406	20,065
300 Purchased services	10,310	5,764	4,546
400 Supplies and materials	20,292	15,420	4,872
500 Capital outlay	1,000	674	326
214 Psychological			
100 Salaries	281,520	231,713	49,807
200 Employee benefits	95,447	68,727	26,720
300 Purchased services	2,200	16,763	(14,563)
400 Supplies and materials	850	2,831	(1,981)

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
220 Instructional Staff Services			
221 Improvement of Instruction - Curriculum Development			
100 Salaries	623,147	805,599	(182,452)
200 Employee benefits	204,851	251,048	(46,197)
300 Purchased services	4,615	34,985	(30,370)
400 Supplies and materials	4,250	4,630	(380)
600 Other objects	500	-	500
222 Educational Media			
100 Salaries	964,698	961,672	3,026
200 Employee benefits	396,203	379,509	16,694
400 Supplies and materials	153,887	149,035	4,852
224 Improvement of Instruction - Inservice Training			
100 Salaries	392,494	477,292	(84,798)
200 Employee benefits	146,530	154,255	(7,725)
300 Purchased services	135,162	57,927	77,235
400 Supplies and materials	11,000	12,398	(1,398)
230 General Administration Services			
231 Board of Education			
300 Purchased services	49,000	15,375	33,625
318 Audit services	40,000	49,690	(9,690)
400 Supplies and materials	2,550	416	2,134
500 Capital outlay	1,700	5,435	(3,735)
600 Other objects	104,653	128,372	(23,719)
232 Office of Superintendent			
100 Salaries	290,713	298,550	(7,837)
200 Employee benefits	94,021	90,354	3,667
300 Purchased services	4,165	4,185	(20)
400 Supplies and materials	6,800	6,846	(46)
500 Capital outlay	2,125	3,513	(1,388)
600 Other objects	4,000	2,835	1,165
233 School Administration			
100 Salaries	3,586,695	3,602,934	(16,239)
200 Employee benefits	1,312,142	1,279,471	32,671
300 Purchased services	45,425	50,541	(5,116)
400 Supplies and materials	46,848	33,924	12,924
500 Capital outlay	5,627	5,026	601
600 Other objects	600	2,720	(2,120)
250 Finance and Operations Services			
252 Fiscal Services			
100 Salaries	151,171	153,770	(2,599)
180 Head of Organizational Unit Salaries	121,348	121,348	-
200 Employee benefits	48,871	50,272	(1,401)
280 Head of Organizational Unit Employee Benefits	38,700	38,700	-
300 Purchased services	27,243	29,646	(2,403)
400 Supplies and materials	12,000	13,988	(1,988)
500 Capital outlay	1,400	-	1,400

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
254 Operation and Maintenance of Plant Services			
100 Salaries	2,341,437	2,232,717	108,720
200 Employee benefits	946,440	821,414	125,026
300 Purchased services	1,499,994	1,739,217	(239,223)
321 Public utilities	260,200	292,782	(32,582)
400 Supplies and materials	508,500	625,235	(116,735)
470 Energy	1,525,300	1,560,287	(34,987)
500 Capital outlay	204,750	67,495	137,255
255 Pupil Transportation Services			
100 Salaries	704,640	733,345	(28,705)
200 Employee benefits	185,969	213,892	(27,923)
300 Purchased services	19,846	36,869	(17,023)
400 Supplies and materials	2,400	51,313	(48,913)
500 Capital outlay	152,000	174,184	(22,184)
600 Other objects	3,000	2,400	600
256 Food Service			
300 Purchased services	200	98	102
258 Security			
100 Salaries	52,000	65,316	(13,316)
200 Employee benefits	12,745	19,636	(6,891)
300 Purchased services	514,260	548,976	(34,716)
400 Supplies and materials	60,200	81,904	(21,704)
500 Capital outlay	6,375	709	5,666
260 Central Support Services			
263 Information Services			
100 Salaries	16,008	13,671	2,337
180 Head of Organizational Unit Salaries	60,641	60,641	-
200 Employee benefits	5,950	3,233	2,717
280 Head of Organizational Unit Employee Benefits	21,735	21,735	-
300 Purchased services	40,500	43,171	(2,671)
400 Supplies and materials	22,000	36,065	(14,065)
500 Capital outlay	2,700	2,105	595
264 Staff Services			
100 Salaries	90,896	91,196	(300)
180 Head of Organizational Unit Salaries	91,472	91,472	-
200 Employee benefits	37,112	36,127	985
280 Head of Organizational Unit Employee Benefits	31,279	31,279	-
300 Purchased services	28,250	23,640	4,610
400 Supplies and materials	2,500	3,085	(585)
266 Data Processing Services			
100 Salaries	654,080	617,810	36,270
200 Employee benefits	216,318	188,268	28,050
300 Purchased services	5,000	4,175	825
270 Support Services Pupil Activity			
271 Pupil Service Activities			
300 Purchased services	50,000	75,748	(25,748)
600 Other objects	39,000	36,746	2,254
Total Supporting Services	<u>22,197,391</u>	<u>22,646,916</u>	<u>(449,525)</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
FINAL BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2016

	Final Budget	Actual	Variance Favorable (Unfavorable)
400 Intergovernmental Expenditures			
412 Payments to other governmental units			
720 Transits	328,660	293,959	34,701
Total Intergovernmental Expenditures	328,660	293,959	34,701
TOTAL EXPENDITURES	66,867,612	66,891,391	(23,779)
OTHER FINANCING SOURCES (USES)			
5300 Sale of Fixed Assets	-	17,783	17,783
Interfund Transfers, from (to) other funds			
5230 Transfer from Special Revenue - EIA Fund	1,530,705	1,555,282	24,577
5280 Transfer from Other Funds Indirect Costs	300,000	376,050	76,050
423-710 Transfer to Debt Service Fund - EFC	(5,500,000)	(5,028,485)	471,515
424-710 Transfer to Capital Projects Fund	-	(5,506,309)	(5,506,309)
TOTAL OTHER FINANCING SOURCES (USES)	(3,669,295)	(8,585,679)	(4,916,384)
Excess/(Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE JULY 1, 2015		<u>15,505,470</u>	
FUND BALANCE JUNE 30, 2016		<u>\$ 15,505,470</u>	

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SPECIAL REVENUE FUND - SPECIAL PROJECTS
 COMBINING BALANCE SHEET
 JUNE 30, 2016

	2011/202	203/204	205/206	207/208	Other Restricted State Grants	Other Special Revenue Programs	Total
Title I	IDEA	Preschool Handicapped	CATE				
Due from Federal Government	\$ 386,663	\$ 8,976	\$ 22,409	\$ -	\$ 101,628	\$ 893,893	
Due from State Department of Education	-	-	-	-	3,144	3,144	
Total Assets	\$ 386,663	\$ 8,976	\$ 22,409	\$ -	\$ 104,772	\$ 897,037	
LIABILITIES AND FUND BALANCE							
Liabilities:							
Due to other funds	\$ 386,663	\$ 8,976	\$ 22,409	\$ -	\$ 13,002	\$ 805,267	
Unearned revenues	-	-	-	-	91,770	91,770	
Total Liabilities	\$ 386,663	\$ 8,976	\$ 22,409	\$ -	\$ 104,772	\$ 897,037	
Fund balances:	-	-	-	-	-	-	
Total Liabilities and Fund Balance	\$ 386,663	\$ 8,976	\$ 22,409	\$ -	\$ 104,772	\$ 897,037	

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SPECIAL REVENUE FUND - SPECIAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	201/202	203/204	205/206	207/208	Other Restricted State Grants	Other Special Revenue Programs	Total
Title I	IDEA	Preschool Handicapped	CATE				
REVENUES							
1000 Revenue From Local Sources							
1900 Other Revenue from Local Sources							
1910 Rentals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,300	\$ 10,300
1920 Contributions	-	-	-	-	-	5,776	5,776
1930 Special Needs Transportation	-	-	-	-	-	315,380	315,380
1999 Revenue from other local sources	-	-	-	-	-	30,593	30,593
Total Local Revenue	-	-	-	-	-	362,049	362,049
3000 Revenue From State Sources							
3100 Restricted Grants							
3110 Occupational education							
3118 EEDA career specialist	-	-	-	-	235,735	-	235,735
3120 General education							
3127 Student health and fitness - PE teachers	-	-	-	-	59,595	-	59,595
3130 Special programs							
3135 Reading coaches	-	-	-	-	313,650	-	313,650
3177 Summer reading camp	-	-	-	-	10,596	-	10,596
3190 Other restricted grants							
3193 Education license plates	-	-	-	-	1,771	-	1,771
3199 Other restricted state grants	-	-	-	-	12,053	-	12,053
3600 Education lottery act revenue							
3607 6-8 enhancement	-	-	-	-	16,964	-	16,964
3610 K-5 enhancement	-	-	-	-	40,723	-	40,723
3620 Digital instruction materials	-	-	-	-	128,400	-	128,400
3630 K-12 Technology initiative	-	-	-	-	258,644	-	258,644
Total State Revenue	-	-	-	-	1,078,131	-	1,078,131
4000 Revenue From Federal Sources							
4200 Occupational education							
4210 Vocational aid, Title I	-	-	-	77,544	-	-	77,544

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SPECIAL REVENUE FUND - SPECIAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	201/202	203/204	205/206	207/208	Other Restricted State Grants	Other Special Revenue Programs	Total
	Title I	IDEA	Preschool Handicapped	CATE			
4300 Elementary and Secondary Education Act of 1965							
4310 Title I	1,231,609	-	-	-	-	28,493	1,260,102
4341 Language instruction for limited English proficient and immigrant students, Title III	-	-	-	-	-	42,098	42,098
4351 Improving teacher quality	-	-	-	-	-	219,953	219,953
4500 Education for children with disabilities							
4510 Individuals with Disabilities Education Act (IDEA)	-	1,585,481	-	-	-	52	1,585,533
4520 Preschool grants (IDEA)	-	-	56,501	-	-	-	56,501
4900 Other federal sources							
4999 Revenue from other federal sources	-	-	-	-	-	95,030	95,030
Total Federal Revenue	1,231,609	1,585,481	56,501	77,544	-	385,626	3,336,761
TOTAL REVENUE ALL SOURCES	1,231,609	1,585,481	56,501	77,544	1,078,131	747,675	4,776,941

EXPENDITURES

100 Instruction							
110 General Instruction							
111 Kindergarten programs							
100 Salaries	127,078	-	-	-	-	-	127,078
200 Employee benefits	50,326	-	-	-	-	-	50,326
112 Primary programs							
100 Salaries	326,744	-	-	-	60,889	71,859	459,492
200 Employee benefits	119,314	-	-	-	16,265	27,345	162,924
300 Purchased services	3,665	-	-	-	-	-	3,665
400 Supplies and materials	141,002	-	-	-	-	4,787	145,789
500 Capital outlay	71,861	-	-	-	-	-	71,861
113 Elementary programs							
100 Salaries	44,203	-	-	-	-	97,521	141,724
200 Employee benefits	15,294	-	-	-	-	18,803	34,097
300 Purchased services	-	-	-	-	-	16,350	16,350
400 Supplies and materials	-	-	-	7,506	23,163	473	31,142
500 Capital outlay	-	-	-	-	388,815	-	388,815

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SPECIAL REVENUE FUND - SPECIAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	201/202	203/204	205/206	207/208	Other Restricted State Grants	Other Special Revenue Programs	Total
Title I	IDEA	Preschool Handicapped	CATE				
114 High school programs							
100 Salaries	-	-	-	-	-	80,313	80,313
200 Employee benefits	-	-	-	-	-	14,717	14,717
300 Purchased services	-	-	-	-	-	8,769	8,769
400 Supplies and materials	-	-	-	-	-	3,869	3,869
115 Career and technology education programs							
300 Purchased services	-	-	-	5,300	-	-	5,300
400 Supplies and materials	-	-	-	12,704	-	-	12,704
116 Career and technology education (vocational) programs - middle school							
400 Supplies and materials	-	-	-	18,828	-	-	18,828
500 Capital outlay	-	-	-	7,666	-	-	7,666
120 Exceptional Programs							
121 Educable mentally handicapped							
100 Salaries	-	26,917	-	-	-	-	26,917
200 Employee benefits	-	6,895	-	-	-	-	6,895
400 Supplies and materials	-	7,000	-	-	-	-	7,000
122 Trainable mentally handicapped							
300 Purchased services	-	-	-	-	707	-	707
125 Hearing handicapped							
300 Purchased services	-	-	-	-	-	52	52
126 Speech handicapped							
100 Salaries	-	199,173	-	-	-	111,111	310,284
200 Employee benefits	-	70,087	-	-	-	11,409	81,496
300 Purchased services	-	272,841	-	-	-	40,270	313,111
400 Supplies and materials	-	11,348	-	-	-	-	11,348
600 Other objects	-	-	-	-	-	2,220	2,220
127 Learning disabilities							
100 Salaries	-	515,288	-	-	-	-	515,288
200 Employee benefits	-	182,965	-	-	-	-	182,965
400 Supplies and materials	-	3,487	-	-	-	-	3,487
128 Emotionally handicapped							
100 Salaries	-	54,988	-	-	-	-	54,988
200 Employee benefits	-	17,733	-	-	-	-	17,733

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SPECIAL REVENUE FUND - SPECIAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	201/202	203/204	205/206	207/208	Other Restricted State Grants	Other Special Revenue Programs	Total
	Title I	IDEA	Preschool Handicapped	CATE			
130 Preschool Handicapped Programs							
137 Preschool handicapped self-contained (3 & 4-year olds)							
100 Salaries	-	25,173	38,298	-	-	-	63,471
200 Employee benefits	-	12,647	18,203	-	-	-	30,850
139 Early childhood programs							
100 Salaries	70,929	-	-	-	-	-	70,929
200 Employee benefits	25,540	-	-	-	-	-	25,540
140 Special Programs							
149 Other special programs							
300 Purchased services	-	2,682	-	-	-	-	2,682
160 Other Exceptional Programs							
161 Autism							
100 Salaries	-	24,129	-	-	-	-	24,129
200 Employee benefits	-	8,105	-	-	-	-	8,105
170 Summer School Program							
171 Primary Summer School							
100 Salaries	-	-	-	-	-	12,788	12,788
200 Employee benefits	-	-	-	-	-	3,316	3,316
400 Supplies and materials	-	-	-	-	10,596	-	10,596
175 Instructional programs beyond regular school day							
100 Salaries	3,000	-	-	-	-	-	3,000
200 Employee benefits	745	-	-	-	-	-	745
180 Adult/continuing education							
188 Parenting/family literacy							
100 Salaries	35,189	-	-	-	-	-	35,189
200 Employee benefits	15,940	-	-	-	-	-	15,940
TOTAL INSTRUCTION	1,050,830	1,441,458	56,501	52,004	500,435	525,972	3,627,200
200 Supporting Services							
210 Pupil Services							

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SPECIAL REVENUE FUND - SPECIAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	201/202	203/204	205/206	207/208	Other Restricted State Grants	Other Special Revenue Programs	Total
	Title I	IDEA	Preschool Handicapped	CATE			
211 Attendance and social work services							
300 Purchased services	265	-	-	-	-	-	265
400 Supplies and materials	1,965	-	-	-	-	-	1,965
214 Psychological							
100 Salaries	-	12,392	-	-	-	-	12,392
200 Employee benefits	-	7,667	-	-	-	-	7,667
300 Purchased services	-	30,223	-	-	-	40,000	70,223
400 Supplies and materials	-	25	-	-	-	-	25
215 Exceptional program services							
400 Supplies and materials	-	19,465	-	-	-	-	19,465
217 Career specialist services							
100 Salaries	-	-	-	-	182,148	-	182,148
200 Employee benefits	-	-	-	-	53,587	-	53,587
220 Instructional Staff Services							
221 Improvement of instruction - curriculum development							
100 Salaries	71,358	-	-	-	-	-	71,358
200 Employee benefits	26,067	-	-	-	-	-	26,067
300 Purchased services	-	-	-	-	-	1,095	1,095
400 Supplies and materials	-	-	-	-	16,964	26,152	43,116
222 Library and media services							
400 Supplies and materials	-	1,958	-	-	-	-	1,958
223 Supervision of special programs							
100 Salaries	35,970	39,571	-	-	-	-	75,541
200 Employee benefits	11,197	18,408	-	-	-	-	29,605
300 Purchased services	1,862	5,725	-	-	-	-	7,587
400 Supplies and materials	42	6,034	-	-	-	-	6,076
224 Improvement of instruction - inservice training							
100 Salaries	1,400	-	-	-	231,999	-	233,399
200 Employee benefits	348	-	-	-	81,652	-	82,000
300 Purchased services	2,938	2,555	-	5,466	-	28,408	39,367
400 Supplies and materials	-	-	-	-	-	2,031	2,031

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 SPECIAL REVENUE FUND - SPECIAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR FISCAL YEAR ENDED JUNE 30, 2016

	201/202	203/204	205/206	207/208	Other Restricted State Grants	Other Special Revenue Programs	Total
	Title I	IDEA	Preschool Handicapped	CATE			
250 Finance and Operations Services							
251 Student transportation	1,264	-	-	-	-	-	1,264
300 Purchased services							
254 Operation and maintenance of plant							
300 Purchased services	-	-	-	-	-	5,857	5,857
400 Supplies and materials	-	-	-	-	-	25,059	25,059
260 Central Support Services							
266 Data Processing Services							
300 Purchased services	-	-	-	-	-	9,978	9,978
400 Supplies and materials	-	-	-	-	11,346	-	11,346
270 Supporting Services - Pupil Activities							
271 Pupil service activities	1,433	-	-	20,074	-	-	21,507
300 Purchased services							
TOTAL SUPPORTING SERVICES	156,109	144,023	-	25,540	577,696	138,580	1,041,948
300 Community Services							
350 Custody and care of children							
100 Salaries	-	-	-	-	-	234,465	234,465
200 Employee benefits	-	-	-	-	-	32,471	32,471
TOTAL COMMUNITY SERVICES	-	-	-	-	-	266,936	266,936
410 Intergovernmental Expenditures							
414 Medicaid payments to SDE							
720 Transits	-	-	-	-	-	83,123	83,123
TOTAL INTERGOVERNMENTAL SERVICES	-	-	-	-	-	83,123	83,123
TOTAL EXPENDITURES	1,206,939	1,585,481	56,501	77,544	1,078,131	1,014,611	5,019,207

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
SPECIAL REVENUE FUND - SPECIAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2016

201/202	203/204	205/206	207/208	Other Restricted State Grants	Other Special Revenue Programs	Total
Title I	IDEA	Preschool Handicapped	CATE			
-	-	-	-	-	266,936	266,936
<u>(24,670)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,670)</u>
<u>(24,670)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,936</u>	<u>242,266</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER FINANCING SOURCES (USES)

Interfund Transfers, From (To) Other Funds

5270 Transfer from Pupil Activity Fund
431-791 Special revenue fund indirect costs

TOTAL OTHER FINANCING SOURCES (USES)

EXCESS/(DEFICIENCY) OF REVENUES
OVER EXPENDITURES

FUND BALANCE - JULY 1, 2015

FUND BALANCE - JUNE 30, 2016

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTE TO SPECIAL REVENUE FUND - SPECIAL PROJECTS
 SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES
 FOR FISCAL YEAR ENDED JUNE 30, 2016

Program	Sub Fund	Description	
<u>Other Restricted State Grants</u>			
	804	Level data reimbursement	\$ 11,346
	816	Profound disabled	707
	919	Education License Plates	1,771
	926	Summer reading camp	10,596
	928	EEDA career specialist	235,735
	935	Reading coaches	313,650
	937	Student health and fitness - PE teachers	59,595
	960	K-5 Enhancement	40,723
	963	K-12 technology initiative	258,644
	965	Digital instruction materials	128,400
	967	6-8 Enhancement	16,964
			<u>\$ 1,078,131</u>
<u>Other Special Revenue Programs</u>			
	221	Title I, neglected and delinquent	\$ 12,341
	237	Title I, focus	16,151
	264	Language instruction for limited english proficient and immigrant students, Title III	42,098
	263	Improving teacher quality - carryover	53,172
	267	Improving teacher quality	166,781
	277	Air Force JROTC	95,030
	293	Medicaid	315,380
	803	Risk control	20,615
	807	Extended School Year	52
	840	Teacher Forum	5,776
	870	Fine Arts Center	10,300
	875	E-Rate / Student insurance	9,979
			<u>\$ 747,675</u>

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 NOTE TO SPECIAL REVENUE FUND - SPECIAL PROJECTS
 SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS
 FOR FISCAL YEAR ENDED JUNE 30, 2016

Sub Fund	Revenue	Description	Revenues		Expenditures		Special Revenue		Special Revenue	
				\$		\$	Interfund Transfers In(Out)	Other fund Transfers In(Out)	Revenue Fund Unearned	
804	3199	Level Data Reimbursement		\$ 11,346	\$ 11,346	\$ -	\$ -	-	-	-
816	3199	Profound Disabled		707	707	-	-	-	-	-
919	3193	Education license plates		1,771	1,771	-	-	-	-	-
926	3177	Summer reading camp		10,596	10,596	-	-	-	-	-
928	3118	EEDA career specialist		235,735	235,735	-	-	-	-	-
937	3127	Student health and fitness - PE teachers		59,595	59,595	-	-	-	-	-
935	3135	Reading coaches		313,650	313,650	-	-	-	-	-
967	3607	6-8 Enhancement		16,964	16,964	-	-	-	-	-
960	3610	K-5 Enhancement		40,723	40,723	-	-	-	-	-
965	3620	Digital instruction materials		128,400	128,400	-	-	-	-	-
963	3630	K-12 technology initiative		258,644	258,644	-	-	-	-	-
				<u>\$ 1,078,131</u>	<u>\$ 1,078,131</u>		<u>\$ -</u>		<u>\$ -</u>	

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL PROGRAMS
FOR FISCAL YEAR ENDED JUNE 30, 2016

REVENUES

3000 Revenue From State Sources		
3500 Education Improvement Act		
3502 ADEPT	\$	5,712
3504 LevelData reimbursement		3,000
3511 Professional development		39,832
3512 Technology professional development		42,055
3518 Formative assessment		38,623
3525 Career and technology education equipment		80,394
3526 Refurbishment of K-8 science kits		43,300
3532 National Board Certification (NBC) salary		753,068
3533 Teacher of the year awards		1,077
3535 Reading coaches		85
3538 Students at risk of school failure		767,591
3540 Early childhood program (4K programs serving four-year-old children)		299,974
3550 Teacher salary increase		1,352,444
3555 Teacher salary fringe		202,838
3557 Summer reading program		34,161
3558 Reading		40,243
3577 Teacher supplies		147,000
3578 High schools that work / making middle grades work		8,882
3581 Student health and fitness- nurses		177,168
3592 Work-based learning		26,169
3595 EEDA - Supplies and materials		8,329
3597 Aid to districts		396,397
		<hr/>
Total State Sources		4,468,342
		<hr/>
TOTAL REVENUE ALL SOURCES		4,468,342
		<hr/>

EXPENDITURES

100 Instruction		
110 General Instruction		
111 Kindergarten programs		
100 Salaries		26,963
200 Employee benefits		9,856
112 Primary programs		
100 Salaries		599,289
200 Employee benefits		153,752
400 Supplies and materials		86,613

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 FOR FISCAL YEAR ENDED JUNE 30, 2016

113 Elementary programs	
100 Salaries	276,445
200 Employee benefits	96,721
400 Supplies and materials	97,535
114 High school programs	
100 Salaries	117,500
200 Employee benefits	28,588
400 Supplies and materials	59,100
115 Career and technology education programs	
100 Salaries	15,000
200 Employee benefits	3,651
500 Capital outlay	46,132
120 Exceptional Programs	
122 Trainable mentally handicapped	
100 Salaries	7,500
200 Employee benefits	1,848
126 Speech handicapped	
100 Salaries	135,843
200 Employee benefits	50,042
127 Learning disabilities	
100 Salaries	161,254
200 Employee benefits	58,799
128 Emotionally handicapped	
100 Salaries	15,000
200 Employee benefits	3,691
130 Preschool Programs	
139 Early childhood programs	
100 Salaries	218,732
200 Employee benefits	60,077
300 Purchased services	779
400 Supplies and materials	20,386
170 Summer School Program	
171 Primary summer school	
100 Salaries	19,960
200 Employee benefits	5,028
400 Supplies and materials	4,193

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 FOR FISCAL YEAR ENDED JUNE 30, 2016

180 Adult/Continuing Educational Programs	
188 Parenting/family literacy	
100 Salaries	70,587
200 Employee benefits	35,000
	70,587
TOTAL INSTRUCTION	2,485,864
200 Supporting Services	
210 Pupil Services	
212 Guidance services	
100 Salaries	43,462
200 Employee benefits	10,749
300 Purchased services	1,316
400 Supplies and materials	45,637
213 Health services	
100 Salaries	107,547
200 Employee benefits	69,621
220 Instructional Staff Services	
224 Improvement of instruction - inservice training	
300 Purchased services	105,265
400 Supplies and materials	1,358
250 Finance and Operations Services	
255 Student transportation (state mandated)	
100 Salaries	3,980
200 Employee benefits	999
260 Central Support Services	
266 Technology and data processing services	
400 Supplies and materials	3,000
	3,000
TOTAL SUPPORTING SERVICES	392,934

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 EDUCATION IMPROVEMENT ACT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ALL PROGRAMS
 FOR FISCAL YEAR ENDED JUNE 30, 2016

400 Other Charges	
410 Intergovernmental Expenditures	
412 Payments to Other Governmental Units	
720 Transits	34,262
TOTAL INTERGOVERNMENTAL EXPENDITURES	34,262
TOTAL EXPENDITURES	2,913,060
 OTHER FINANCING SOURCES (USES)	
Interfund Transfers, from (to) Other Funds	
420-710 Transfer to General Fund	(1,555,282)
TOTAL OTHER FINANCING SOURCES (USES)	(1,555,282)
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	-
FUND BALANCE - JULY 1, 2015	-
FUND BALANCE - JUNE 30, 2016	\$ -

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 EDUCATION IMPROVEMENT ACT
 SUMMARY SCHEDULE BY PROGRAM
 FOR FISCAL YEAR ENDED JUNE 30, 2016

Program	Revenues		Expenditures		EIA Interfund Transfers		Other Fund Transfers		Unearned Revenue
					In/(Out)	In/(Out)	In/(Out)		
3500 Education Improvement Act									
3502 ADEPT	\$ 5,712	\$ 5,712	\$ -	\$ -					\$ -
3504 Level/Data reimbursement	3,000	3,000	-	-					-
3511 Professional development	39,832	39,832	-	-					3,648
3512 Technology professional development	42,055	42,055	-	-					765
3518 Formative assessment	38,623	38,623	-	-					-
3525 Career and technology education equipment	80,394	80,394	-	-					24,493
3526 Refurbishment of K-8 science kits	43,300	43,300	-	-					14,579
3532 National Board Certification (NBC) salary	753,068	753,068	-	-					-
3533 Teacher of the year awards	1,077	1,077	-	-					-
3535 Reading coaches	85	85	-	-					7,915
3538 Students at risk of school failure	767,591	767,591	-	-					659,212
3540 Early childhood program (4K programs serving four-year-old children)	299,974	299,974	-	-					-
3550 Teacher salary increase	1,352,444	-	-	-			(1,352,444)		-
3555 Teacher salary fringe	202,838	-	-	-			(202,838)		-
3557 Summer reading program	34,161	34,161	-	-					20,252
3558 Reading	40,243	40,243	-	-					12,214
3577 Teacher supplies	147,000	147,000	-	-					-
3578 High schools that work / making middle grades work	8,882	8,882	-	-					2,089
3581 Student health and fitness- nurses	177,168	177,168	-	-					-
3592 Work-based learning	26,169	26,169	-	-					-
3595 EEDA - Supplies and materials	8,329	8,329	-	-					14,007
3597 Aid to districts	396,397	396,397	-	-					-
Totals	\$ 4,468,342	\$ 2,913,060	\$ -	\$ -	\$ (1,555,282)	\$ -	\$ (1,555,282)	\$ -	\$ 759,174

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
SPECIAL REVENUE FUND - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2016

REVENUES

1000 Revenues From Local Sources

1600 Food service	
1610 Lunch sales to pupils	\$ 633,503
1620 Breakfast sales to pupils	57,129
1630 Special sales to pupils	104,807
1640 Lunch sales to adults	41,607
1650 Breakfast sales to adults	5,748
1660 Special sales to adults	27,952
1900 Other revenue from local sources	
1999 Miscellaneous	7,640
	<hr/>
Total Revenue From Local Sources	878,386
	<hr/>

3000 Revenue From State Sources

3140 School lunch	
3142 Program aid	275
	<hr/>
Total State Sources	275
	<hr/>

4000 Revenue From Federal Sources

4800 USDA reimbursement	
4810 School lunch and after school snacks program	1,857,847
4830 School breakfast program	579,561
4870 School food service (equipment)	10,000
4900 Other federal sources	
4991 USDA commodities	258,269
4999 Revenue from other federal sources	1,000
	<hr/>
Total Federal Sources	2,706,677
	<hr/>

TOTAL REVENUE ALL SOURCES

3,585,338

EXPENDITURES

256 Food service	
300 Purchased services	2,793,189
400 Supplies and materials	268,574
500 Capital outlay	18,001
600 Other objects	4,460
	<hr/>

TOTAL FOOD SERVICE EXPENDITURES

3,084,224

TOTAL EXPENDITURES

3,084,224

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
SPECIAL REVENUE FUND - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2016

OTHER FINANCING SOURCES (USES)

Interfund Transfers, from (to) other funds

432-791 Food Service Fund Indirect Costs (351,380)

TOTAL OTHER FINANCING SOURCES (USES) (351,380)

Excess/(Deficiency) of Revenues Over Expenditures 149,734

FUND BALANCE - JULY 1, 2015 1,045,222

FUND BALANCE - JUNE 30, 2016 \$ 1,194,956

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2016

REVENUES

1000 Revenue From Local Sources	
1100 Taxes	
1110 Ad Valorem taxes - fiscally independent LEA	\$ 3,325,431
1200 Revenue from local governmental units other than LEAs	
1280 Revenue in lieu of taxes	962,445
1500 Earnings on investments	
1510 Interest on investments	1,854
	<hr/>
Total Revenue From Local Sources	4,289,730
	<hr/>
3000 Revenue From State Sources	
3800 State Revenue in Lieu of Taxes	
3820 Homestead exemption	108,797
3830 Merchant's inventory tax	10,569
3840 Manufacturers depreciation reimbursement	39,553
3890 Other state property tax revenues	10,767
	<hr/>
Total Revenue from State Sources	169,686
	<hr/>
TOTAL REVENUE ALL SOURCES	4,459,416
	<hr/>

EXPENDITURES

500 Debt service	
610 Redemption of principal	3,260,000
620 Interest	509,450
690 Other objects	113,218
	<hr/>
TOTAL EXPENDITURES	3,882,668
	<hr/>

OTHER FINANCING SOURCES (USES)

Interfund Transfers, from (to) other funds	
423-710 Transfer to Debt Service Fund EFC	(576,748)
	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(576,748)
	<hr/>

Excess/(Deficiency)of Revenues Over Expenditures	-
FUND BALANCE - JULY 1, 2015	1,398,110
	<hr/>
FUND BALANCE - JUNE 30, 2016	\$ 1,398,110
	<hr/> <hr/>

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
DEBT SERVICE FUND - EDUCATIONAL FACILITIES CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2016

REVENUES

1000 Revenue From Local Sources

1500 Earnings on investments

1510 Interest on investments

\$ 1,050

Total Revenue From Local Sources

1,050

TOTAL REVENUE ALL SOURCES

\$ 1,050

EXPENDITURES

500 Debt service

610 Principal

620 Interest

690 Other objects

\$ 4,565,000

1,039,969

5,000

TOTAL EXPENDITURES

5,609,969

OTHER FINANCING SOURCES (USES)

Interfund Transfers, from (to) other funds

5210 Transfer from General Fund

5240 Transfer from Debt Service Fund

5,028,485

576,748

TOTAL OTHER FINANCING SOURCES

5,605,233

Excess/(Deficiency) of Revenues Over Expenditures

(3,686)

FUND BALANCE - JULY 1, 2015

23,742

FUND BALANCE - JUNE 30, 2016

\$ 20,056

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR FISCAL YEAR ENDED JUNE 30, 2016

REVENUES

1000 Revenue From Local Sources

1500 Earnings on investments

1510 Interest on investments

\$ 1,172

Total Revenue From Local Sources

1,172

TOTAL REVENUE ALL SOURCES

1,172

EXPENDITURES

253 Facilities Acquisition and Construction Services

300 Purchased services

553,004

500 Capital outlay

510 Land

356,680

520 Construction services

19,146,341

530 Improvements other than buildings

965

540 Equipment

92,617

600 Other objects

690 Other objects

53,645

TOTAL SUPPORT EXPENDITURES

20,203,252

TOTAL EXPENDITURES

20,203,252

OTHER FINANCING SOURCES (USES)

5100 Sale of Bonds

5110 Premium on bonds sold

2,821,259

5120 Proceeds of general obligation bonds

18,200,000

Interfund Transfers, from (to) other funds

5210 Transfer from General Fund

5,506,309

TOTAL OTHER FINANCING SOURCES (USES)

26,527,568

Excess/(Deficiency) of Revenues Over Expenditures

6,325,488

FUND BALANCE - JULY 1, 2015

14,442,588

FUND BALANCE - JUNE 30, 2016

\$ 20,768,076

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 CAPITAL PROJECTS FUND - EDUCATIONAL FACILITIES CORPORATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR FISCAL YEAR ENDED JUNE 30, 2016

REVENUES

TOTAL REVENUE ALL SOURCES	\$ <u> -</u>
----------------------------------	-----------------------

EXPENDITURES

250 Finance and Operations	
253 Facilities acquisition and construction	
600 Other objects	\$ <u> 2,036</u>

TOTAL EXPENDITURES	<u> 2,036</u>
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Excess/(Deficiency) of Revenues Over Expenditures	(2,036)
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FUND BALANCE - JULY 1, 2015	<u> 2,036</u>
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FUND BALANCE - JUNE 30, 2016	<u><u> -</u></u>
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SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
PUPIL ACTIVITY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS AND CHANGES
IN DUE TO STUDENT ORGANIZATIONS
FOR FISCAL YEAR ENDED JUNE 30, 2016

RECEIPTS

1000 Receipts From Local Sources

1500 Earnings on investments	
1510 Interest on investments	\$ 3
1700 Pupil activities	
1710 Admissions	342,537
1720 Bookstore sales	70,048
1730 Pupil organization membership	57,601
1740 Student fees	473,073
1790 Other	1,923,430
1900 Other revenue from local sources	
1920 Contributions and donations private sources	<u>65,053</u>

TOTAL RECEIPTS ALL SOURCES2,931,745**DISBURSEMENTS**

190 Instructional pupil activity	
660 Pupil activity	329,288
270 Supporting services pupil activity	
271 Pupil service activities	
660 Pupil activity	<u>2,214,531</u>

TOTAL DISBURSEMENTS2,543,819**OTHER FINANCING SOURCES (USES)**

Interfund Transfers, from (to) other funds

421-710 Transfer to Special Revenue Fund	<u>(266,936)</u>
--	------------------

TOTAL OTHER FINANCING SOURCES (USES)(266,936)

Excess/(Deficiency) of Revenues Over Expenditures 120,990

DUE TO STUDENT ORGANIZATIONS - JULY 1, 2015 937,662**DUE TO STUDENT ORGANIZATION - JUNE 30, 2016** \$ 1,058,652

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
 DETAILED SCHEDULE OF DUE TO S.C. DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT
 FOR FISCAL YEAR ENDED JUNE 30, 2016

<u>Program</u>	<u>Project Grant Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SCDE/ Federal</u>	<u>Status of Amounts Due To Grantors</u>
<u>Due To State Department of Education</u>					
National board salary supplement	EIA	3532/332	Unspent funds	\$ 475.21	Unpaid
EEDA - Supplies and materials	EIA	3595/395	Unspent funds	<u>5,803.45</u>	Unpaid
			Total Due	<u>\$ 6,278.66</u>	

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
LOCATION RECONCILIATION SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2016

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
01	Duncan Elementary	Elementary School	School	\$ 5,951,455
02	Lyman Elementary	Elementary School	School	7,882,558
03	Reidville Elementary	Elementary School	School	3,037,343
04	Abner Creek Academy	Elementary School	School	4,502,523
05	Wellford Academy	Elementary School	School	4,638,794
06	Beech Springs Intermediate	Elementary School	School	4,449,332
07	D.R. Hill Middle School	Middle School	School	4,973,553
08	J.F. Byrnes High School	High School	School	31,383,022
09	Freshman Academy	High School	School	3,988,162
10	Districtwide	Non-School	Central	24,196,403
11	River Ridge Elementary	Elementary School	School	5,472,819
12	Berry Shoals Intermediate School	Elementary School	School	4,736,331
14	Florence Chapel Middle School	Middle School	School	4,937,331
				<u>\$ 110,149,626</u>

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

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 66,891,391
Special Revenue Fund	5,019,207
EIA Fund	2,913,060
Debt Service Fund	3,882,668
Debt Service Fund - Educational Facilities Corporation	5,609,969
Capital Projects Fund	20,203,252
Capital Projects Fund - Educational Facilities Corporation	2,036
Food Service Fund	3,084,224
Pupil Activity Fund	2,543,819
<u>\$ 110,149,626</u>	

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
Spartanburg County School District Five
Duncan, 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, each major fund, and the aggregate remaining fund information of Spartanburg County School District Five ("the District") as of and for the year ended June 30, 2016, and the related notes to the financial states, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 opinions 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 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
October 18, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Spartanburg County School District Five
Duncan, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Spartanburg County School District Five's ("the District's") compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, Spartanburg County School District Five, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Spartanburg County School District Five 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 of compliance, 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over

To the Board of Trustees
Spartanburg County School District Five
Page Two

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
October 18, 2016

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2016

LEA Subfund Code	Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass- through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>				
Direct Program				
600	Healthier US School Challenge	10.543	N/A	\$ 1,000
Pass-through S.C. Department of Education				
Child Nutrition Cluster				
600	USDA Commodities (Food Distribution Program) - Non-cash assistance	10.550	N/A	\$ 258,269
600	School Breakfast Program	10.553	N/A	669,333
600	School Lunch and After School Snacks Program	10.555	N/A	<u>2,145,620</u>
Total Child Nutrition Cluster				3,073,222
600	Child Nutrition Discretionary Grants	10.579	N/A	<u>10,002</u>
Total U.S. Department of Agriculture				<u>3,084,224</u>
<u>U.S. Department of Education</u>				
Pass-through S.C. Department of Education				
201	Title I , Regular	84.010	16 Title I Regular	\$ 1,075,290
201	Title I , Regular	84.010	16 Title I Carryover	156,318
221	Title I, Neglected and Delinquent	84.010	16 Title I N&D	7,174
221	Title I, Neglected and Delinquent	84.010	15 Title I N&D	5,168
237	Title I, Focus	84.010	15 Title I Focus	<u>16,152</u>
Special Education Cluster				1,260,102
203	Individuals With Disabilities Education Act (IDEA)	84.027	16 IDEA	1,356,587
204	Individuals With Disabilities Education Act (IDEA)	84.027	15 IDEA	63,163
204	Individuals With Disabilities Education Act (IDEA)	84.027	15 IDEA Supplement	165,731
807	Extended School Year	84.027	ESY	52
205	Preschool Grants (IDEA)	84.173	16 IDEA Preschool	<u>56,501</u>
Total Special Education Cluster				1,642,034
207	CATE (Subprogram 3)	84.048	16 CATE	750
207	CATE (Subprogram 4)	84.048	16 CATE	5,466
207	CATE (Subprogram 5)	84.048	16 CATE	5,300
207	CATE (Subprogram 6)	85.048	16 CATE	50,954
207	CATE (Subprogram 10)	84.048	16 CATE	<u>15,074</u>
				77,544
264	Language instruction for limited english proficient and immigrant students, Title III	84.365	16 Title III	37,478
264	Language instruction for limited english proficient and immigrant students, Title III	84.365	15 Title III	<u>4,620</u>
				42,098
267	Improving Teacher Quality, Title II	84.367	16 Title II	166,781
263	Improving Teacher Quality, Title II	84.367	15 Title II	<u>53,172</u>
				219,953
Total U.S. Department of Education				<u>3,241,731</u>
<u>U.S. Department of Defense</u>				
Direct Program				
277	Air Force ROTC	12.000	SC0H0932	<u>95,030</u>
Total U.S. Department of Defense				<u>95,030</u>
Total Federal Financial Assistance Expended				<u>\$ 6,420,985</u>

See note to schedule of expenditures of federal awards.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - . BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity for the District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Spartanburg County School District Five and is presented on the modified accrual basis of accounting.
- B. For the fiscal year ended June 30, 2016, the District used the indirect cost rate as calculated based on the grant against which the costs are being charged or the indirect cost rate as calculated by the South Carolina Department of Education in conjunction with the Office of Health and Nutrition for the Food Service cluster.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016

Fiscal year ended June 30, 2015:

NONE

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor’s ResultsFinancial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material Weakness (es) identified? _____ yes no

Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes none reported

Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major programs:

Material Weakness (es) identified? _____ yes no

Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes none reported

Type of auditor’s report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200? _____ yes no

Identification of major programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
84.010 84.027, 84.173	Title I IDEA Cluster
Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes _____ no

Section II – Current Year Financial Statement Findings

NONE

Section III – Federal Award Findings and Questioned Costs- Major Federal Awards Programs Audit

NONE