

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

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**







SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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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 ("the District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State 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 State 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, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 13 to the financial statements, in 2018 Spartanburg County School District Five adopted new accounting guidance, Statement No. 75 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 75 resulted in the restatement of beginning net position. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of the District's Proportionate Share of the Collective Net Pension Liability, Schedule of the District's Proportionate Share of the Collective Net OPEB Liability, Schedules of the District's Contributions and the Budgetary Comparison Schedules, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spartanburg County School District Five's basic financial statements. The combining and individual fund 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 schedules, 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 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 schedules, other schedules required by the South Carolina Department of Education, 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.

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

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018, on our consideration of Spartanburg County School District Five'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  
November 7, 2018

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Spartanburg County School District Five  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018

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, 2018.

### **Financial Highlights**

- The general operating fund balance increased \$1,120,604 over last year.
- Due to conservative budgeting and a significant increase in the number of students, the General Fund state revenue received was \$2,156,148 more than budgeted.
- The revenue from local sources had a favorable variance of \$2,366,548. This favorable variance was mainly due to insurance proceeds of \$423,803 for damaged roofs and an increase in revenue-in-lieu of taxes of \$1,961,675 over budget.
- The District had a favorable expenditure variance of \$1,453,166. This favorable variance was mainly due to an over-estimate of employee fringe benefits.
- A total of \$7,025,000 was transferred to the Capital Projects Fund.
- On June 30, 2018, the available, unassigned fund balance for the General Fund was \$16,626,074 which is 19.4% of the total budgeted General Fund expenditures, including transfers, for fiscal year 2018-19.
- The District's net position increased by \$3,463,955 or 9.1%. Program revenues accounted for \$43,499,122 or 41.6% of total revenues, and general revenues accounted for \$61,113,494 or 58.4%.
- Construction began on a new Reidville Elementary School to replace the existing school. To assist with financing the construction and equipping this school, General Obligation Bonds were issued in the amount of \$4,375,000 and Special Obligation Bonds were issued in the amount of \$5,110,000.

### **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, 2018

## **Reporting the District's Most Significant Funds**

### *Fund Financial Statements*

Our analysis of the District's major funds begins on page 7. The fund financial statements begin on page 13 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 17.

Spartanburg County School District Five  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018

**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, liabilities plus deferred inflows exceeded assets plus deferred outflows by \$34,330,986 at the close of the most recent fiscal year. An Other Post-employment Benefits Plan net liability of \$77,764,697 is being reported at June 30, 2018 due to the implementation of GASB 75.

Table 1 provides a summary of the School District's net position for FYE 2018 and 2017:

|   | Governmental Activities<br>2018 | Governmental Activities<br>2017 * |
|---|---------------------------------|-----------------------------------|
| <b>Assets</b>                               |                                 |                                   |
| Current and Other Assets                    | \$ 59,742,774                   | \$ 47,400,742                     |
| Capital Assets                              | 137,419,433                     | 136,758,439                       |
| <b>Total Assets</b>                         | <u>197,162,207</u>              | <u>184,159,181</u>                |
| <b>Deferred Outflows of Resources</b>       |                                 |                                   |
| Loss on Advanced Refunding                  | 1,789,752                       | 2,256,643                         |
| Deferred Outflows Related to Pensions       | 16,101,502                      | 13,647,000                        |
| Deferred Outflows Related to OPEB           | 2,819,380                       | -                                 |
| <b>Total Deferred Outflows of Resources</b> | <u>20,710,634</u>               | <u>15,903,643</u>                 |
| <b>Liabilities</b>                          |                                 |                                   |
| Long - Term Liabilities                     | 234,822,874                     | 148,327,828                       |
| Other Liabilities                           | 9,836,609                       | 9,097,438                         |
| <b>Total Liabilities</b>                    | <u>244,659,483</u>              | <u>157,425,266</u>                |
| <b>Deferred Inflows of Resources</b>        |                                 |                                   |
| Deferred Inflows Related to Pensions        | 192,183                         | -                                 |
| Deferred Inflows Related to OPEB            | 7,352,161                       | -                                 |
| <b>Total Deferred Inflows of Resources</b>  | <u>7,544,344</u>                | <u>-</u>                          |
| <b>Net Position</b>                         |                                 |                                   |
| Net Investment in Capital Assets            | 83,798,603                      | 82,583,499                        |
| Restricted for:                             |                                 |                                   |
| General fund - nonspendable                 | -                               | 1,221,592                         |
| Debt Service                                | 2,312,697                       | 2,164,746                         |
| Food Service                                | 1,062,389                       | 1,138,773                         |
| Unrestricted (deficit)                      | (121,504,675)                   | (44,471,052)                      |
| <b>Total Net Position</b>                   | <u>\$ (34,330,986)</u>          | <u>\$ 42,637,558</u>              |

\* Prior year amounts not restated for MD&A purposes

Spartanburg County School District Five  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018

**Government-wide Financial Analysis – Continued**

Table 2 shows the changes in net position for fiscal year 2018 and 2017:

|                                    | Governmental Activities<br>2018 | Governmental Activities<br>2017 |
|------------------------------------|---------------------------------|---------------------------------|
| <b>Revenues:</b>                   |                                 |                                 |
| Program Revenues:                  |                                 |                                 |
| Charges for Services               | \$ 1,468,851                    | \$ 1,155,188                    |
| Operating Grants                   | 42,030,271                      | 39,533,965                      |
| General Revenues:                  |                                 |                                 |
| Property Taxes                     | 46,439,457                      | 44,085,293                      |
| Grants and Entitlements            | 13,210,449                      | 12,917,455                      |
| Other                              | 1,463,588                       | 1,880,579                       |
| <b>Total Revenues</b>              | <b>104,612,616</b>              | <b>99,572,480</b>               |
| <b>Program Expenses:</b>           |                                 |                                 |
| Instruction                        | 60,791,780                      | 57,051,658                      |
| Support Services                   | 37,275,010                      | 32,973,181                      |
| Community Services                 | 270,738                         | 282,287                         |
| Intergovernmental                  | 467,528                         | 387,856                         |
| Interest and Fiscal Charges        | 2,070,605                       | 1,932,637                       |
| <b>Total Expenses</b>              | <b>100,875,661</b>              | <b>92,627,619</b>               |
| Change in Net Position             | <u>\$ 3,736,955</u>             | <u>\$ 6,944,861</u>             |
| * Net Position - Beginning of Year | <u>\$ (38,067,941)</u>          | <u>\$ 35,692,697</u>            |
| Net Position - End of Year         | <u>\$ (34,330,986)</u>          | <u>\$ 42,637,558</u>            |

\* Prior year amounts not restate for MD&A purposes

**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 13) reported a combined fund balance of \$49,384,694, which is more than last year's total of \$37,823,593.

Table 3 below indicates the fund balance and the total change in fund balances as of June 30, 2018 and 2017.

|                                | <b>Fund Balance Comparison</b> |                               |                        |
|--------------------------------|--------------------------------|-------------------------------|------------------------|
|                                | Fund Balance<br>June 30, 2018  | Fund Balance<br>June 30, 2017 | Increase<br>(Decrease) |
| General                        | \$ 16,626,074                  | \$ 15,505,470                 | \$ 1,120,604           |
| Special Revenue - Food Service | 1,062,389                      | 1,138,773                     | (76,384)               |
| Debt Service                   | 2,209,369                      | 2,144,690                     | 64,679                 |
| Debt Service - EFC             | 20,056                         | 20,056                        | -                      |
| Capital Projects               | 29,466,806                     | 19,014,604                    | 10,452,202             |
| <b>Total</b>                   | <b>\$ 49,384,694</b>           | <b>\$ 37,823,593</b>          | <b>\$ 11,561,101</b>   |

Spartanburg County School District Five  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018

**The District's Funds – Continued**

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

| <b>General Fund Expenditures By Objects</b> |                      |               |                      |               |
|---|----------------------|---------------|----------------------|---------------|
|   | Fiscal Year 2018     |               | Fiscal Year 2017     |               |
|   | Expenditures         | Percent       | Expenditures         | Percent       |
| Salary and Wages                            | \$ 44,321,472        | 59.5%         | \$ 43,169,704        | 58.0%         |
| Fringe Benefits                             | 17,559,038           | 23.6%         | 15,998,568           | 21.5%         |
| Purchased Services                          | 6,176,764            | 8.3%          | 5,532,306            | 7.4%          |
| Supplies and Materials                      | 3,786,308            | 5.1%          | 3,716,863            | 5.3%          |
| Capital Outlay                              | 2,115,215            | 2.8%          | 1,709,344            | 2.3%          |
| Miscellaneous                               | 506,797              | 0.7%          | 486,716              | 0.7%          |
| <b>Total</b>                                | <b>\$ 74,465,594</b> | <b>100.0%</b> | <b>\$ 70,613,501</b> | <b>100.0%</b> |

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 4 as listed in the table of contents. This schedule compares budget to actual and indicates the favorable and unfavorable variances.

The general operating fund balance increased \$1,120,604 over last year.

The revenue from local sources had a favorable variance of \$2,366,548. This favorable variance was mainly due to insurance proceeds of \$423,803 for damaged roofs and an increase in revenue-in-lieu of taxes of \$1,961,675 over budget.

The revenue from state sources had a favorable variance of \$2,156,148. This favorable variance was largely a result of a conservative budget approach in budgeting state revenue and a significant increase in the number of students served.

The District had a favorable expenditure variance in expenditures in the amount of \$1,453,166. This favorable variance was mainly due to an over-estimate of employee fringe benefits.

The District was also able to transfer \$7,025,000 from the General Fund to the Capital Projects Fund to help fund future school construction projects.

**Capital Assets**

Construction began on a new Reidville Elementary School to replace the existing school.

Spartanburg County School District Five  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018

## Debt

Of the \$66,000,000 Installment Refunding Revenue Bonds issued on October 10, 2013, \$32,080,000 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, \$13,790,000 of the General Obligation Bonds were outstanding. On March 29, 2018, the district issued \$4,375,000 of General Obligation Bonds and \$5,110,000 of Special Obligation Bonds to help fund the new Reidville Elementary construction. At fiscal year-end, \$4,375,000 of the General Obligation Bonds and \$5,110,000 of the Special Obligation Bonds were still outstanding. The net pension liability of the District at fiscal year-end, as required by GASB 68, was \$99,026,441. The net Other Post-employment Benefits Plan (OPEB) liability at fiscal year-end, as required by GASB 75, was \$77,764,697.

## 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. While the rate of student growth slowed for fiscal years 2010 through 2017 the district experience significant growth in FY 2018. 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-three 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%                 |
| 16-17       | 7,879              | 41               | 0.5%                 |
| 17-18       | 8,241              | 362              | 4.6%                 |

**Twenty - two year increase                      3,626                      78.6%**

**Six Year Increase                                      844                      11.4%**

\* Based on 135 day Average Daily Membership K-12

Spartanburg County School District Five  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018

**Factors Expected to have an Effect on Future Operations – Continued**

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. In fiscal year 2015-16, the district had an outside firm assist in conducting a facilities and demographics study of the district. In fiscal year 2016-17, the District completed expansion projects at Byrnes High School and Lyman Elementary. This fiscal year the district began construction on a new Reidville Elementary School to replace the existing school.

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, 2018

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>ASSETS</b>                                |                                    |
| Cash and cash equivalents                    | \$ 7,150,409                       |
| Investments                                  | 7,992,739                          |
| Taxes receivable, current                    | 890,828                            |
| Taxes receivable, delinquent                 | 2,862,540                          |
| Less allowance for uncollectable, delinquent | (2,003,778)                        |
| Accounts receivable                          | 1,259,635                          |
| Due from County Government                   | 39,040,440                         |
| Due from Other State Agencies                | 980,191                            |
| Due from State Department of Education       | 133,671                            |
| Due from Federal Government                  | 1,342,257                          |
| Due from other organizations                 | 1,438                              |
| Inventory - commodities                      | 92,404                             |
|  | <u>59,742,774</u>                  |
| Capital Assets:                              |                                    |
| Land   | 6,578,708                          |
| Construction in progress                     | 5,083,709                          |
| Buildings and improvements                   | 192,008,909                        |
| Furniture and equipment                      | 5,528,910                          |
| Less: Accumulated depreciation               | (71,780,803)                       |
|  | <u>137,419,433</u>                 |
| <b>Total Assets</b>                          | <u>197,162,207</u>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>        |                                    |
| Deferred loss on advanced refunding          | 1,789,752                          |
| Deferred amounts related to pensions         | 16,101,502                         |
| Deferred amounts related to OPEB             | 2,819,380                          |
| <b>Total Deferred Outflows of Resources</b>  | <u>20,710,634</u>                  |
| <b>LIABILITIES</b>                           |                                    |
| Accounts payable                             | 2,589,648                          |
| Retainage payable                            | 141,577                            |
| Due to State Department of Education         | 23,436                             |
| Accrued salaries, health & fringe            | 2,485,652                          |
| Accrued interest payable                     | 337,291                            |
| Unearned revenues                            | 1,459,005                          |
| Bonds payable                                | 2,800,000                          |
| Noncurrent liabilities:                      |                                    |
| Due within one year                          | 9,280,000                          |
| Due in more than one year                    | 48,751,736                         |
| Net pension liability                        | 99,026,441                         |
| Net OPEB liability                           | 77,764,697                         |
| <b>Total Liabilities</b>                     | <u>244,659,483</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>         |                                    |
| Deferred amounts related to pensions         | 192,183                            |
| Deferred amounts related to OPEB             | 7,352,161                          |
| <b>Total Deferred Inflows of Resources</b>   | <u>7,544,344</u>                   |
| <b>NET POSITION</b>                          |                                    |
| Net investment in capital assets             | 83,798,603                         |
| Restricted for:                              |                                    |
| Debt service                                 | 2,312,697                          |
| Food service                                 | 1,062,389                          |
| Unrestricted (deficit)                       | <u>(121,504,675)</u>               |
| <b>Total Net Position</b>                    | <u>\$ (34,330,986)</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, 2018

| FUNCTIONS/PROGRAMS                              | PROGRAM REVENUES   |                         |  | NET (EXPENSE)<br>REVENUE AND<br>CHANGES IN<br>NET POSITION |
|---|--------------------|-------------------------|--|--|
|   | Expenses           | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Primary<br>Government                                      |
|   |                    |                         |  | Governmental<br>Activities                                 |
| <b>PRIMARY GOVERNMENT:</b>                      |                    |                         |  |  |
| Governmental activities:                        |                    |                         |  |  |
| Instruction                                     | \$ 60,791,780      | \$ 36,134               | \$ 32,369,224                            | \$ (28,386,422)  |
| Support services                                | 37,275,010         | 1,432,717               | 8,695,745                                | (27,146,548)   |
| Community services                              | 270,738            | -                       | 246,326                                  | (24,412)   |
| Intergovernmental                               | 467,528            | -                       | 718,976                                  | 251,448  |
| Interest and other charges                      | 2,070,605          | -                       | -  | (2,070,605)  |
| <b>TOTAL PRIMARY GOVERNMENT</b>                 | <b>100,875,661</b> | <b>1,468,851</b>        | <b>42,030,271</b>                        | <b>(57,376,539)</b>  |
| <b>GENERAL REVENUES:</b>                        |                    |                         |  |  |
| Property taxes levied for:                      |                    |                         |  |  |
| General purpose                                 |                    |                         |  | 40,439,914   |
| Debt service                                    |                    |                         |  | 5,999,543  |
| Unrestricted state grants                       |                    |                         |  | 13,210,449   |
| Unrestricted investment earnings                |                    |                         |  | 362,074  |
| Contributions                                   |                    |                         |  | 17,165   |
| Miscellaneous                                   |                    |                         |  | 792,595  |
| Gain on sale of fixed assets                    |                    |                         |  | 291,754  |
| Total general revenues                          |                    |                         |  | 61,113,494   |
| <b>CHANGE IN NET POSITION</b>                   |                    |                         |  | <b>3,736,955</b>   |
| <b>NET POSITION, AS RESTATED - JULY 1, 2017</b> |                    |                         |  | <b>(38,067,941)</b>  |
| <b>NET POSITION - JUNE 30, 2018</b>             |                    |                         |  | <b>\$ (34,330,986)</b>                                     |

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

|  | General Fund  | 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 | Total Governmental Funds |
|--|---------------|---|----------------------------|-------------------------------------|-------------------|---|-----------------------|--------------------------|
| <b>ASSETS</b>  |               |   |                            |                                     |                   |   |                       |                          |
| Cash and cash equivalents  | \$ 7,130,353  | \$ -                                    | \$ -                       | \$ -                                | \$ -              | \$ 20,056   | \$ -                  | \$ 7,150,409             |
| Investments  | -             | -                                       | -                          | -                                   | -                 | -   | 7,992,739             | 7,992,739                |
| Taxes receivable, current  | 831,948       | -                                       | -                          | -                                   | 58,880            | -   | -                     | 890,828                  |
| Taxes receivable, delinquent   | 2,584,967     | -                                       | -                          | -                                   | 277,573           | -   | -                     | 2,862,540                |
| Less allowance for uncollectible, delinquent                         | (1,809,477)   | -                                       | -                          | -                                   | (194,301)         | -   | -                     | (2,003,778)              |
| Accounts receivable  | 1,233,409     | -                                       | -                          | 26,226                              | -                 | -   | -                     | 1,259,635                |
| Due from other funds   | 1,016,760     | 276,171                                 | 1,113,524                  | 983,767                             | 3,905,357         | -   | 14,627,939            | 21,923,518               |
| Due from County Government   | 31,007,603    | -                                       | -                          | -                                   | 1,045,132         | -   | 6,987,705             | 39,040,440               |
| Due from other state agencies  | 980,191       | -                                       | -                          | -                                   | -                 | -   | -                     | 980,191                  |
| Due from State Department of Education                               | 131,697       | 1,974                                   | -                          | -                                   | -                 | -   | -                     | 133,671                  |
| Due from Federal Government  | -             | 1,289,861                               | -                          | 52,396                              | -                 | -   | -                     | 1,342,257                |
| Inventory - commodities  | -             | -                                       | -                          | 92,404                              | -                 | -   | -                     | 92,404                   |
| Total Assets   | \$ 43,107,451 | \$ 1,568,006                            | \$ 1,113,524               | \$ 1,154,793                        | \$ 5,092,641      | \$ 20,056   | \$ 29,608,383         | \$ 81,664,854            |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |               |   |                            |                                     |                   |   |                       |                          |
| Liabilities:   |               |   |                            |                                     |                   |   |                       |                          |
| Accounts payable   | \$ 2,589,648  | \$ -                                    | \$ -                       | \$ -                                | \$ -              | \$ -  | \$ -                  | \$ 2,589,648             |
| Retainage payable  | -             | -                                       | -                          | -                                   | -                 | -   | 141,577               | 141,577                  |
| Due to other funds   | 20,630,587    | 1,291,493                               | -                          | -                                   | -                 | -   | -                     | 21,922,080               |
| Due to State Department of Education                                 | -             | 341                                     | 23,095                     | -                                   | -                 | -   | -                     | 23,436                   |
| Accrued salaries, health & fringe                                    | 2,485,652     | -                                       | -                          | -                                   | -                 | -   | -                     | 2,485,652                |
| Bonds payable  | -             | -                                       | -                          | -                                   | 2,800,000         | -   | -                     | 2,800,000                |
| Unearned revenue   | -             | 276,172                                 | 1,090,429                  | 92,404                              | -                 | -   | -                     | 1,459,005                |
| Total Liabilities  | 25,705,887    | 1,568,006                               | 1,113,524                  | 92,404                              | 2,800,000         | -   | 141,577               | 31,421,398               |
| Deferred Inflows of Resources  |               |   |                            |                                     |                   |   |                       |                          |
| Unavailable revenue - property taxes                                 | 775,490       | -                                       | -                          | -                                   | 83,272            | -   | -                     | 858,762                  |
| Fund balances:   |               |   |                            |                                     |                   |   |                       |                          |
| Restricted:  |               |   |                            |                                     |                   |   |                       |                          |
| Special revenue fund - food service                                  | -             | -                                       | -                          | 1,062,389                           | -                 | -   | -                     | 1,062,389                |
| Debt service   | -             | -                                       | -                          | -                                   | 2,203,369         | 20,056  | -                     | 2,229,425                |
| Capital projects fund  | -             | -                                       | -                          | -                                   | -                 | -   | 2,958,444             | 2,958,444                |
| Committed:   |               |   |                            |                                     |                   |   |                       |                          |
| Capital projects fund  | -             | -                                       | -                          | -                                   | -                 | -   | 26,508,362            | 26,508,362               |
| Assigned:  |               |   |                            |                                     |                   |   |                       |                          |
| Unassigned:  |               |   |                            |                                     |                   |   |                       |                          |
| General fund   | 16,626,074    | -                                       | -                          | -                                   | -                 | -   | -                     | 16,626,074               |
| Total Fund Balance   | 16,626,074    | -                                       | -                          | 1,062,389                           | 2,203,369         | 20,056  | 29,466,806            | 49,384,694               |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance   | \$ 43,107,451 | \$ 1,568,006                            | \$ 1,113,524               | \$ 1,154,793                        | \$ 5,092,641      | \$ 20,056   | \$ 29,608,383         | \$ 81,664,854            |

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, 2018

|  |                     |                                      |
|--|---------------------|--------------------------------------|
| <b>Total Governmental Fund Balances</b>  |                     | <b>\$ 49,384,694</b>                 |
| 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:  |                     | 137,419,433                          |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds: |                     |                                      |
| Taxes receivable   |                     | 858,762                              |
| Deferred outflows of resources   |                     |                                      |
| Loss on advanced refunding   | 1,789,752           |                                      |
| Pension related deferred outflows  | 16,101,502          |                                      |
| OPEB related deferred outflows   | <u>2,819,380</u>    | <u>20,710,634</u>                    |
| Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:              |                     |                                      |
| Accrued interest payable   | (337,291)           |                                      |
| Bond premium, net of amortization  | (2,676,736)         |                                      |
| Bonds payable  | (55,355,000)        |                                      |
| Net pension liability  | (99,026,441)        |                                      |
| Net OPEB liability   | <u>(77,764,697)</u> | <u>(235,160,165)</u>                 |
| Deferred inflows of resources  |                     |                                      |
| Pension related deferred inflows   | (192,183)           |                                      |
| OPEB related deferred outflows   | <u>(7,352,161)</u>  | <u>(7,544,344)</u>                   |
| <b>Net position of governmental activities</b>   |                     | <b><u><u>\$ (34,330,986)</u></u></b> |

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, 2018

|   | General Fund  | 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 | Total Governmental Funds |
|---|---------------|---|----------------------------|-------------------------------------|-------------------|---|-----------------------|--------------------------|
| <b>REVENUES</b>                                   |               |   |                            |                                     |                   |   |                       |                          |
| Local property taxes                              | \$ 40,380,437 | \$ -                                    | \$ -                       | \$ -                                | \$ 5,999,542      | \$ -  | \$ -                  | \$ 46,379,979            |
| Other local                                       | 694,202       | 478,761                                 | -                          | 1,034,711                           | 22,519            | -   | 127,006               | 2,357,199                |
| Total local                                       | 41,074,639    | 478,761                                 | -                          | 1,034,711                           | 6,022,061         | -   | 127,006               | 48,737,178               |
| Intergovernmental                                 | 216,225       | -                                       | -                          | -                                   | -                 | -   | -                     | 216,225                  |
| State   | 42,538,040    | 1,633,714                               | 4,735,944                  | 273                                 | 235,484           | -   | -                     | 49,143,455               |
| Federal   | -             | 3,815,537                               | -                          | 2,686,148                           | -                 | -   | -                     | 6,501,685                |
| Total Revenue                                     | 83,828,904    | 5,928,012                               | 4,735,944                  | 3,721,132                           | 6,257,545         | -   | 127,006               | 104,598,543              |
| <b>EXPENDITURES</b>                               |               |   |                            |                                     |                   |   |                       |                          |
| Current   |               |   |                            |                                     |                   |   |                       |                          |
| Instruction                                       | 45,981,466    | 3,391,049                               | 2,315,922                  | -                                   | -                 | -   | -                     | 51,688,437               |
| Support services                                  | 26,068,511    | 1,748,532                               | 189,320                    | 3,279,876                           | -                 | -   | 3,003,105             | 34,289,344               |
| Community service                                 | -             | 256,602                                 | -                          | -                                   | -                 | -   | -                     | 256,602                  |
| Intergovernmental                                 | 300,402       | 694,282                                 | 30,408                     | -                                   | -                 | -   | -                     | 1,025,092                |
| Debt Service                                      | -             | -                                       | -                          | -                                   | 620,000           | 7,365,000   | -                     | 7,985,000                |
| Principal   | -             | -                                       | -                          | -                                   | 849,305           | 800,734   | -                     | 1,650,039                |
| Interest  | -             | -                                       | -                          | -                                   | 234,707           | 5,000   | -                     | 239,707                  |
| Other objects                                     | -             | -                                       | -                          | -                                   | -                 | -   | -                     | -                        |
| Capital Outlay                                    | 2,115,215     | 84,848                                  | 207,503                    | 82,440                              | -                 | -   | 4,246,930             | 6,736,936                |
| Total Expenditures                                | 74,465,594    | 6,175,313                               | 2,743,153                  | 3,362,316                           | 1,704,012         | 8,170,734   | 7,250,035             | 103,871,157              |
| Excess (deficiency) of revenues over expenditures | 9,363,310     | (247,301)                               | 1,992,791                  | 358,816                             | 4,553,533         | (8,170,734)                                       | (7,123,029)           | 727,386                  |
| <b>OTHER FINANCING SOURCES (USES)</b>             |               |   |                            |                                     |                   |   |                       |                          |
| Premium on Bonds Sold                             | -             | -                                       | -                          | -                                   | 26,880            | -   | 723,479               | 750,359                  |
| Proceeds of General obligation bonds              | -             | -                                       | -                          | -                                   | -                 | -   | 9,485,000             | 9,485,000                |
| Sale of fixed assets                              | -             | -                                       | -                          | -                                   | -                 | -   | 341,752               | 341,752                  |
| Transfers in                                      | 2,437,294     | 256,604                                 | -                          | -                                   | -                 | 8,170,734   | 7,025,000             | 17,889,632               |
| Transfers out                                     | (10,680,000)  | (9,303)                                 | (1,992,791)                | (435,200)                           | (4,515,734)       | -   | -                     | (17,633,028)             |
| Total Other Financing Sources (Uses)              | (8,242,706)   | 247,301                                 | (1,992,791)                | (435,200)                           | (4,488,854)       | 8,170,734   | 17,575,231            | 10,833,715               |
| Total net change in fund balances                 | 1,120,604     | -                                       | -                          | (76,384)                            | 64,679            | -   | 10,452,202            | 11,561,101               |
| <b>FUND BALANCE - JULY 1, 2017</b>                | 15,505,470    | -                                       | -                          | 1,138,773                           | 2,144,690         | 20,056  | 19,014,604            | 37,823,593               |
| <b>FUND BALANCE - JUNE 30, 2018</b>               | 16,626,074    | \$ -                                    | \$ -                       | 1,062,389                           | \$ 2,209,369      | \$ 20,056   | \$ 29,466,806         | \$ 49,384,694            |

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, 2018

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**

\$ 11,561,101

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. (17,716)

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                | 7,985,000 |           |
| Amortization of deferred loss on advanced refunding | (466,891) |           |
| Bond premium  | (723,479) |           |
| Amortization of bond premium                        | 303,749   | 7,098,379 |

Long-term debt proceeds provide current financial resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net position. (9,485,000)

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 \$5,722,676 exceeds depreciation expense of \$5,011,684 in the current year. 710,992

Proceeds from the sales of fixed assets are reported in the governmental funds while only the gain on the sale of fixed assets is reported in the statement of activities. (49,998)

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. (4,548,301)

The cost of OPEB benefits earned net of employee contributions is reported in the statement of activities as an element of OPEB expense. The governmental funds report OPEB contributions as expenditures. (2,047,301)

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

|  |         |         |
|--|---------|---------|
| Taxes receivable                           | 59,477  |         |
| Non-employer contributions related to OPEB | 455,322 | 514,799 |

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**\$ 3,736,955

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, 2018

**ASSETS**

|                           |                            |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$ 1,156,100               |
| Accounts receivable       | <u>1,438</u>               |
| Total Assets              | <u><u>\$ 1,157,538</u></u> |

**LIABILITIES**

|                              |                            |
|------------------------------|----------------------------|
| Due to student organizations | \$ 1,156,100               |
| Due to other funds           | <u>1,438</u>               |
| Total liabilities            | <u><u>\$ 1,157,538</u></u> |

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

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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 12 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 unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District:

| <u>Blended Component Unit<br/>Reported With Primary Government</u>   | <u>Brief Description of Activities<br/>and Relationship to the District</u> | <u>Reporting Fund</u> |
|--|---|-----------------------|
| SCAGO Educational Facilities<br>Corporation for Spartanburg County<br>School District No. 5 South Carolina | Finance Construction and<br>Renovations to School Facilities                | Debt Service 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, 2018

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. Fiduciary funds are accounted for using the economic resources measurement focus.

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 major 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, 2018

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).

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 the reimbursement of those funds from First Steps to the District.

**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. The government-wide financial statements are reported using the accrual basis of accounting and the fund financial statements are prepared using either the modified accrual basis of accounting for the governmental fund types or the accrual basis of accounting for fiduciary fund types.

*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.

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.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**D. Measurement Focus and Basis of Accounting – Continued**

*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, and (5) the State Treasurer’s Investment Pool.

**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.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**H. Taxes Receivable**

Taxes receivable represents delinquent taxes being processed for collection by the Spartanburg County Delinquent Tax Office, originally assessed for the District. 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 Five 5 for 2017 was \$224,665,663. In addition, the District billed fees in lieu of taxes on assessed values of \$59,763,194. The District's operating tax rate is currently 184.8 mills with an additional 21.6 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.

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    |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**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.

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. The District's deferred outflows and inflows of resources are related to pensions, OPEB and deferred loss on refunding from prior years.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**P. Retirement Plans**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of the South Carolina Retirement Systems and additions to/deductions from the SCRS' fiduciary net position have been determined on the accrual basis of accounting as they are reported by the SCRS in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**Q. Other Post-Employment Benefit (OPEB) Plan**

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

**R. 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**R. Governmental 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.

**S. 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.

**T. 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

**U. 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.

**V. 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.

**W. Expenditures Exceeding Appropriations**

The following funds and functions had an excess of actual expenditures over budgeted amounts for the year ended June 30, 2018:

| Fund         | Function         | Amount    |
|--------------|------------------|-----------|
| General Fund | Support services | \$ 68,728 |

NOTE 2 - DEPOSITS AND INVESTMENTS

**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 formal policy regarding custodial credit risk for deposits.

As of June 30, 2018, the District's cash deposits were as follows:

|                 | Carrying<br>Amount | Bank<br>Balance |
|-----------------|--------------------|-----------------|
| Demand Deposits | \$ 8,306,509       | \$ 9,400,800    |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS – CONTINUED

**Deposits - Continued**

Of the District's bank balance, \$737,897 was covered by FDIC insurance, \$8,573,574 was collateralized by securities held by the pledging bank's trust department or agent in the District's name, and \$89,329 was collateralized by securities held by the pledging bank's trust department or agent's name and not that of the District.

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                     | \$ 7,150,409               |
| Statement of Fiduciary Assets and Liabilities |                            |
| Cash and Cash Equivalents                     | <u>1,156,100</u>           |
| Cash and Cash Equivalents                     | <u><u>\$ 8,306,509</u></u> |

**Investments**

The District's investments are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2018, the District's investments have the following recurring fair value measurements (Level 1 inputs):

| <u>Capital Projects Fund</u>           | <u>Fair Value</u>   | <u>Maturity Date</u> | <u>Rating</u> |
|--|---------------------|----------------------|---------------|
| Morgan Stanley Institutional Liquidity | \$ 3,909,705        | N/A                  | AAAm          |
| Morgan Stanley Institutional Liquidity | 28                  | N/A                  | AAAm          |
| Federated Govt. Oblig. Prm FD #117     | 166,475             | N/A                  | AAAm          |
| US Treasury Note, Dated 6/30/13        | 1,308,938           | <30 days             | AA+           |
| FNMA, Dated 6/8/15                     | 1,306,047           | <60 days             | AA+           |
| FHLB, Dated 7/8/16                     | <u>1,301,546</u>    | <60 days             | AA+           |
| Total Investments                      | <u>\$ 7,992,739</u> |                      |               |

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The District's policy is to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The District's policy is to minimize custodial credit risk by limiting investments to the types of securities allowed by law and pre-qualifying the financial institutions, broker/dealer, intermediaries, and advisors with which the District will do business.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS – CONTINUED

**Investments – Continued**

Concentration of credit risk is the risk of loss attributable to the magnitude of the District's investment in a single issuer. This risk is mitigated by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's policy is to minimize the concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, is as follows:

|   | Balance at<br>June 30, 2017 | Additions          | Deductions       | Balance at<br>June 30, 2018 |
|---|-----------------------------|--------------------|------------------|-----------------------------|
| <b>Governmental Activities</b>              |                             |                    |                  |                             |
| Capital Asset, not Being Depreciated        |                             |                    |                  |                             |
| Land  | \$ 6,628,706                | \$ -               | \$ 49,998        | \$ 6,578,708                |
| Construction in progress                    | -                           | 5,083,709          | -                | 5,083,709                   |
| Total Capital Asset, not Being Depreciated  | <u>6,628,706</u>            | <u>5,083,709</u>   | <u>49,998</u>    | <u>11,662,417</u>           |
| Capital Assets, Being Depreciated           |                             |                    |                  |                             |
| Buildings and improvements                  | 191,780,867                 | 228,042            | -                | 192,008,909                 |
| Furniture and equipment                     | 5,117,985                   | 410,925            | -                | 5,528,910                   |
| Total Capital Assets, Being Depreciated     | <u>196,898,852</u>          | <u>638,967</u>     | <u>-</u>         | <u>197,537,819</u>          |
| Less Accumulated Depreciation               |                             |                    |                  |                             |
| Buildings and improvements                  | 62,875,873                  | 4,669,305          | -                | 67,545,178                  |
| Furniture and equipment                     | 3,893,246                   | 342,379            | -                | 4,235,625                   |
| Total Accumulated Depreciation              | <u>66,769,119</u>           | <u>5,011,684</u>   | <u>-</u>         | <u>71,780,803</u>           |
| Capital Assets, Being Depreciated, Net      | <u>130,129,733</u>          | <u>(4,372,717)</u> | <u>-</u>         | <u>125,757,016</u>          |
| Governmental Activities Capital Assets, Net | <u>\$136,758,439</u>        | <u>\$ 710,992</u>  | <u>\$ 49,998</u> | <u>\$137,419,433</u>        |

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

|                            |                    |
|----------------------------|--------------------|
| Instructional              | \$ 2,951,635       |
| Supporting services        | 1,989,458          |
| Community service          | 14,133             |
| Intergovernmental          | <u>56,458</u>      |
| Total Depreciation Expense | <u>\$5,011,684</u> |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 4 - SHORT-TERM OBLIGATIONS

The following is a summary of the District's short-term obligations for the year ended June 30, 2018:

|                       | Amount<br>Outstanding<br>June 30, 2017 | Additions           | Deductions          | Amount<br>Outstanding<br>June 30, 2018 |
|-----------------------|--|---------------------|---------------------|--|
| SCAGO GO Series 2017A | \$ 3,800,000                           | \$ -                | \$ 3,800,000        | \$ -                                   |
| SCAGO GO Series 2018  | -                                      | 2,800,000           | -                   | 2,800,000                              |
|                       | <u>\$ 3,800,000</u>                    | <u>\$ 2,800,000</u> | <u>\$ 3,800,000</u> | <u>\$ 2,800,000</u>                    |

On May 17, 2017, the District issued \$3,800,000 in SCAGO General Obligation Bonds, Series 2017A, to partially pay for the principal due on the 2013 Refunding Revenue Bonds. At June 30, 2017, these bonds were still outstanding. The bonds were paid on March 1, 2018, with interest of \$89,933.

On May 16, 2018, the District issued \$2,800,000 in SCAGO General Obligation Bonds, Series 2018B, to pay for the interest on both the 2015 GO Bonds and 2013 Refunding Revenue Bonds as well as to pay for deferred maintenance costs of the District. . The bond will be paid on March 1, 2019, in full, with interest of \$66,500.

NOTE 5 – LONG-TERM OBLIGATIONS

The following is a summary of general obligation transactions of the District for the fiscal year ended June 30, 2018:

|                                      | Amount<br>Outstanding<br>June 30, 2017 | Additions                | Deductions              | Amount<br>Outstanding<br>June 30, 2018 | Amounts<br>Due in<br>One Year |
|--------------------------------------|--|--------------------------|-------------------------|--|-------------------------------|
| General Obligation Bonds             | \$ 14,410,000                          | \$ 4,375,000             | \$ 620,000              | \$ 18,165,000                          | \$ 1,520,000                  |
| Installment Purchase Refunding Bonds | 39,445,000                             | -                        | 7,365,000               | 32,080,000                             | 7,515,000                     |
| Special Obligation Bonds             | -                                      | 5,110,000                | -                       | 5,110,000                              | 245,000                       |
|                                      | <u>53,855,000</u>                      | <u>9,485,000</u>         | <u>7,985,000</u>        | <u>55,355,000</u>                      | <u>9,280,000</u>              |
| Plus unamortized issuance premium    | <u>2,257,007</u>                       | <u>723,479</u>           | <u>303,750</u>          | <u>2,676,736</u>                       | <u>-</u>                      |
|                                      | <u><u>56,112,007</u></u>               | <u><u>10,208,479</u></u> | <u><u>8,288,750</u></u> | <u><u>58,031,736</u></u>               | <u><u>9,280,000</u></u>       |

Long-term debt at June 30, 2018, is comprised of the following individual issues:

|   | General<br>Obligation<br>Bonds | Installment<br>Revenue<br>Refunding<br>Bonds | Special<br>Obligation<br>Bonds | 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%.                             | \$ 13,790,000                  | \$ -   | \$ -                           | \$ 13,790,000 |
| \$66,000,000 2013 Installment Purchase Refunding Revenue Bonds with principal due in annual installments of \$4,565,000 to \$9,070,000 through June 2022; interest at a rate of 2.030%. | -                              | 32,080,000                                   | -                              | 32,080,000    |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 5 – LONG-TERM OBLIGATIONS - CONTINUED

|  | General<br>Obligation<br>Bonds | Installment<br>Revenue<br>Refunding<br>Bonds | Special<br>Obligation<br>Bonds | Total                |
|--|--------------------------------|--|--------------------------------|----------------------|
| \$4,375,000 2018 General Obligation Bonds due in annual installments of \$800,000 to \$1,015,000 through March 2024; interest at rates from 2.00% to 4.00% | 4,375,000                      | -  | -                              | 4,375,000            |
| \$5,110,000 2018 Special Obligation Bonds due in annual installments of \$245,000 to \$785,000 through June 2028; interest at rates from 4.00% to 5.00%    | -                              | -  | 5,110,000                      | 5,110,000            |
|  | <u>\$ 18,165,000</u>           | <u>\$ 32,080,000</u>                         | <u>\$ 5,110,000</u>            | <u>\$ 55,355,000</u> |

The annual requirements to amortize all long-term debt outstanding as of June 30, 2018, including interest payments are as follows:

| Fiscal Year       | General Obligation Bonds |                    | Refunding Revenue Bonds |                    | Special Obligation Bonds |                    | Total               |
|-------------------|--------------------------|--------------------|-------------------------|--------------------|--------------------------|--------------------|---------------------|
| Ending<br>June 30 | Principal                | Interest           | Principal               | Interest           | Principal                | Interest           |                     |
| 2019              | \$ 1,520,000             | 812,439            | \$ 7,515,000            | \$ 651,224         | \$ 245,000               | \$ 229,700         | \$10,973,363        |
| 2020              | 1,530,000                | 756,088            | 7,670,000               | 498,670            | 260,000                  | 217,450            | 10,932,208          |
| 2021              | 1,540,000                | 686,688            | 7,825,000               | 342,969            | 275,000                  | 204,450            | 10,874,107          |
| 2022              | 595,000                  | 629,338            | 9,070,000               | 184,121            | 285,000                  | 190,700            | 10,954,159          |
| 2023              | 4,615,000                | 617,375            | -                       | -                  | 715,000                  | 176,450            | 6,123,825           |
| 2024-2029         | 8,365,000                | 610,250            | -                       | -                  | 3,330,000                | 389,300            | 12,694,550          |
|                   | <u>\$18,165,000</u>      | <u>\$4,112,178</u> | <u>\$32,080,000</u>     | <u>\$1,676,984</u> | <u>\$5,110,000</u>       | <u>\$1,408,050</u> | <u>\$62,552,211</u> |

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 on 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 Five 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.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 5 – LONG-TERM OBLIGATIONS – CONTINUED

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, 2018, 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, 2018.

Bonds in the governmental funds will be retired by future property tax levies accumulated by the Debt Service Fund. As of June 30, 2018, \$2,229,425 was available in the Debt Service Funds to service the general long-term debt.

NOTE 6 - RETIREMENT 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, established effective July 1, 1945 pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits to employees of the state, its public school districts and political subdivisions. The plan is administered by the South Carolina Public Employee Benefit Authority (PEBA), a division of the primary government of the state of South Carolina, and managed by PEBA's Retirement Division. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR that is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**Benefits Provided/Membership** - SCRS provides retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. An incidental death benefit is also 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 legislative 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 year salary.

This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. 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.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 6 - RETIREMENT PLANS - CONTINUED

**A. South Carolina Retirement System - Continued**

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 part of the retirement systems' trust funds for financial statement purposes.

**Contributions** - Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in the employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9% of earnable compensation. An increase in the contribution rates adopted by the Board may not provide for an increase of more than 0.5% in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a 30-year amortization schedule of the unfunded liability of the plan, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; and this increase is not limited to 0.5% per year. Employees and employers (both Class II and III) are required to contribute 9.0% and 13.41%, respectively, of earnable compensation for the year ended June 30, 2018. 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 (9.0%) and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (8.41%) and an incidental death benefit contribution (.15%), if applicable, which is retained by SCRS. Contributions to the Plan from the District were \$5,795,988.

**Pension Liabilities, Pension Expense, and Deferred Outflows (Inflows) of Resources Related to Pensions** - At June 30, 2018, the District reported a net pension liability of \$98,666,353 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2017, using generally accepted actuarial principles. The allocation of the District's proportionate share of the collective net pension liability and pension expense were calculated on the basis of the District's contributions actually remitted to the plan relative to the total contributions remitted to the plan for all participating employers, less employer contributions that are not representative of future contribution efforts, as of June 30, 2017. Based upon this information, the District's proportion of the collective net pension liability is 0.438291%, an increase of 0.004231% since June 30, 2016, the prior measurement date.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 6 - RETIREMENT PLANS - CONTINUED

**A. South Carolina Retirement System - Continued**

For the year ended June 30, 2018, the District recognized pension expense of \$10,302,389. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

|   | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 439,854                        | \$ 54,687                        |
| Changes in assumptions  | 5,775,856                         | -                                |
| Net difference between projected and actual earnings on pension plan investments                              | 2,754,302                         | -                                |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 1,194,363                         | 122,338                          |
| District contributions subsequent to the measurement date   | 5,795,988                         | -                                |
| Total   | <u>\$ 15,960,363</u>              | <u>\$ 177,025</u>                |

Deferred outflows of resources of \$5,795,988 related to pensions resulted from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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, |                       |
|---------------------|-----------------------|
| 2019                | \$ (2,999,809)        |
| 2020                | (4,529,746)           |
| 2021                | (3,191,720)           |
| 2022                | 733,925               |
|                     | <u>\$ (9,987,350)</u> |

**Actuarial Assumptions** - The June 30, 2017 total pension liability, net pension liability, and sensitivity information determined by the July 1, 2016 valuation, which used the following actuarial assumptions and methods:

|                           |  |
|---------------------------|--|
| Actuarial cost method     | Entry age normal   |
| Inflation                 | 2.25%  |
| Salary increases          | 3.0% to 12.5% (varies by service and includes 2.25% inflation) |
| Benefit adjustments       | lesser of 1% or \$500 annually                                 |
| Investment rate of return | 7.25%  |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 6 - RETIREMENT PLANS - CONTINUED

**A. South Carolina Retirement System - Continued**

The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, which included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, the actuaries made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina mortality table (2016 PRSC), was developed using the Systems' mortality experience. The base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Actuarial assumptions and methods used in the July 1, 2016 valuation were based on the results of an actuarial experience study, as required to be completed at least once in each five-year period by S.C. state statute. An experience report on the System was most recently issued as of July 1, 2015.

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. Expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation, and is summarized in the following table. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes 5.00% real rate of return and a 2.25% inflation component.

| Asset Class                      | Target<br>Allocation | Long-term Expected<br>Portfolio Real Rate of Return |
|----------------------------------|----------------------|---|
| Global Equity                    | 45%                  | 3.23%   |
| Real Assets                      | 8%                   | 0.41%   |
| Opportunistic                    | 17%                  | 0.69%   |
| Diversified Credit               | 18%                  | 0.80%   |
| Conservative Fixed Income        | 12%                  | 0.18%   |
| Total Expected Real Return       | 100%                 | 5.31%   |
| Inflation for Actuarial Purposes |                      | 2.25%   |
| Total Expected Nominal Return    |                      | 7.56%   |

**Discount Rate** - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on actuarially determined rates based on the provisions of the South Carolina State Code of Laws. Based on those assumptions, the System'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.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 6 - RETIREMENT PLANS - CONTINUED

**A. South Carolina Retirement System - Continued**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the collective net pension liability calculated using the discount rate of 7.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

|   | 1% Decrease<br>(6.25%) | Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|--------------------------|------------------------|
| District's proportionate share of the<br>collective net pension liability | \$ 127,167,375         | \$ 98,666,353            | \$ 81,372,929          |

**Pension Plan Fiduciary Net Position** - Detailed information regarding the fiduciary net position of the plan, administered by PEBA, is available in the Systems' audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of Jun 30, 2017. The additional information is publically available on PEBA's Retirement Benefits' website at [www.peba.sc.gov](http://www.peba.sc.gov).

**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 established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions. The plan is administered by the South Carolina Public Employee Benefit Authority (PEBA), a division of the primary government of the state of South Carolina, and managed by PEBA's Retirement Division. 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 through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**Benefits Provided/Membership** - PORS provides retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions. An incidental death benefit is also 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 legislative 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, 2018

NOTE 6 - RETIREMENT 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 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** - Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in the employer and employee contribution rates on the basis of actuarial valuations, 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. An increase in the contributions rates adopted by the Board may not provide for an increase of more than 0.5% in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a 30-year amortization schedule of the unfunded liability of the plan, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; and this increase is not limited to 0.5% per year. Employees and employers (both Class II and III) are required to contribute 9.75% and 15.84%, respectively, of earnable compensation for the year ended June 30, 2018. 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 and/or accidental death benefit program, respectively. Contributions to the Plan from the District were \$16,357.

**Pension Liabilities, Pension Expense, and Deferred Outflows (Inflows) of Resources Related to Pensions** - At June 30, 2018, the District reported a net pension liability of \$360,088 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability, net pension liability and sensitivity information are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2017, using generally accepted actuarial principles. The allocation of the District's proportional share of the collective net pension liability and pension expense were calculated on the basis of the District's contributions actually remitted to the plan relative to the total contributions remitted to the plan for all participating employers, less employer contributions that are not representative of future contribution efforts, as of June 30, 2017. Based upon this information, the District's proportion of the collective net pension liability is 0.013140%, an decrease of 0.00088% since June 30, 2016, the prior measurement date.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 6 - RETIREMENT PLANS - CONTINUED

**B. South Carolina Police Officers Retirement System – Continued**

For the year ended June 30, 2018, the District recognized pension expense of \$71,665. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

|   | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 3,211                          | \$ -                             |
| Changes in assumptions  | 34,176                            | -                                |
| Net difference between projected and actual earnings on pension plan investments                              | 12,832                            | -                                |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 61,158                            | 15,158                           |
| District contributions subsequent to the measurement date   | 29,762                            | -                                |
| Total   | <u>\$ 141,139</u>                 | <u>\$ 15,158</u>                 |

Deferred outflows of resources of \$29,762 related to pensions resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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, |                    |
|---------------------|--------------------|
| 2019                | \$ (41,941)        |
| 2020                | (42,362)           |
| 2021                | (13,276)           |
| 2022                | 1,360              |
|                     | <u>\$ (96,219)</u> |

**Actuarial Assumptions** - The June 30, 2017 total pension liability, net pension liability, and sensitivity information is determined by the July 1, 2016 valuation, which used the following actuarial assumptions and methods:

|                           |   |
|---------------------------|---|
| Actuarial cost method     | Entry age normal  |
| Inflation                 | 2.25%   |
| Salary increases          | 3.5% to 9.5% (varies by service and includes 2.25% inflation) |
| Benefit adjustments       | lesser of 1% or \$500 annually                                |
| Investment rate of return | 7.25%   |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 6 - RETIREMENT PLANS - CONTINUED

**B. South Carolina Police Officers Retirement System - Continued**

The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, which included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, the actuaries made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina mortality table (2016 PRSC), was developed using the Systems' mortality experience. The base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Actuarial assumptions and methods used in the July 1, 2016 valuation were based on the results of an actuarial experience study, as required to be completed at least once in each five-year period by S.C. state statute. An experience report on the System was most recently issued as of July 1, 2015.

The long-term expected rate of return on pension plan investments is based upon the 30 year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectation and market based inputs. Expected returns are net of investment fees. Expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation, and is summarized in the following table. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes 5.00% real rate of return and a 2.25% inflation component.

| Asset Class                      | Target<br>Allocation | Long-term Expected<br>Portfolio Real Rate of Return |
|----------------------------------|----------------------|---|
| Global Equity                    | 45%                  | 3.23%   |
| Real Assets                      | 8%                   | 0.41%   |
| Opportunistic                    | 17%                  | 0.69%   |
| Diversified Credit               | 18%                  | 0.80%   |
| Conservative Fixed Income        | 12%                  | 0.18%   |
| Total Expected Real Return       | 100%                 | 5.31%   |
| Inflation for Actuarial Purposes |                      | 2.25%   |
| Total Expected Nominal Return    |                      | 7.56%   |

**Discount Rate** - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in PORS will be made based on actuarially determined rates based on the provisions of the South Carolina State Code of Laws. Based on those assumptions, the System'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.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 6 - RETIREMENT PLANS - CONTINUED

**B. South Carolina Police Officers Retirement System - Continued**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the collective net pension liability calculated using the discount rate of 7.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

|   | 1% Decrease<br>(6.25%) | Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|---|------------------------|--------------------------|------------------------|
| District's proportionate share of the<br>collective net pension liability | \$ 486,187             | \$ 360,088               | \$ 260,761             |

**Pension Plan Fiduciary Net Position** - Detailed information regarding the fiduciary net position of the plan, administered by PEBA, is available in the Systems' audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017. The additional information is publically available through PEBA's Retirement Benefits' website at [www.peba.sc.gov](http://www.peba.sc.gov).

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

**OPEB Plan Description** - The District, as the employer, participates in the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) - a cost-sharing multiple-employer defined benefit plan, for the purpose of providing post-employment health and dental benefits to retired State and school district employees and their covered dependents. The plan is administered by the South Carolina Public Employee Benefit Authority (PEBA), a division of the primary government of the State of South Carolina, and managed by PEBA's Insurance Benefits Division. PEBA issues audited financial statements, which include required supplementary information, for the OPEB Trusts Fund. This information is publicly available through the Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, OPEB Trusts Fund financial information is included in the comprehensive annual financial report of the state.

**Benefits Provided** - The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies and public school districts. The SCRHITF provides health and dental insurance to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

**Contributions** - Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2017 was 5.33%. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - CONTINUED

Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditures so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. The amount of implicit subsidy recognized as an expenditure in the current fiscal year was \$61,818.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers must recognize revenue in an amount equal to the District's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. The amount of revenue recognized in the current fiscal year was \$455,322.

Contributions to the OPEB plan from the District during the current fiscal year were \$2,685,758, which is net of the implicit subsidy.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows (Inflows) of Resources Related to OPEB - At** June 30, 2018, the District reported a net OPEB liability of \$77,764,697 for its proportionate share of the collective net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability, net OPEB liability and sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end June 30, 2017, using generally accepted actuarial principles. The allocation of the District's proportionate share of the collective net OPEB liability and collective OPEB expense were determined using the employer's payroll-related contributions over the measurement period, which is expected to be reflective of the employer's long-term contribution effort. Based upon this information, the District's proportion of the collective net OPEB liability is 0.574128% at June 30, 2017.

For the year ended June 30, 2018, the District recognized OPEB expense of \$4,733,059. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ -                              | \$ 33,751                        |
| Changes in assumptions  | -                                 | 7,317,296                        |
| Net difference between projected and actual earnings on OPEB plan investments                                 | 133,622                           | -                                |
| Changes in proportion and differences between District contributions and proportionate share of contributions | -                                 | 1,114                            |
| District contributions subsequent to the measurement date   | <u>2,685,758</u>                  | <u>-</u>                         |
| Total   | <u>\$ 2,819,380</u>               | <u>\$ 7,352,161</u>              |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - CONTINUED

Deferred outflows of resources of 2,685,758 related to OPEB resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

| Year Ended<br>June 30 |                     |
|-----------------------|---------------------|
| 2019                  | \$ 1,143,693        |
| 2020                  | 1,143,693           |
| 2021                  | 1,143,693           |
| 2022                  | 1,143,693           |
| Thereafter            | 2,643,767           |
|                       | <u>\$ 7,218,539</u> |

**Actuarial Assumptions** – The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                              |  |
|------------------------------|--|
| Actuarial Cost Method:       | Entry Age Normal   |
| Inflation:                   | 2.25%  |
| Salary Increase:             | 3.5% to 12.5% (varies by service)  |
| Retiree Participation:       | 79% for retirees eligible for funded premiums  |
| Investment rate of return:   | 4.0%, net of OPEB Plan investment expense; includes inflation  |
| Healthcare cost trend rates: | Initial trend starting at 7.0% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years |

Mortality rates were based on the 2016 Public Retirees of South Carolina Mortality Table for Males and Females, for healthy retirees, using fully generational mortality projections based on the Scale AA from the year 2016.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class                  | Target<br>Asset<br>Allocation | Expected<br>Arithmetic Real<br>Rate of Return | Allocation-Weighted<br>Long-Term Expected<br>Real Rate of Return |
|------------------------------|-------------------------------|---|--|
| U.S. Domestic Fixed Income   | 80%                           | 2.09%   | 1.67%  |
| Cash                         | 20%                           | 0.84%   | 0.17%  |
| Total                        |                               |   | 1.84%  |
| Expected Inflation           |                               |   | 2.25%  |
| Total Return                 |                               |   | 4.09%  |
| Investment Return Assumption |                               |   | 4.00%  |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN - CONTINUED

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.56%, which is an increase from the previous year by 0.64%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on actuarially determined rates based on the provisions of the South Carolina State Code of Laws. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following table presents the District's proportionate share of the collective net OPEB liability calculated using the discount rate of 3.56%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.56%) or 1% higher (4.56%) than the current rate:

|  | 1% Decrease<br>2.56% | Current<br>Discount Rate<br>3.56% | 1% Increase<br>4.56% |
|--|----------------------|-----------------------------------|----------------------|
| District's proportionate share of the<br>collective net OPEB liability | \$ 91,584,833        | \$ 77,764,697                     | \$ 66,622,284        |

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate** - The following table presents the District's proportionate share of the collective net OPEB liability calculated using the healthcare cost trend rate of 7.0%, gradually decreasing to 4.15% over a 15-year period, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.0% decreasing to 3.15%) or 1% higher (8.0% decreasing to 5.15%) than the current rate:

|  | 1% Decrease   | Current Healthcare<br>Cost Trend Rate | 1% Increase   |
|--|---------------|---------------------------------------|---------------|
| District's proportionate share of the<br>collective net OPEB liability | \$ 63,770,274 | \$ 77,764,697                         | \$ 95,884,111 |

**OPEB Plan Fiduciary Net Position** - Detailed information regarding the fiduciary net position of the plan, administered by PEBA, is available in the OPEB Trusts Fund audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2016. The additional information is publically available through PEBA's Insurance Benefits' website at [www.peba.sc.gov](http://www.peba.sc.gov).

NOTE 8 - 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.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 9 - INTERFUND TRANSACTIONS

**Interfund Receivables and Payables**

Interfund balances for the year ended June 30, 2018 consisted of the following:

|   | Interfund<br>Receivables | Interfund<br>Payables |
|---|--------------------------|-----------------------|
| General Fund                            | \$ 1,016,760             | \$ 20,630,587         |
| Special Revenue Fund - Special Projects | 276,171                  | 1,291,493             |
| Special Revenue Fund - EIA Fund         | 1,113,524                | -                     |
| Special Revenue Fund - Food Service     | 983,767                  | -                     |
| Debt Service                            | 3,905,357                | -                     |
| Capital Projects                        | 14,627,939               | -                     |
| Agency Fund                             | -                        | 1,438                 |
|   | <u>\$ 21,923,518</u>     | <u>\$ 21,923,518</u>  |

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.

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

| Transfer from                           | Transfer to                              | Amount               |
|---|--|----------------------|
| General Fund                            | Debt Service Fund - EFC                  | \$ 3,655,000         |
| General Fund                            | Capital Projects Fund                    | 7,025,000            |
| Special Revenue Fund - Special Projects | General Fund                             | 9,303                |
| Special Revenue Fund - EIA              | General Fund                             | 1,992,791            |
| Food Service Fund                       | General Fund                             | 435,200              |
| Debt Service Fund                       | Debt Service Fund - EFC                  | 4,515,734            |
| Pupil Activity Funds                    | Special Revenue Funds - Special Projects | 256,604              |
|   |  | <u>\$ 17,889,632</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.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 10 – TAX ABATEMENTS

The District's general fund property tax revenues were reduced by \$26,634,766 under Fee in Lieu of Ad Valorem Tax (FILOT) agreements and Special Source Revenue Credits (SSRC) entered into by the County. The District received a total of \$11,848,086 under both FILOT and SSRC tax agreements for the fiscal year. Under the FILOT agreements, taxpayers receive a reduction in ad valorem property taxes through reduced assessed values and locked millage rates. Due to these agreements, the taxpayers realized a benefit of \$20,782,367. Under the SSRC program, taxpayers receive a percentage reduction off their total property tax bill if their property qualified for the program. Due to this program, the taxpayers realized a benefit of \$5,852,399.

The District's debt service fund property tax revenues were reduced by \$3,109,258 under Fee in Lieu of Ad Valorem Tax (FILOT) agreements and Special Source Revenue Credits (SSRC) entered into by the County. The District received a total of \$1,375,485 under both FILOT and SSRC tax agreements for the fiscal year. Under the FILOT agreements, taxpayers receive a reduction in ad valorem property taxes through reduced assessed values and locked millage rates. Due to these agreements, the taxpayers realized a benefit of \$2,425,212. Under the SSRC program, taxpayers receive a percentage reduction off their total property tax bill if their property qualified for the program. Due to this program, the taxpayers realized a benefit of \$684,046.

NOTE 11 - 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.

Total contractual commitments of the Capital Projects Fund at June 30, 2018 are as follows:

| <u>Projects</u>             | <u>Contract Amount</u> | <u>Job to Date Expenditures</u> | <u>Outstanding Commitments</u> |
|-----------------------------|------------------------|---------------------------------|--------------------------------|
| Reidville Elementary School | \$ 25,397,805          | \$ 5,083,709                    | \$ 20,314,096                  |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2018

NOTE 12 - 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, 2018, these amounts were \$423,568 and \$277,039 respectively and were recorded as General Fund expenditures.

NOTE 13 - CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This statement will require that each governmental entity that participates in an OPEB plan administered through trusts (i.e., SCRHITF) place their portion of the net OPEB liability, as well as their total deferred outflows and inflows of resources, on their financial statements. The purpose for this change, according to GASB, is to improve the way state and local governments report OPEB liabilities and expenses so that there is a more realistic representation of the complete impact of OPEB obligations, to improve the decision-usefulness of the reported information and to increase transparency, consistency and comparability of OPEB information across governmental units.

NOTE 14 - RESTATEMENT OF BEGINNING NET POSITION

The District implemented GASB Statement No. 75 during the fiscal year ending June 30, 2018. Beginning net position was restated as follows:

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| Net position at beginning of year, as previously reported            | \$ 42,637,558                      |
| Implementation of GASB Statement 75 - Net OPEB Liability             | (83,068,461)                       |
| Implementation of GASB Statement 75 - Deferred Outflows of Resources | <u>2,362,962</u>                   |
| Net position at beginning of year, as adjusted                       | <u><u>\$ (38,067,941)</u></u>      |

NOTE 15 - SUBSEQUENT EVENT

Management has evaluated subsequent events through November 7, 2018, the date on which the financial statements were available to be issued.

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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\*

|  | 2018          | 2017          | 2016          | 2015          |
|--|---------------|---------------|---------------|---------------|
| District's Proportion of the Collective Net Pension Liability  | 0.438291%     | 0.430060%     | 0.430512%     | 0.431989%     |
| District's Proportionate Share of the Collective Net Pension Liability   | \$ 98,666,353 | \$ 91,860,181 | \$ 81,648,676 | \$ 74,374,184 |
| District's Covered-Employee Payroll  | \$ 48,238,262 | \$ 46,032,903 | \$ 43,955,092 | \$ 42,750,998 |
| District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll | 204.54%       | 199.55%       | 185.75%       | 173.97%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 53.30%        | 52.91%        | 56.99%        | 59.92%        |

\*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\*

|   | 2018             | 2017             | 2016             | 2015             |
|---|------------------|------------------|------------------|------------------|
| Statutorially Required Contributions                                  | \$ 5,795,988     | \$ 5,112,079     | \$ 4,663,080     | \$ 4,399,863     |
| Contributions in Relation to the Statutorially Required Contributions | <u>5,795,988</u> | <u>5,112,079</u> | <u>4,663,080</u> | <u>4,399,863</u> |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's Covered-Employee Payroll                                   | \$ 49,761,349    | \$ 48,238,262    | \$ 46,032,903    | \$ 43,955,092    |
| Contributions as a Percentage of Covered-Employee Payroll             | 11.65%           | 10.60%           | 10.13%           | 10.01%           |

**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\*

|  | 2018       | 2017       | 2016       | 2015       |
|--|------------|------------|------------|------------|
| District's Proportion of the Collective Net Pension Liability  | 0.013140%  | 0.014020%  | 0.012840%  | 0.006830%  |
| District's Proportionate Share of the Collective Net Pension Liability   | \$ 360,088 | \$ 355,639 | \$ 279,869 | \$ 130,736 |
| District's Covered-Employee Payroll  | \$ 177,005 | \$ 178,753 | \$ 159,084 | \$ 82,140  |
| District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered-Employee Payroll | 203.43%    | 198.96%    | 175.93%    | 159.16%    |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   | 60.90%     | 60.40%     | 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\*

|   | 2018        | 2017        | 2016        | 2015        |
|---|-------------|-------------|-------------|-------------|
| Statutorially Required Contributions                                  | \$ 29,762   | \$ 25,205   | \$ 24,561   | \$ 21,333   |
| Contributions in Relation to the Statutorially Required Contributions | 29,762      | 25,205      | 24,561      | 21,333      |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered-Employee Payroll                                   | \$ 194,583  | \$ 177,005  | \$ 178,753  | \$ 159,084  |
| Contributions as a Percentage of Covered-Employee Payroll             | 15.30%      | 14.24%      | 13.74%      | 13.41%      |

**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 OPEB LIABILITY  
 SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND  
 LAST TEN FISCAL YEARS\*

|  | <u>2018</u>   |
|--|---------------|
| District's Proportion of the Collective Net OPEB Liability   | 0.574128%     |
| District's Proportionate Share of the Collective Net OPEB Liability  | \$ 77,764,697 |
| District's Covered-Employee Payroll  | \$ 48,415,267 |
| District's Proportionate Share of the Collective Net OPEB Liability<br>as a Percentage of its Covered-Employee Payroll | 160.62%       |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability  | 7.60%         |

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

**Notes to Schedule:**

June 30, 2018 was the first year of GASB 75 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 RETIREE HEALTH INSURANCE TRUST FUND  
 LAST TEN FISCAL YEARS

|   | <u>2018</u>      |
|---|------------------|
| Statutorially Required Contributions                                  | \$ 2,685,758     |
| Contributions in Relation to the Statutorially Required Contributions | <u>2,685,758</u> |
| Contribution Deficiency (Excess)                                      | <u>\$ -</u>      |
| District's Covered-Employee Payroll                                   | \$ 49,955,932    |
| Contributions as a Percentage of Covered-Employee Payroll             | 5.38%            |

**Note to Schedule:**

June 30, 2018 was the first year of GASB 75 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, 2018

|  | <b>Budgeted Amounts</b> |               | <b>Actual</b>            | <b>Variance with</b>                             |
|--|-------------------------|---------------|--------------------------|--|
|  | <b>Original</b>         | <b>Final</b>  | <b>(Budgetary Basis)</b> | <b>Final Budget-<br/>Positive<br/>(Negative)</b> |
| <b>REVENUE</b>   |                         |               |                          |  |
| Local  | \$ 38,708,091           | \$ 38,708,091 | \$ 41,074,639            | \$ 2,366,548                                     |
| Intergovernmental                                      | 166,631                 | 166,631       | 216,225                  | 49,594   |
| State  | 40,381,892              | 40,381,892    | 42,538,040               | 2,156,148  |
| Total Revenue  | 79,256,614              | 79,256,614    | 83,828,904               | 4,572,290  |
| <b>EXPENDITURES</b>                                    |                         |               |                          |  |
| Current:   |                         |               |                          |  |
| Instruction  | 47,322,250              | 47,329,563    | 45,981,466               | 1,348,097  |
| Support services                                       | 26,002,484              | 25,999,783    | 26,068,511               | (68,728)   |
| Intergovernmental                                      | 328,660                 | 328,660       | 300,402                  | 28,258   |
| Capital outlay   | 2,265,366               | 2,260,754     | 2,115,215                | 145,539  |
| Total Expenditures                                     | 75,918,760              | 75,918,760    | 74,465,594               | 1,453,166  |
| Excess / (Deficiency) of Revenues<br>Over Expenditures | 3,337,854               | 3,337,854     | 9,363,310                | 6,025,456  |
| <b>OTHER FINANCING SOURCES (USES)</b>                  |                         |               |                          |  |
| Operating Transfers In                                 | 2,162,146               | 2,162,146     | 2,437,294                | 275,148  |
| Operating Transfers Out                                | (5,500,000)             | (5,500,000)   | (10,680,000)             | (5,180,000)                                      |
| Net Change in Fund Balance                             | \$ -                    | \$ -          | 1,120,604                | \$ 1,120,604                                     |
| <b>FUND BALANCE - JULY 1, 2017</b>                     |                         |               | 15,505,470               |  |
| <b>FUND BALANCE - JUNE 30, 2018</b>                    |                         |               | \$ 16,626,074            |  |

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, 2018

|  | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------|-------------------|--|
| <b>REVENUES</b>  |                   |                   |  |
| <b>1000 Revenue From Local Sources</b>                     |                   |                   |  |
| 1100 Taxes   |                   |                   |  |
| 1110 Ad Valorem taxes                                      | \$ 27,205,680     | \$ 26,867,631     | \$ (338,049)                           |
| 1190 Other taxes   | 1,591,000         | 1,664,720         | 73,720                                 |
| 1200 Revenue from Local Governmental Units other than LEAs |                   |                   |  |
| 1280 Revenue in lieu of taxes                              | 9,886,411         | 11,848,086        | 1,961,675                              |
| 1300 Tuition   |                   |                   |  |
| 1310 From patrons for regular day school                   | -                 | 36,134            | 36,134                                 |
| 1500 Earnings on Investments                               |                   |                   |  |
| 1510 Interest on investments                               | 25,000            | 212,549           | 187,549                                |
| 1900 Other Revenue from Local Sources                      |                   |                   |  |
| 1920 Contributions   | -                 | 10,685            | 10,685                                 |
| 1990 Miscellaneous Local Revenue                           |                   |                   |  |
| 1993 Receipt of insurance proceeds                         | -                 | 423,803           | 423,803                                |
| 1999 Revenue from other local sources                      | -                 | 11,031            | 11,031                                 |
| <b>Total Local Sources</b>                                 | <u>38,708,091</u> | <u>41,074,639</u> | <u>2,366,548</u>                       |
| <b>2000 Intergovernmental Revenue</b>                      |                   |                   |  |
| 2100 Payments from Other Governmental Units                | <u>166,631</u>    | <u>216,225</u>    | <u>49,594</u>                          |
| <b>Total Intergovernmental Revenues</b>                    | <u>166,631</u>    | <u>216,225</u>    | <u>49,594</u>                          |
| <b>3000 Revenue from State Sources</b>                     |                   |                   |  |
| 3100 Restricted state funding                              |                   |                   |  |
| 3130 Special Programs                                      |                   |                   |  |
| 3131 Handicapped transportation - Bus driver aides         | -                 | 652               | 652                                    |
| 3160 School Bus Driver's Salary                            | 305,275           | 410,322           | 105,047                                |
| 3161 EAA bus driver salary and fringe                      | -                 | 7,368             | 7,368                                  |
| 3162 Transportation workers' compensation                  | 20,452            | 20,580            | 128                                    |
| 3180 Fringe Benefits Employer Contributions                | 7,931,817         | 8,103,821         | 172,004                                |
| 3181 Retiree Insurance                                     | 1,538,141         | 1,651,661         | 113,520                                |
| 3190 Miscellaneous restricted state grants                 |                   |                   |  |
| 3199 Other Restricted State Grants                         | -                 | 220               | 220                                    |

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, 2018

|  | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------|-------------------|--|
| 3300 Education Finance Act                       |                   |                   |  |
| 3310 Full-time Programs                          |                   |                   |  |
| 3311 Kindergarten                                | 808,314           | 932,201           | 123,887                                |
| 3312 Primary                                     | 2,642,696         | 2,713,434         | 70,738                                 |
| 3313 Elementary                                  | 4,168,467         | 4,573,396         | 404,929                                |
| 3314 High school                                 | 2,120,896         | 2,289,699         | 168,803                                |
| 3315 Trainable mentally handicapped              | 33,400            | 67,784            | 34,384                                 |
| 3316 Speech handicapped (part-time program)      | 1,180,627         | 1,263,464         | 82,837                                 |
| 3317 Homebound                                   | 5,953             | 8,959             | 3,006                                  |
| 3320 Part-Time Programs                          |                   |                   |  |
| 3321 Emotionally handicapped                     | 136,570           | 161,021           | 24,451                                 |
| 3322 Educable mentally handicapped               | 38,195            | 35,437            | (2,758)                                |
| 3323 Learning disabilities                       | 1,466,798         | 1,556,266         | 89,468                                 |
| 3324 Hearing handicapped                         | 45,306            | 46,618            | 1,312                                  |
| 3325 Visually handicapped                        | 18,690            | 35,520            | 16,830                                 |
| 3326 Orthopedically handicapped                  | 24,055            | 33,444            | 9,389                                  |
| 3327 Vocational                                  | 1,698,302         | 1,601,538         | (96,764)                               |
| 3330 Other EFA Programs                          |                   |                   |  |
| 3331 Autism                                      | 464,116           | 495,208           | 31,092                                 |
| 3332 High achieving                              | 341,197           | 343,474           | 2,277                                  |
| 3334 Limited english proficiency                 | 183,393           | 191,042           | 7,649                                  |
| 3351 Academic assistance                         | 587,606           | 643,818           | 56,212                                 |
| 3352 Pupils in poverty                           | 1,688,288         | 1,798,944         | 110,656                                |
| 3353 Dual credit enrollment                      | 37,282            | 42,299            | 5,017                                  |
| 3392 NBC excess EFA formula                      | -                 | 72,939            | 72,939                                 |
| 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       | 9,646,392         | 9,661,944         | 15,552                                 |
| 3830 Merchant's inventory tax                    | 78,607            | 78,608            | 1                                      |
| 3840 Manufacturers depreciation reimbursement    | 440,000           | 483,725           | 43,725                                 |
| 3890 Other state property tax revenues           | 81,000            | 100,628           | 19,628                                 |
| 3900 Other State Revenue                         |                   |                   |  |
| 3993 PEBA on-behalf                              | -                 | 461,949           | 461,949                                |
| 3999 Revenue from other state sources            | -                 | -                 | -                                      |
| <b>Total State Sources</b>                       | <b>40,381,892</b> | <b>42,538,040</b> | <b>2,156,148</b>                       |
| <b>TOTAL REVENUES ALL SOURCES</b>                | <b>79,256,614</b> | <b>83,828,904</b> | <b>4,572,290</b>                       |

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, 2018

|  | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|--|-----------------|-----------|--|
| <b>EXPENDITURES</b>                          |                 |           |  |
| <b>100 Instruction</b>                       |                 |           |  |
| 110 General Instruction                      |                 |           |  |
| 111 Kindergarten programs                    |                 |           |  |
| 100 Salaries                                 | 2,273,295       | 2,229,175 | 44,120                                 |
| 200 Employee benefits                        | 1,087,205       | 1,012,328 | 74,877                                 |
| 400 Supplies and materials                   | 48,439          | 45,924    | 2,515                                  |
| 112 Primary Programs                         |                 |           |  |
| 100 Salaries                                 | 7,080,349       | 7,024,722 | 55,627                                 |
| 200 Employee benefits                        | 3,036,196       | 2,889,495 | 146,701                                |
| 300 Purchased services                       | 78,177          | 67,628    | 10,549                                 |
| 400 Supplies and materials                   | 174,432         | 178,606   | (4,174)                                |
| 500 Capital outlay                           | 49,000          | 13,971    | 35,029                                 |
| 600 Other objects                            | 3,700           | 5,400     | (1,700)                                |
| 113 Elementary Programs                      |                 |           |  |
| 100 Salaries                                 | 9,979,805       | 9,522,485 | 457,320                                |
| 200 Employee benefits                        | 4,085,384       | 3,942,781 | 142,603                                |
| 300 Purchased services                       | 294,725         | 150,316   | 144,409                                |
| 400 Supplies and materials                   | 470,863         | 546,121   | (75,258)                               |
| 500 Capital outlay                           | 1,440,288       | 1,514,156 | (73,868)                               |
| 600 Other objects                            | 8,600           | 9,113     | (513)                                  |
| 114 High School Programs                     |                 |           |  |
| 100 Salaries                                 | 6,132,135       | 6,019,655 | 112,480                                |
| 200 Employee benefits                        | 2,508,042       | 2,187,106 | 320,936                                |
| 300 Purchased services                       | 542,274         | 680,070   | (137,796)                              |
| 400 Supplies and materials                   | 266,152         | 207,730   | 58,422                                 |
| 500 Capital outlay                           | 105,558         | 90,292    | 15,266                                 |
| 600 Other objects                            | 7,300           | 6,300     | 1,000                                  |
| 115 Career and Technology Education Programs |                 |           |  |
| 100 Salaries                                 | 556,871         | 562,983   | (6,112)                                |
| 200 Employee benefits                        | 236,023         | 234,316   | 1,707                                  |
| 300 Purchased services                       | 3,114           | 554       | 2,560                                  |
| 370 Purchased services - tuition             | 701,832         | 700,608   | 1,224                                  |
| 400 Supplies and materials                   | 23,225          | 21,721    | 1,504                                  |
| 500 Capital outlay                           | 7,535           | 6,845     | 690                                    |
| 120 Exceptional Programs                     |                 |           |  |
| 121 Educable Mentally Handicapped            |                 |           |  |
| 100 Salaries                                 | 304,263         | 302,575   | 1,688                                  |
| 200 Employee benefits                        | 140,165         | 135,519   | 4,646                                  |
| 300 Purchased services                       | 1,049           | 549       | 500                                    |
| 400 Supplies and materials                   | 327             | 327       | -                                      |
| 122 Trainable Mentally Handicapped           |                 |           |  |
| 100 Salaries                                 | 141,326         | 161,552   | (20,226)                               |
| 200 Employee benefits                        | 74,817          | 74,289    | 528                                    |
| 300 Purchased services                       | 57,100          | 53,859    | 3,241                                  |
| 400 Supplies and materials                   | 263             | 230       | 33                                     |

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, 2018

|   | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------|-----------|--|
| 123 Orthopedically Handicapped                        |                 |           |  |
| 100 Salaries  | 24,324          | 24,324    | -                                      |
| 200 Employee benefits                                 | 14,342          | 14,010    | 332                                    |
| 300 Purchased services                                | 700             | -         | 700                                    |
| 400 Supplies and materials                            | 114             | 66        | 48                                     |
| 124 Visually Handicapped                              |                 |           |  |
| 300 Purchased services                                | 17,200          | 28,992    | (11,792)                               |
| 400 Supplies and materials                            | 99              | 33        | 66                                     |
| 500 Capital outlay                                    | 3,800           | 45        | 3,755                                  |
| 125 Hearing Handicapped                               |                 |           |  |
| 300 Purchased services                                | 36,800          | 45,302    | (8,502)                                |
| 400 Supplies and materials                            | 897             | 60        | 837                                    |
| 500 Capital outlay                                    | 6,850           | 5,122     | 1,728                                  |
| 126 Speech Handicapped                                |                 |           |  |
| 100 Salaries  | 285,083         | 303,103   | (18,020)                               |
| 200 Employee benefits                                 | 119,415         | 127,798   | (8,383)                                |
| 300 Purchased services                                | 270,900         | 222,880   | 48,020                                 |
| 400 Supplies and materials                            | 11,392          | 8,319     | 3,073                                  |
| 127 Learning Disabilities                             |                 |           |  |
| 100 Salaries  | 1,866,766       | 1,860,433 | 6,333                                  |
| 200 Employee benefits                                 | 809,257         | 794,050   | 15,207                                 |
| 300 Purchased services                                | 1,350           | 4,983     | (3,633)                                |
| 400 Supplies and materials                            | 17,895          | 17,683    | 212                                    |
| 128 Emotionally Handicapped                           |                 |           |  |
| 100 Salaries  | 419,536         | 404,928   | 14,608                                 |
| 200 Employee benefits                                 | 192,123         | 173,579   | 18,544                                 |
| 300 Purchased services                                | 25,200          | 25,092    | 108                                    |
| 400 Supplies and materials                            | 1,004           | 767       | 237                                    |
| 130 Pre-School Programs                               |                 |           |  |
| 137 Pre-School Handicapped-Contained (3 & 4 Yr. Olds) |                 |           |  |
| 100 Salaries  | 454,879         | 454,305   | 574                                    |
| 200 Employee benefits                                 | 226,235         | 187,398   | 38,837                                 |
| 400 Supplies and materials                            | 2,068           | 2,029     | 39                                     |
| 139 Early Childhood Programs                          |                 |           |  |
| 100 Salaries  | 259,906         | 248,627   | 11,279                                 |
| 200 Employee benefits                                 | 138,074         | 127,564   | 10,510                                 |
| 400 Supplies and materials                            | 15,000          | 16,743    | (1,743)                                |
| 140 Special Programs                                  |                 |           |  |
| 141 Gifted and Talented - Academic                    |                 |           |  |
| 100 Salaries  | 318,066         | 324,482   | (6,416)                                |
| 200 Employee benefits                                 | 128,061         | 128,060   | 1                                      |
| 300 Purchased services                                | 6,200           | 100       | 6,100                                  |
| 400 Supplies and materials                            | 8,420           | 3,833     | 4,587                                  |
| 143 Advanced Placement                                |                 |           |  |
| 300 Purchased services                                | 1,500           | 543       | 957                                    |
| 400 Supplies and materials                            | 1,524           | 1,524     | -                                      |
| 145 Homebound   |                 |           |  |
| 100 Salaries  | 19,000          | 104,338   | (85,338)                               |
| 200 Employee benefits                                 | 5,235           | 28,421    | (23,186)                               |
| 300 Purchased services                                | 15,000          | 1,770     | 13,230                                 |

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, 2018

|   | Final<br>Budget   | Actual            | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------|-------------------|--|
| 148 Gifted and Talented - Artistic      |                   |                   |  |
| 100 Salaries                            | 5,000             | 4,950             | 50                                     |
| 200 Employee benefits                   | 1,377             | 1,346             | 31                                     |
| 300 Purchased services                  | -                 | 600               | (600)                                  |
| 400 Supplies and materials              | 3,278             | 2,368             | 910                                    |
| 160 Other Exceptional Programs          |                   |                   |  |
| 161 Autism                              |                   |                   |  |
| 100 Salaries                            | 212,560           | 203,530           | 9,030                                  |
| 200 Employee benefits                   | 108,653           | 110,192           | (1,539)                                |
| 300 Purchased services                  | 64,600            | 76,855            | (12,255)                               |
| 400 Supplies and materials              | 2,902             | 2,191             | 711                                    |
| 162 Limited English Proficiency         |                   |                   |  |
| 100 Salaries                            | 630,803           | 606,535           | 24,268                                 |
| 200 Employee benefits                   | 253,922           | 239,082           | 14,840                                 |
| 300 Purchased services                  | 900               | 1,329             | (429)                                  |
| 400 Supplies and materials              | -                 | 12                | (12)                                   |
| 170 Summer School Program               |                   |                   |  |
| 172 Elementary Summer School            |                   |                   |  |
| 100 Salaries                            | 10,000            | 6,400             | 3,600                                  |
| 200 Employee benefits                   | 2,755             | 1,840             | 915                                    |
| 300 Purchased services                  | -                 | 645               | (645)                                  |
| 173 High School Summer School           |                   |                   |  |
| 100 Salaries                            | -                 | 48,738            | (48,738)                               |
| 200 Employee benefits                   | -                 | 13,735            | (13,735)                               |
| 180 Adult/Continuing Education Programs |                   |                   |  |
| 188 Parenting/Family Literacy           |                   |                   |  |
| 100 Salaries                            | -                 | 404               | (404)                                  |
| 300 Purchased services                  | 1,800             | 538               | 1,262                                  |
| <b>Total Instruction</b>                | <b>48,942,594</b> | <b>47,611,897</b> | <b>1,330,697</b>                       |
| <b>200 Supporting Services</b>          |                   |                   |  |
| 210 Pupil Services                      |                   |                   |  |
| 211 Attendance and Social Work          |                   |                   |  |
| 100 Salaries                            | 58,694            | 59,394            | (700)                                  |
| 200 Employee benefits                   | 20,803            | 20,634            | 169                                    |
| 300 Purchased services                  | 2,308             | 1,087             | 1,221                                  |
| 400 Supplies and materials              | 200               | 204               | (4)                                    |
| 212 Guidance                            |                   |                   |  |
| 100 Salaries                            | 1,225,588         | 1,255,587         | (29,999)                               |
| 200 Employee benefits                   | 494,017           | 488,616           | 5,401                                  |
| 300 Purchased services                  | 5,900             | 3,033             | 2,867                                  |
| 400 Supplies and materials              | 38,530            | 53,967            | (15,437)                               |
| 213 Health                              |                   |                   |  |
| 100 Salaries                            | 512,798           | 591,813           | (79,015)                               |
| 200 Employee benefits                   | 219,168           | 215,391           | 3,777                                  |
| 300 Purchased services                  | 10,310            | 7,159             | 3,151                                  |
| 400 Supplies and materials              | 19,836            | 15,716            | 4,120                                  |
| 500 Capital outlay                      | 1,000             | -                 | 1,000                                  |

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, 2018

|   | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|---|-----------------|-----------|--|
| 214 Psychological                                       |                 |           |  |
| 100 Salaries  | 248,025         | 254,000   | (5,975)                                |
| 200 Employee benefits                                   | 93,901          | 91,864    | 2,037                                  |
| 300 Purchased services                                  | 2,200           | 20,966    | (18,766)                               |
| 400 Supplies and materials                              | 850             | -         | 850                                    |
| 220 Instructional Staff Services                        |                 |           |  |
| 221 Improvement of Instruction - Curriculum Development |                 |           |  |
| 100 Salaries  | 746,909         | 766,299   | (19,390)                               |
| 200 Employee benefits                                   | 265,145         | 267,982   | (2,837)                                |
| 300 Purchased services                                  | 55,000          | 55,946    | (946)                                  |
| 400 Supplies and materials                              | 4,250           | 6,217     | (1,967)                                |
| 600 Other objects                                       | 500             | -         | 500                                    |
| 222 Educational Media                                   |                 |           |  |
| 100 Salaries  | 996,012         | 992,240   | 3,772                                  |
| 200 Employee benefits                                   | 425,593         | 409,742   | 15,851                                 |
| 400 Supplies and materials                              | 158,701         | 155,240   | 3,461                                  |
| 224 Improvement of Instruction - Inservice Training     |                 |           |  |
| 100 Salaries  | 686,310         | 669,335   | 16,975                                 |
| 200 Employee benefits                                   | 254,749         | 248,198   | 6,551                                  |
| 300 Purchased services                                  | 139,245         | 60,037    | 79,208                                 |
| 400 Supplies and materials                              | 21,033          | 24,202    | (3,169)                                |
| 230 General Administration Services                     |                 |           |  |
| 231 Board of Education                                  |                 |           |  |
| 300 Purchased services                                  | 49,000          | 62,560    | (13,560)                               |
| 318 Audit services                                      | 40,000          | 38,610    | 1,390                                  |
| 400 Supplies and materials                              | 2,550           | 6,439     | (3,889)                                |
| 500 Capital outlay                                      | 1,700           | 4,131     | (2,431)                                |
| 600 Other objects                                       | 112,653         | 136,552   | (23,899)                               |
| 232 Office of Superintendent                            |                 |           |  |
| 100 Salaries  | 314,641         | 316,830   | (2,189)                                |
| 200 Employee benefits                                   | 110,485         | 97,944    | 12,541                                 |
| 300 Purchased services                                  | 4,165           | 1,925     | 2,240                                  |
| 400 Supplies and materials                              | 6,800           | 4,535     | 2,265                                  |
| 500 Capital outlay                                      | 2,125           | -         | 2,125                                  |
| 600 Other objects                                       | 4,000           | 2,357     | 1,643                                  |
| 233 School Administration                               |                 |           |  |
| 100 Salaries  | 3,794,315       | 3,814,805 | (20,490)                               |
| 200 Employee benefits                                   | 1,539,656       | 1,491,414 | 48,242                                 |
| 300 Purchased services                                  | 48,604          | 35,516    | 13,088                                 |
| 400 Supplies and materials                              | 49,113          | 37,104    | 12,009                                 |
| 500 Capital outlay                                      | 8,300           | 5,775     | 2,525                                  |
| 600 Other objects                                       | 600             | 1,658     | (1,058)                                |

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, 2018

|  | Final<br>Budget | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|--|-----------------|-----------|--|
| 250 Finance and Operations Services                |                 |           |  |
| 252 Fiscal Services                                |                 |           |  |
| 100 Salaries                                       | 170,710         | 170,400   | 310                                    |
| 180 Head of organizational unit salaries           | 127,218         | 122,448   | 4,770                                  |
| 200 Employee benefits                              | 72,342          | 68,739    | 3,603                                  |
| 280 Head of organizational unit employee benefits  | 42,659          | 42,659    | -                                      |
| 300 Purchased services                             | 30,000          | 16,759    | 13,241                                 |
| 380 Head of organizational unit purchased services | 243             | -         | 243                                    |
| 400 Supplies and materials                         | 12,000          | 11,286    | 714                                    |
| 500 Capital outlay                                 | 1,400           | -         | 1,400                                  |
| 254 Operation and Maintenance of Plant Services    |                 |           |  |
| 100 Salaries                                       | 2,603,410       | 2,313,828 | 289,582                                |
| 200 Employee benefits                              | 1,167,726       | 834,097   | 333,629                                |
| 300 Purchased services                             | 1,897,760       | 2,420,483 | (522,723)                              |
| 321 Public utilities                               | 293,000         | 304,645   | (11,645)                               |
| 400 Supplies and materials                         | 705,194         | 619,368   | 85,826                                 |
| 470 Energy   | 1,643,000       | 1,603,191 | 39,809                                 |
| 500 Capital outlay                                 | 323,600         | 201,533   | 122,067                                |
| 255 Pupil Transportation Services                  |                 |           |  |
| 100 Salaries                                       | 806,908         | 907,279   | (100,371)                              |
| 200 Employee benefits                              | 236,197         | 304,209   | (68,012)                               |
| 300 Purchased services                             | 64,310          | 152,229   | (87,919)                               |
| 400 Supplies and materials                         | 56,745          | 61,958    | (5,213)                                |
| 500 Capital outlay                                 | 110,698         | 168,797   | (58,099)                               |
| 600 Other objects                                  | 3,000           | -         | 3,000                                  |
| 258 Security                                       |                 |           |  |
| 100 Salaries                                       | 52,000          | 71,256    | (19,256)                               |
| 200 Employee benefits                              | 14,326          | 20,810    | (6,484)                                |
| 300 Purchased services                             | 806,260         | 738,704   | 67,556                                 |
| 400 Supplies and materials                         | 70,500          | 78,582    | (8,082)                                |
| 500 Capital outlay                                 | 162,375         | 73,406    | 88,969                                 |
| 260 Central Support Services                       |                 |           |  |
| 263 Information Services                           |                 |           |  |
| 100 Salaries                                       | 16,566          | 17,066    | (500)                                  |
| 180 Head of organizational unit salaries           | 66,953          | 62,608    | 4,345                                  |
| 200 Employee benefits                              | 8,526           | 4,517     | 4,009                                  |
| 280 Head of organizational unit employee benefits  | 24,219          | 24,219    | -                                      |
| 300 Purchased services                             | 37,500          | 35,437    | 2,063                                  |
| 380 Head of organizational unit travel             | 5,000           | 2,555     | 2,445                                  |
| 400 Supplies and materials                         | 36,000          | 33,356    | 2,644                                  |
| 500 Capital outlay                                 | 2,700           | 2,181     | 519                                    |
| 264 Staff Services                                 |                 |           |  |
| 100 Salaries                                       | 96,743          | 97,352    | (609)                                  |
| 180 Head of organizational unit salaries           | 104,602         | 91,937    | 12,665                                 |
| 200 Employee benefits                              | 45,995          | 39,026    | 6,969                                  |
| 280 Head of organizational unit employee benefits  | 34,266          | 34,266    | -                                      |
| 300 Purchased services                             | 25,000          | 33,441    | (8,441)                                |
| 380 Head of organizational unit travel             | 4,000           | 0         | 4,000                                  |
| 400 Supplies and materials                         | 2,500           | 5,916     | (3,416)                                |

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, 2018

|   | Final<br>Budget    | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|---|--------------------|----------------------|--|
| 266 Data Processing Services                      |                    |                      |  |
| 100 Salaries                                      | 646,376            | 659,782              | (13,406)                               |
| 180 Head of organizational unit salaries          | 62,184             | 62,709               | (525)                                  |
| 200 Employee benefits                             | 239,347            | 233,781              | 5,566                                  |
| 280 Head of organizational unit employee benefits | 19,557             | 19,557               | -                                      |
| 300 Purchased services                            | 5,000              | 7,135                | (2,135)                                |
| 270 Support Services Pupil Activity               |                    |                      |  |
| 271 Pupil Service Activities                      |                    |                      |  |
| 100 Salaries                                      | 551,354            | 606,247              | (54,893)                               |
| 200 Employee benefits                             | 167,715            | 178,466              | (10,751)                               |
| 300 Purchased services                            | 85,240             | 115,327              | (30,087)                               |
| 400 Supplies and materials                        | 17,475             | 12,742               | 4,733                                  |
| 500 Capital outlay                                | 33,825             | 28,962               | 4,863                                  |
| 600 Other objects                                 | 39,000             | 45,020               | (6,020)                                |
| <b>Total Supporting Services</b>                  | <u>26,647,506</u>  | <u>26,553,295</u>    | <u>94,211</u>                          |
| <b>400 Intergovernmental Expenditures</b>         |                    |                      |  |
| 412 Payments to other governmental units          |                    |                      |  |
| 720 Transits                                      | 328,660            | 300,402              | 28,258                                 |
| <b>Total Intergovernmental Expenditures</b>       | <u>328,660</u>     | <u>300,402</u>       | <u>28,258</u>                          |
| <b>TOTAL EXPENDITURES</b>                         | <u>75,918,760</u>  | <u>74,465,594</u>    | <u>1,453,166</u>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                    |                      |  |
| Interfund Transfers, from (to) other funds        |                    |                      |  |
| 5230 Transfer from Special Revenue - EIA Fund     | 1,812,146          | 1,992,791            | 180,645                                |
| 5280 Transfer from Other Funds Indirect Costs     | 350,000            | 444,503              | 94,503                                 |
| 423-710 Transfer to Debt Service Fund - EFC       | (4,275,000)        | (3,655,000)          | 620,000                                |
| 424-710 Transfer to Capital Projects Fund         | (1,225,000)        | (7,025,000)          | (5,800,000)                            |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>(3,337,854)</u> | <u>(8,242,706)</u>   | <u>(4,904,852)</u>                     |
| Excess/(Deficiency) of Revenues over Expenditures | <u>\$ -</u>        | 1,120,604            | <u>\$ 1,120,604</u>                    |
| <b>FUND BALANCE - JULY 1, 2017</b>                |                    | <u>15,505,470</u>    |  |
| <b>FUND BALANCE - JUNE 30, 2018</b>               |                    | <u>\$ 16,626,074</u> |  |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
SPECIAL REVENUE FUND - SPECIAL PROJECTS  
COMBINING BALANCE SHEET  
JUNE 30, 2018

|  | 201/202           | 203/204           | 205/206                  | 207/208          | Other<br>Restricted<br>State<br>Grants | Other<br>Special<br>Revenue<br>Programs | Total               |
|--|-------------------|-------------------|--------------------------|------------------|--|---|---------------------|
|  | Title I           | IDEA              | Preschool<br>Handicapped | CATE             |  |   |                     |
| <b>ASSETS</b>                          |                   |                   |                          |                  |  |   |                     |
| Due from Federal Government            | \$ 488,803        | \$ 610,665        | \$ -                     | \$ 20,504        | \$ -                                   | \$ 169,889                              | \$ 1,289,861        |
| Due from State Department of Education | -                 | -                 | -                        | -                | -                                      | 1,974                                   | 1,974               |
| Due from other funds                   | -                 | -                 | -                        | -                | -                                      | 276,171                                 | 276,171             |
| Total Assets                           | <u>\$ 488,803</u> | <u>\$ 610,665</u> | <u>\$ -</u>              | <u>\$ 20,504</u> | <u>\$ -</u>                            | <u>\$ 448,034</u>                       | <u>\$ 1,568,006</u> |
| <b>LIABILITIES AND FUND BALANCE</b>    |                   |                   |                          |                  |  |   |                     |
| Liabilities:                           |                   |                   |                          |                  |  |   |                     |
| Due to other funds                     | \$ 488,803        | \$ 610,665        | \$ -                     | \$ 20,504        | \$ -                                   | \$ 171,521                              | \$ 1,291,493        |
| Due to State Department of Education   | -                 | -                 | -                        | -                | -                                      | 341                                     | 341                 |
| Unearned revenues                      | -                 | -                 | -                        | -                | -                                      | 276,172                                 | 276,172             |
| Total Liabilities                      | <u>\$ 488,803</u> | <u>\$ 610,665</u> | <u>\$ -</u>              | <u>\$ 20,504</u> | <u>\$ -</u>                            | <u>\$ 448,034</u>                       | <u>\$ 1,568,006</u> |
| Fund balances:                         | -                 | -                 | -                        | -                | -                                      | -                                       | -                   |
| Total Liabilities and Fund Balance     | <u>\$ 488,803</u> | <u>\$ 610,665</u> | <u>\$ -</u>              | <u>\$ 20,504</u> | <u>\$ -</u>                            | <u>\$ 448,034</u>                       | <u>\$ 1,568,006</u> |

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, 2018

|  | 201/202   | 203/204                  | 205/206 | 207/208 | Other<br>Restricted<br>State<br>Grants | Other<br>Special<br>Revenue<br>Programs | Total     |
|--|-----------|--------------------------|---------|---------|--|---|-----------|
| Title I  | IDEA      | Preschool<br>Handicapped | CATE    |         |  |   |           |
| <b>REVENUES</b>  |           |                          |         |         |  |   |           |
| <b>1000 Revenue from Local Sources</b>   |           |                          |         |         |  |   |           |
| 1900 Other Revenue from Local Sources  |           |                          |         |         |  |   |           |
| 1910 Rentals   | \$ -      | \$ -                     | \$ -    | \$ -    | -                                      | \$ 9,418                                | \$ 9,418  |
| 1920 Contributions   | -         | -                        | -       | -       | -                                      | 11,066                                  | 11,066    |
| 1930 Special needs transportation  | -         | -                        | -       | -       | -                                      | 413,241                                 | 413,241   |
| 1999 Revenue from other local sources  | -         | -                        | -       | -       | -                                      | 45,036                                  | 45,036    |
| <b>Total Local Revenue</b>   | -         | -                        | -       | -       | -                                      | 478,761                                 | 478,761   |
| <b>3000 Revenue from State Sources</b>   |           |                          |         |         |  |   |           |
| 3100 Restricted Grants   |           |                          |         |         |  |   |           |
| 3110 Occupational education  |           |                          |         |         |  |   |           |
| 3118 EEDA career specialist  | -         | -                        | -       | -       | 330,071                                | -                                       | 330,071   |
| 3120 General education   |           |                          |         |         |  |   |           |
| 3127 Student health and fitness - PE teachers  | -         | -                        | -       | -       | 75,202                                 | -                                       | 75,202    |
| 3130 Special programs  |           |                          |         |         |  |   |           |
| 3135 Reading coaches   | -         | -                        | -       | -       | 447,345                                | -                                       | 447,345   |
| 3136 Student health and fitness - nurses   | -         | -                        | -       | -       | 163,149                                | -                                       | 163,149   |
| 3190 Other restricted grants   |           |                          |         |         |  |   |           |
| 3193 Education license plates  | -         | -                        | -       | -       | 844                                    | -                                       | 844       |
| 3199 Other restricted state grants   | -         | -                        | -       | -       | 1,376                                  | -                                       | 1,376     |
| 3990 Other state revenue   |           |                          |         |         |  |   |           |
| 3994 PEBA Nonemployer contributions  | -         | -                        | -       | -       | 614,022                                | -                                       | 614,022   |
| 3999 Revenue from other state sources  | -         | -                        | -       | -       | 1,705                                  | -                                       | 1,705     |
| <b>Total State Revenue</b>   | -         | -                        | -       | -       | 1,633,714                              | -                                       | 1,633,714 |
| <b>4000 Revenue from Federal Sources</b>   |           |                          |         |         |  |   |           |
| 4200 Occupational education  |           |                          |         |         |  |   |           |
| 4210 Vocational aid, Title I   | -         | -                        | -       | 61,844  | -                                      | -                                       | 61,844    |
| 4300 Elementary and Secondary Education Act of 1965  |           |                          |         |         |  |   |           |
| 4310 Title I   | 1,412,706 | -                        | -       | -       | -                                      | 101,191                                 | 1,513,897 |
| 4341 Language instruction for limited English proficient and immigrant students, Title III | -         | -                        | -       | -       | -                                      | 43,779                                  | 43,779    |
| 4351 Improving teacher quality   | -         | -                        | -       | -       | -                                      | 177,928                                 | 177,928   |

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, 2018

|   | 201/202          | 203/204                  | 205/206       | 207/208       | Other<br>Restricted<br>State<br>Grants | Other<br>Special<br>Revenue<br>Programs | Total            |
|---|------------------|--------------------------|---------------|---------------|--|---|------------------|
| Title I   | IDEA             | Preschool<br>Handicapped | CATE          |               |  |   |                  |
| 4500 Education for children with disabilities           |                  |                          |               |               |  |   |                  |
| 4510 Individuals with Disabilities Education Act (IDEA) | -                | 1,682,685                | -             | -             | -                                      | 1,387                                   | 1,684,072        |
| 4520 Preschool grants (IDEA)                            | -                | -                        | 58,340        | -             | -                                      | -                                       | 58,340           |
| 4560 IDEA SSIP  | -                | -                        | -             | -             | -                                      | 158,980                                 | 158,980          |
| 4900 Other federal sources                              |                  |                          |               |               |  |   |                  |
| 4990 Other federal revenue                              | -                | -                        | -             | -             | -                                      | 7,070                                   | 7,070            |
| 4997 Title IV, SSAE                                     | -                | -                        | -             | -             | -                                      | 109,627                                 | 109,627          |
| 4999 Revenue from other federal sources                 | -                | -                        | -             | -             | -                                      | -                                       | -                |
| <b>Total Federal Revenue</b>                            | <b>1,412,706</b> | <b>1,682,685</b>         | <b>58,340</b> | <b>61,844</b> | <b>-</b>                               | <b>599,962</b>                          | <b>3,815,537</b> |
| <b>TOTAL REVENUE ALL SOURCES</b>                        | <b>1,412,706</b> | <b>1,682,685</b>         | <b>58,340</b> | <b>61,844</b> | <b>1,633,714</b>                       | <b>1,078,723</b>                        | <b>5,928,012</b> |

**EXPENDITURES****100 Instruction**

|                            |         |   |   |   |        |        |         |
|----------------------------|---------|---|---|---|--------|--------|---------|
| 110 General Instruction    |         |   |   |   |        |        |         |
| 111 Kindergarten programs  |         |   |   |   |        |        |         |
| 100 Salaries               | 87,574  | - | - | - | -      | 37,601 | 125,175 |
| 200 Employee benefits      | 36,434  | - | - | - | -      | 14,873 | 51,307  |
| 112 Primary programs       |         |   |   |   |        |        |         |
| 100 Salaries               | 282,866 | - | - | - | 56,870 | 37,601 | 377,337 |
| 200 Employee benefits      | 129,908 | - | - | - | 18,332 | 8,988  | 157,228 |
| 400 Supplies and materials | 522     | - | - | - | -      | 59,878 | 60,400  |
| 500 Capital outlay         | 29,542  | - | - | - | -      | -      | 29,542  |
| 113 Elementary programs    |         |   |   |   |        |        |         |
| 100 Salaries               | 275,346 | - | - | - | -      | 50,748 | 326,094 |
| 200 Employee benefits      | 100,456 | - | - | - | -      | 20,805 | 121,261 |
| 300 Purchased services     | -       | - | - | - | -      | 22,084 | 22,084  |
| 400 Supplies and materials | 20,596  | - | - | - | -      | 225    | 20,821  |
| 500 Capital outlay         | -       | - | - | - | 844    | -      | 844     |
| 114 High school programs   |         |   |   |   |        |        |         |
| 100 Salaries               | -       | - | - | - | -      | 91,741 | 91,741  |
| 200 Employee benefits      | -       | - | - | - | -      | 17,887 | 17,887  |
| 300 Purchased services     | -       | - | - | - | -      | 12,098 | 12,098  |
| 400 Supplies and materials | -       | - | - | - | -      | 2,391  | 2,391   |
| 500 Capital outlay         | -       | - | - | - | -      | 29,471 | 29,471  |

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, 2018

|  | 201/202 | 203/204                  | 205/206 | 207/208 | Other<br>Restricted<br>State<br>Grants | Other<br>Special<br>Revenue<br>Programs | Total   |
|--|---------|--------------------------|---------|---------|--|---|---------|
| Title I  | IDEA    | Preschool<br>Handicapped | CATE    |         |  |   |         |
| 115 Career and technology education programs                                 |         |                          |         |         |  |   |         |
| 300 Purchased services   | -       | -                        | 6,500   | -       | -                                      | -                                       | 6,500   |
| 400 Supplies and materials   | -       | -                        | 2,567   | -       | -                                      | -                                       | 2,567   |
| 500 Capital outlay   | -       | -                        | 5,830   | -       | -                                      | -                                       | 5,830   |
| 116 Career and technology education (vocational)<br>programs - middle school |         |                          |         |         |  |   |         |
| 400 Supplies and materials   | -       | -                        | 566     | -       | -                                      | -                                       | 566     |
| 500 Capital outlay   | -       | -                        | 356     | -       | -                                      | -                                       | 356     |
| 120 Exceptional Programs   |         |                          |         |         |  |   |         |
| 121 Educable mentally handicapped  |         |                          |         |         |  |   |         |
| 100 Salaries   | 17,334  | -                        | -       | -       | -                                      | -                                       | 17,334  |
| 200 Employee benefits  | 4,968   | -                        | -       | -       | -                                      | -                                       | 4,968   |
| 122 Trainable mentally handicapped   |         |                          |         |         |  |   |         |
| 300 Purchased services   | -       | -                        | -       | 1,376   | -                                      | -                                       | 1,376   |
| 123 Orthopedically handicapped   |         |                          |         |         |  |   |         |
| 400 Supplies and materials   | 935     | -                        | -       | -       | -                                      | -                                       | 935     |
| 124 Visually handicapped   |         |                          |         |         |  |   |         |
| 300 Purchased services   | 18,514  | -                        | -       | -       | -                                      | -                                       | 18,514  |
| 125 Hearing handicapped  |         |                          |         |         |  |   |         |
| 100 Salaries   | 340     | -                        | -       | -       | -                                      | -                                       | 340     |
| 200 Employee benefits  | 27      | -                        | -       | -       | -                                      | -                                       | 27      |
| 126 Speech handicapped   |         |                          |         |         |  |   |         |
| 100 Salaries   | 97,462  | -                        | -       | -       | -                                      | 60,037                                  | 157,499 |
| 200 Employee benefits  | 40,242  | -                        | -       | -       | -                                      | 20,978                                  | 61,220  |
| 300 Purchased services   | 399,056 | -                        | -       | -       | -                                      | 148,492                                 | 547,548 |
| 400 Supplies and materials   | -       | -                        | -       | -       | -                                      | 11,616                                  | 11,616  |
| 600 Other objects  | -       | -                        | -       | -       | -                                      | 1,771                                   | 1,771   |
| 127 Learning disabilities  |         |                          |         |         |  |   |         |
| 100 Salaries   | 512,398 | -                        | -       | -       | -                                      | -                                       | 512,398 |
| 200 Employee benefits  | 209,997 | -                        | -       | -       | -                                      | -                                       | 209,997 |
| 300 Purchased services   | 25,000  | -                        | -       | -       | -                                      | -                                       | 25,000  |
| 400 Supplies and materials   | 20,993  | -                        | -       | -       | -                                      | -                                       | 20,993  |
| 128 Emotionally handicapped  |         |                          |         |         |  |   |         |
| 100 Salaries   | 57,732  | -                        | -       | -       | -                                      | -                                       | 57,732  |
| 200 Employee benefits  | 20,207  | -                        | -       | -       | -                                      | -                                       | 20,207  |

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, 2018

|   | 201/202          | 203/204                  | 205/206       | 207/208       | Other<br>Restricted<br>State<br>Grants | Other<br>Special<br>Revenue<br>Programs | Total  |
|---|------------------|--------------------------|---------------|---------------|--|---|--------|
| Title I   | IDEA             | Preschool<br>Handicapped | CATE          |               |  |   |        |
| 130 Preschool Handicapped Programs                            |                  |                          |               |               |  |   |        |
| 137 Preschool handicapped self-contained<br>(3 & 4-year olds) |                  |                          |               |               |  |   |        |
| 100 Salaries  | 25,881           | 38,943                   | -             | -             | -                                      | -                                       | 64,824 |
| 200 Employee benefits   | 12,179           | 19,397                   | -             | -             | -                                      | -                                       | 31,576 |
| 139 Early childhood programs                                  |                  |                          |               |               |  |   |        |
| 100 Salaries  | -                | -                        | -             | -             | -                                      | -                                       | 60,028 |
| 200 Employee benefits   | -                | -                        | -             | -             | -                                      | -                                       | 19,861 |
| 160 Other Exceptional Programs                                |                  |                          |               |               |  |   |        |
| 161 Autism  |                  |                          |               |               |  |   |        |
| 100 Salaries  | 25,846           | -                        | -             | -             | -                                      | -                                       | 25,846 |
| 200 Employee benefits   | 11,487           | -                        | -             | -             | -                                      | -                                       | 11,487 |
| 170 Summer School Program                                     |                  |                          |               |               |  |   |        |
| 171 Primary summer school                                     |                  |                          |               |               |  |   |        |
| 100 Salaries  | 7,100            | -                        | -             | -             | -                                      | 23,566                                  | 30,666 |
| 200 Employee benefits   | 1,999            | -                        | -             | -             | -                                      | 7,041                                   | 9,040  |
| 172 Elementary summer school                                  |                  |                          |               |               |  |   |        |
| 100 Salaries  | -                | -                        | -             | -             | -                                      | -                                       | 11,116 |
| 200 Employee benefits   | -                | -                        | -             | -             | -                                      | -                                       | 2,999  |
| 175 Instructional programs beyond regular school day          |                  |                          |               |               |  |   |        |
| 100 Salaries  | -                | -                        | -             | -             | -                                      | -                                       | 1,825  |
| 200 Employee benefits   | -                | -                        | -             | -             | -                                      | -                                       | 502    |
| 180 Adult/continuing education                                |                  |                          |               |               |  |   |        |
| 188 Parenting/family literacy                                 |                  |                          |               |               |  |   |        |
| 100 Salaries  | -                | -                        | -             | -             | -                                      | -                                       | 38,167 |
| 200 Employee benefits   | -                | -                        | -             | -             | -                                      | -                                       | 18,180 |
| <b>Total Instruction</b>                                      | <b>1,509,697</b> | <b>58,340</b>            | <b>15,819</b> | <b>77,422</b> | <b>679,892</b>                         | <b>3,457,092</b>                        |        |
| <b>200 Supporting Services</b>                                |                  |                          |               |               |  |   |        |
| 210 Pupil Services  |                  |                          |               |               |  |   |        |
| 211 Attendance and social work services                       |                  |                          |               |               |  |   |        |
| 100 Salaries  | -                | -                        | -             | -             | -                                      | 53,308                                  | 53,308 |
| 200 Employee benefits   | -                | -                        | -             | -             | -                                      | 14,650                                  | 14,650 |
| 300 Purchased services  | 133              | -                        | -             | -             | -                                      | -                                       | 133    |
| 400 Supplies and materials                                    | 10,093           | -                        | -             | -             | -                                      | -                                       | 10,093 |

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, 2018

|   | 201/202 | 203/204                  | 205/206 | 207/208 | Other<br>Restricted<br>State<br>Grants | Other<br>Special<br>Revenue<br>Programs | Total   |
|---|---------|--------------------------|---------|---------|--|---|---------|
| Title I   | IDEA    | Preschool<br>Handicapped | CATE    |         |  |   |         |
| 213 Health  |         |                          |         |         |  |   |         |
| 100 Salaries  | -       | -                        | -       | -       | 111,147                                | -                                       | 111,147 |
| 200 Employee benefits                                   | -       | -                        | -       | -       | 52,001                                 | -                                       | 52,001  |
| 214 Psychological                                       |         |                          |         |         |  |   |         |
| 100 Salaries  |         | 2,295                    | -       | -       | -                                      | -                                       | 2,295   |
| 200 Employee benefits                                   |         | 632                      | -       | -       | -                                      | -                                       | 632     |
| 300 Purchased services                                  |         | 78,037                   | -       | -       | -                                      | 58,049                                  | 136,086 |
| 400 Supplies and materials                              |         | 3,208                    | -       | -       | -                                      | 7,428                                   | 10,636  |
| 215 Exceptional program services                        |         |                          |         |         |  |   |         |
| 400 Supplies and materials                              |         | 115                      | -       | -       | -                                      | -                                       | 115     |
| 217 Career specialist services                          |         |                          |         |         |  |   |         |
| 100 Salaries  | -       | -                        | -       | -       | 238,129                                | -                                       | 238,129 |
| 200 Employee benefits                                   | -       | -                        | -       | -       | 91,942                                 | -                                       | 91,942  |
| 220 Instructional Staff Services                        |         |                          |         |         |  |   |         |
| 221 Improvement of instruction - curriculum development |         |                          |         |         |  |   |         |
| 100 Salaries  | 74,908  | -                        | -       | -       | -                                      | -                                       | 74,908  |
| 200 Employee benefits                                   | 25,850  | -                        | -       | -       | -                                      | -                                       | 25,850  |
| 300 Purchased services                                  | -       | -                        | -       | -       | -                                      | 1,990                                   | 1,990   |
| 400 Supplies and materials                              | -       | -                        | -       | -       | -                                      | 24,008                                  | 24,008  |
| 223 Supervision of special programs                     |         |                          |         |         |  |   |         |
| 100 Salaries  | 38,017  | 42,115                   | -       | -       | -                                      | 62,679                                  | 142,811 |
| 200 Employee benefits                                   | 14,402  | 20,315                   | -       | -       | -                                      | 27,725                                  | 62,442  |
| 300 Purchased services                                  | 2,482   | 7,000                    | -       | -       | -                                      | -                                       | 9,482   |
| 400 Supplies and materials                              | 427     | 5,211                    | -       | -       | -                                      | -                                       | 5,638   |
| 224 Improvement of instruction - inservice training     |         |                          |         |         |  |   |         |
| 100 Salaries  | 66,269  | 1,575                    | -       | -       | 325,609                                | 1,690                                   | 395,143 |
| 200 Employee benefits                                   | 25,148  | 432                      | -       | -       | 121,736                                | 335                                     | 147,651 |
| 300 Purchased services                                  | 22,657  | 12,053                   | -       | 17,924  | -                                      | 14,649                                  | 67,283  |
| 400 Supplies and materials                              | 3,986   | -                        | -       | -       | -                                      | 2,441                                   | 6,427   |
| 250 Finance and Operations Services                     |         |                          |         |         |  |   |         |
| 254 Operation and maintenance of plant                  |         |                          |         |         |  |   |         |
| 300 Purchased services                                  | -       | -                        | -       | -       | 1,706                                  | 3,102                                   | 4,808   |
| 400 Supplies and materials                              | -       | -                        | -       | -       | -                                      | 24,055                                  | 24,055  |

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, 2018

|   | 201/202          | 203/204          | 205/206                  | 207/208       | Other<br>Restricted<br>State<br>Grants | Other<br>Special<br>Revenue<br>Programs | Total            |
|---|------------------|------------------|--------------------------|---------------|--|---|------------------|
|   | Title I          | IDEA             | Preschool<br>Handicapped | CATE          |  |   |                  |
| 260 Central Support Services                      |                  |                  |                          |               |  |   |                  |
| 266 Data Processing Services                      |                  |                  |                          |               |  |   |                  |
| 300 Purchased services                            | -                | -                | -                        | -             | -                                      | 3,659                                   | 3,659            |
| 500 Capital outlay                                | -                | -                | -                        | -             | -                                      | 18,805                                  | 18,805           |
| 270 Supporting Services - Pupil Activities        |                  |                  |                          |               |  |   |                  |
| 271 Pupil service activities                      |                  |                  |                          |               |  |   |                  |
| 100 Salaries                                      | 907              | -                | -                        | -             | -                                      | -                                       | 907              |
| 200 Employee benefits                             | 255              | -                | -                        | -             | -                                      | -                                       | 255              |
| 300 Purchased services                            | 1,947            | -                | -                        | 27,152        | -                                      | -                                       | 29,099           |
| 400 Supplies and materials                        | -                | -                | -                        | 949           | -                                      | -                                       | 949              |
| <b>Total Support Services</b>                     | <b>287,481</b>   | <b>172,988</b>   | <b>-</b>                 | <b>46,025</b> | <b>942,270</b>                         | <b>318,573</b>                          | <b>1,767,337</b> |
| <b>300 Community Services</b>                     |                  |                  |                          |               |  |   |                  |
| 350 Custody and care of children                  |                  |                  |                          |               |  |   |                  |
| 100 Salaries                                      | -                | -                | -                        | -             | -                                      | 224,702                                 | 224,702          |
| 200 Employee benefits                             | -                | -                | -                        | -             | -                                      | 31,900                                  | 31,900           |
| <b>Total Community Services</b>                   | <b>-</b>         | <b>-</b>         | <b>-</b>                 | <b>-</b>      | <b>-</b>                               | <b>256,602</b>                          | <b>256,602</b>   |
| <b>410 Intergovernmental Expenditures</b>         |                  |                  |                          |               |  |   |                  |
| 414 Medicaid payments to SDE                      |                  |                  |                          |               |  |   |                  |
| 720 Transits                                      | -                | -                | -                        | -             | -                                      | 80,260                                  | 80,260           |
| 419 Payments to OPEB Trust - Nonemployer          |                  |                  |                          |               |  |   |                  |
| 720 Transits                                      | -                | -                | -                        | -             | 614,022                                | -                                       | 614,022          |
| <b>Total Intergovernmental Expenditures</b>       | <b>-</b>         | <b>-</b>         | <b>-</b>                 | <b>-</b>      | <b>614,022</b>                         | <b>80,260</b>                           | <b>694,282</b>   |
| <b>TOTAL EXPENDITURES</b>                         | <b>1,403,403</b> | <b>1,682,685</b> | <b>58,340</b>            | <b>61,844</b> | <b>1,633,714</b>                       | <b>1,335,327</b>                        | <b>6,175,313</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                  |                  |                          |               |  |   |                  |
| Interfund Transfers, From (To) Other Funds        |                  |                  |                          |               |  |   |                  |
| 5270 Transfer from Pupil Activity Fund            | -                | -                | -                        | -             | -                                      | 256,604                                 | 256,604          |
| 431-791 Special revenue fund indirect costs       | (9,303)          | -                | -                        | -             | -                                      | -                                       | (9,303)          |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <b>(9,303)</b>   | <b>-</b>         | <b>-</b>                 | <b>-</b>      | <b>-</b>                               | <b>256,604</b>                          | <b>247,301</b>   |
| Excess/(Deficiency) of Revenues over Expenditures | -                | -                | -                        | -             | -                                      | -                                       | -                |
| <b>FUND BALANCE - JULY 1, 2017</b>                | <b>-</b>         | <b>-</b>         | <b>-</b>                 | <b>-</b>      | <b>-</b>                               | <b>-</b>                                | <b>-</b>         |
| <b>FUND BALANCE - JUNE 30, 2018</b>               | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>              | <b>\$ -</b>   | <b>\$ -</b>                            | <b>\$ -</b>                             | <b>\$ -</b>      |

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, 2018

| Program                               | Sub<br>Fund | Description  |                     |
|---------------------------------------|-------------|--|---------------------|
| <u>Other Restricted State Grants</u>  |             |  |                     |
|                                       | 811         | DHEC Recycling   | \$ 1,705            |
|                                       | 816         | Profound disabled  | 1,376               |
|                                       | 919         | Education license plates   | 844                 |
|                                       | 928         | EEDA career specialist   | 330,071             |
|                                       | 935         | Reading coaches  | 447,345             |
|                                       | 936         | Student health and fitness - nurses  | 163,149             |
|                                       | 937         | Student health and fitness - PE teachers   | 75,202              |
|                                       | 994         | PEBA Nonemployer contributions   | 614,022             |
|                                       |             |  | <u>\$ 1,633,714</u> |
| <u>Other Special Revenue Programs</u> |             |  |                     |
|                                       | 209         | IDEA SSIP  | \$ 158,980          |
|                                       | 210         | 21st Century community learning centers<br>program (Title IV, 21st Century schools)      | 7,070               |
|                                       | 221         | Title I, neglected and delinquent  | 36,891              |
|                                       | 237         | Title I, focus   | 64,300              |
|                                       | 264         | Language instruction for limited english proficient<br>and immigrant students, Title III | 43,779              |
|                                       | 263         | Improving teacher quality - carryover  | 6,234               |
|                                       | 267         | Improving teacher quality  | 171,694             |
|                                       | 277         | Air Force JROTC  | 109,627             |
|                                       | 293         | Medicaid   | 413,241             |
|                                       | 803         | Risk control   | 17,739              |
|                                       | 807         | Extended school year   | 1,387               |
|                                       | 810         | SAM Contribution   | 6,480               |
|                                       | 840         | Teacher forum  | 4,586               |
|                                       | 870         | Fine Arts Center   | 9,418               |
|                                       | 875         | E-Rate / Student technology fees   | 27,297              |
|                                       |             |  | <u>\$ 1,078,723</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, 2018

| Sub Fund | Revenue | Description                              | Special Revenue |              |                             |                              |                  |
|----------|---------|--|-----------------|--------------|-----------------------------|------------------------------|------------------|
|          |         |  | Revenues        | Expenditures | Interfund Transfers In(Out) | Other fund Transfers In(Out) | Unearned Revenue |
| 811      | 3999    | DHEC Recycling                           | \$ 1,705        | \$ 1,705     | -                           | \$ -                         | -                |
| 816      | 3199    | Profound disabled                        | 1,376           | 1,376        | -                           | -                            | -                |
| 919      | 3193    | Education license plates                 | 844             | 844          | -                           | -                            | -                |
| 928      | 3118    | EEDA career specialist                   | 330,071         | 330,071      | -                           | -                            | -                |
| 937      | 3127    | Student health and fitness - PE teachers | 75,202          | 75,202       | -                           | -                            | -                |
| 935      | 3135    | Reading coaches                          | 447,345         | 447,345      | -                           | -                            | -                |
| 936      | 3136    | Student health and fitness - nurses      | 163,149         | 163,149      | -                           | -                            | -                |
| 994      | 3994    | PEBA Nonemployer contributions           | 614,022         | 614,022      | -                           | -                            | -                |
|          |         |  | \$ 1,633,714    | \$ 1,633,714 | -                           | \$ -                         | \$ -             |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ALL PROGRAMS  
FOR FISCAL YEAR ENDED JUNE 30, 2018

**REVENUES****3000 Revenue from State Sources**

|   |                  |
|---|------------------|
| 3500 Education Improvement Act  |                  |
| 3502 ADEPT  | \$ 5,376         |
| 3507 Aid to district technology   | 103,062          |
| 3511 Professional development   | 43,553           |
| 3518 Adoption list of formative assessment                                | 41,267           |
| 3519 Grade 10 assessments   | 12,091           |
| 3525 Career and technology education equipment (carryover only)           | 38,738           |
| 3526 Refurbishment of science kits  | 22,021           |
| 3528 Industry certificates/credentials                                    | 22,997           |
| 3529 Career and technology education                                      | 120,357          |
| 3532 National board salary supplement (No carryover provision)            | 750,757          |
| 3533 Teacher of the year awards (No carryover provision)                  | 1,077            |
| 3538 Students at risk of school failure                                   | 837,525          |
| 3540 Early childhood program (4K programs serving four-year-old children) | 265,019          |
| 3550 Teacher salary increase (No carryover provision)                     | 1,715,047        |
| 3555 Teacher salary fringe (No carryover provision)                       | 277,744          |
| 3557 Summer reading program   | 72,993           |
| 3558 Reading  | 73,255           |
| 3577 Teacher supplies (No carryover provision)                            | 169,950          |
| 3578 High schools that work / making middle grades work (carryover only)  | 8,609            |
| 3587 Maintenance of state financial support (MES) Tier I                  | 12,663           |
| 3595 EEDA - Supplies and materials  | 10,631           |
| 3597 Aid to districts   | 131,212          |
|   | <hr/>            |
| <b>Total State Sources</b>  | <b>4,735,944</b> |
|   | <hr/>            |
| <b>TOTAL REVENUE ALL SOURCES</b>  | <b>4,735,944</b> |
|   | <hr/>            |

**EXPENDITURES****100 Instruction**

|                            |         |
|----------------------------|---------|
| 110 General Instruction    |         |
| 111 Kindergarten programs  |         |
| 100 Salaries               | 22,500  |
| 200 Employee benefits      | 6,141   |
| 112 Primary programs       |         |
| 100 Salaries               | 646,133 |
| 200 Employee benefits      | 198,031 |
| 400 Supplies and materials | 85,041  |
| 113 Elementary programs    |         |
| 100 Salaries               | 323,305 |
| 200 Employee benefits      | 128,657 |
| 400 Supplies and materials | 134,661 |
| 500 Capital outlay         | 103,062 |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ALL PROGRAMS  
FOR FISCAL YEAR ENDED JUNE 30, 2018

|  |                  |
|--|------------------|
| 114 High school programs                     |                  |
| 100 Salaries                                 | 123,171          |
| 200 Employee benefits                        | 33,535           |
| 400 Supplies and materials                   | 41,525           |
| 115 Career and technology education programs |                  |
| 100 Salaries                                 | 7,500            |
| 200 Employee benefits                        | 2,012            |
| 300 Purchased services                       | 22,997           |
| 500 Capital outlay                           | 104,441          |
| 120 Exceptional Programs                     |                  |
| 122 Trainable mentally handicapped           |                  |
| 100 Salaries                                 | 7,500            |
| 200 Employee benefits                        | 2,052            |
| 126 Speech handicapped                       |                  |
| 100 Salaries                                 | 43,401           |
| 200 Employee benefits                        | 18,100           |
| 127 Learning disabilities                    |                  |
| 100 Salaries                                 | 7,500            |
| 200 Employee benefits                        | 2,018            |
| 400 Supplies and materials                   | 12,663           |
| 128 Emotionally handicapped                  |                  |
| 100 Salaries                                 | 7,500            |
| 200 Employee benefits                        | 2,044            |
| 130 Preschool Programs                       |                  |
| 139 Early childhood programs                 |                  |
| 100 Salaries                                 | 170,601          |
| 200 Employee benefits                        | 67,587           |
| 300 Purchased services                       | 525              |
| 400 Supplies and materials                   | 23,456           |
| 170 Summer School Program                    |                  |
| 171 Primary summer school                    |                  |
| 100 Salaries                                 | 38,984           |
| 200 Employee benefits                        | 10,572           |
| 400 Supplies and materials                   | 12,195           |
| 180 Adult/Continuing Educational Programs    |                  |
| 188 Parenting/family literacy                |                  |
| 100 Salaries                                 | 74,951           |
| 200 Employee benefits                        | 39,064           |
| <b>Total Instruction</b>                     | <b>2,523,425</b> |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ALL PROGRAMS  
FOR FISCAL YEAR ENDED JUNE 30, 2018

**200 Supporting Services**

## 210 Pupil Services

## 212 Guidance services

|              |        |
|--------------|--------|
| 100 Salaries | 34,067 |
|--------------|--------|

|                       |       |
|-----------------------|-------|
| 200 Employee benefits | 9,184 |
|-----------------------|-------|

|                        |       |
|------------------------|-------|
| 300 Purchased services | 6,183 |
|------------------------|-------|

|                            |        |
|----------------------------|--------|
| 400 Supplies and materials | 57,803 |
|----------------------------|--------|

## 220 Instructional Staff Services

## 222 Library and media

|              |       |
|--------------|-------|
| 100 Salaries | 5,000 |
|--------------|-------|

|                       |       |
|-----------------------|-------|
| 200 Employee benefits | 1,358 |
|-----------------------|-------|

## 224 Improvement of instruction - inservice training

|              |       |
|--------------|-------|
| 100 Salaries | 6,933 |
|--------------|-------|

|                       |       |
|-----------------------|-------|
| 200 Employee benefits | 1,911 |
|-----------------------|-------|

|                        |        |
|------------------------|--------|
| 300 Purchased services | 52,202 |
|------------------------|--------|

|                            |       |
|----------------------------|-------|
| 400 Supplies and materials | 3,677 |
|----------------------------|-------|

## 250 Finance and Operations Services

## 255 Student transportation (state mandated)

|              |       |
|--------------|-------|
| 100 Salaries | 8,583 |
|--------------|-------|

|                       |       |
|-----------------------|-------|
| 200 Employee benefits | 2,419 |
|-----------------------|-------|

**Total Support Services**

|  |         |
|--|---------|
|  | 189,320 |
|--|---------|

**400 Other Charges**

## 410 Intergovernmental Expenditures

## 412 Payments to other governmental units

|              |        |
|--------------|--------|
| 720 Transits | 30,408 |
|--------------|--------|

**Total Intergovernmental Expenditures**

|  |        |
|--|--------|
|  | 30,408 |
|--|--------|

**TOTAL EXPENDITURES**

|  |           |
|--|-----------|
|  | 2,743,153 |
|--|-----------|

**OTHER FINANCING SOURCES (USES)**

## Interfund Transfers, from (to) Other Funds

## 420-710 Transfer to General Fund

|  |             |
|--|-------------|
|  | (1,992,791) |
|--|-------------|

**TOTAL OTHER FINANCING SOURCES (USES)**

|  |             |
|--|-------------|
|  | (1,992,791) |
|--|-------------|

Excess/(Deficiency) of Revenues over Expenditures

-

**FUND BALANCE - JULY 1, 2017**

-

**FUND BALANCE - JUNE 30, 2018**

|  |      |
|--|------|
|  | \$ - |
|--|------|

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
EDUCATION IMPROVEMENT ACT  
SUMMARY SCHEDULE BY PROGRAM  
FOR FISCAL YEAR ENDED JUNE 30, 2018

| Program   | Revenues     | Expenditures | EIA Interfund<br>Transfers<br>In/(Out) | Other Fund<br>Transfers<br>In/(Out) | Unearned<br>Revenue |
|---|--------------|--------------|--|-------------------------------------|---------------------|
| 3500 Education Improvement Act  |              |              |  |                                     |                     |
| 3502 ADEPT  | \$ 5,376     | \$ 5,376     | \$ -                                   | \$ -                                | \$ -                |
| 3507 Aid to district technology   | 103,062      | 103,062      | -                                      | -                                   | 1,057               |
| 3511 Professional development   | 43,553       | 43,553       | -                                      | -                                   | 62,876              |
| 3518 Adoption list of formative assessment                                | 41,267       | 41,267       | -                                      | -                                   | -                   |
| 3519 Grade 10 assessments   | 12,091       | 12,091       | -                                      | -                                   | 24,289              |
| 3525 Career and technology education equipment (carryover only)           | 38,738       | 38,738       | -                                      | -                                   | -                   |
| 3526 Refurbishment of science kits  | 22,021       | 22,021       | -                                      | -                                   | 33,064              |
| 3528 Industry certificates/credentials                                    | 22,997       | 22,997       | -                                      | -                                   | -                   |
| 3529 Career and technology education                                      | 120,357      | 120,357      | -                                      | -                                   | 45,526              |
| 3532 National board salary supplement (No carryover provision)            | 750,757      | 750,757      | -                                      | -                                   | -                   |
| 3533 Teacher of the year awards (No carryover provision)                  | 1,077        | 1,077        | -                                      | -                                   | -                   |
| 3538 Students at risk of school failure                                   | 837,525      | 837,525      | -                                      | -                                   | 749,539             |
| 3540 Early childhood program (4K programs serving four-year-old children) | 265,019      | 265,019      | -                                      | -                                   | -                   |
| 3550 Teacher salary increase (No carryover provision)                     | 1,715,047    | -            | -                                      | (1,715,047)                         | -                   |
| 3555 Teacher salary fringe (No carryover provision)                       | 277,744      | -            | -                                      | (277,744)                           | -                   |
| 3557 Summer reading program   | 72,993       | 72,993       | -                                      | -                                   | 64,946              |
| 3558 Reading  | 73,255       | 73,255       | -                                      | -                                   | 2,541               |
| 3577 Teacher supplies (No carryover provision)                            | 169,950      | 169,950      | -                                      | -                                   | -                   |
| 3578 High schools that work / making middle grades work (carryover only)  | 8,609        | 8,609        | -                                      | -                                   | -                   |
| 3587 Maintenance of state financial support (MES) Tier I                  | 12,663       | 12,663       | -                                      | -                                   | 87,000              |
| 3595 EEDA - Supplies and materials  | 10,631       | 10,631       | -                                      | -                                   | 16,062              |
| 3597 Aid to districts   | 131,212      | 131,212      | -                                      | -                                   | 3,529               |
| Totals  | \$ 4,735,944 | \$ 2,743,153 | \$ -                                   | \$ (1,992,791)                      | \$ 1,090,429        |

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, 2018

**REVENUES****1000 Revenues from Local Sources**

|   |                  |
|---|------------------|
| 1600 Food service                       |                  |
| 1610 Lunch sales to pupils              | \$ 638,564       |
| 1620 Breakfast sales to pupils          | 87,217           |
| 1630 Special sales to pupils            | 121,754          |
| 1640 Lunch sales to adults              | 46,436           |
| 1650 Breakfast sales to adults          | 6,986            |
| 1660 Special sales to adults            | 118,520          |
| 1900 Other revenue from local sources   |                  |
| 1999 Miscellaneous                      | 15,234           |
|   | <hr/>            |
| <b>Total Revenue from Local Sources</b> | <b>1,034,711</b> |

**3000 Revenue from State Sources**

|                            |            |
|----------------------------|------------|
| 3140 School lunch          |            |
| 3142 Program aid           | 273        |
|                            | <hr/>      |
| <b>Total State Sources</b> | <b>273</b> |

**4000 Revenue from Federal Sources**

|   |                  |
|---|------------------|
| 4800 USDA reimbursement                           |                  |
| 4810 School lunch and after school snacks program | 1,831,537        |
| 4830 School breakfast program                     | 610,607          |
| 4900 Other federal sources                        |                  |
| 4991 USDA commodities                             | 244,004          |
|   | <hr/>            |
| <b>Total Revenue from Federal Sources</b>         | <b>2,686,148</b> |

**TOTAL REVENUE ALL SOURCES**


---

3,721,132
**EXPENDITURES****200 Support Services**

|                               |                  |
|-------------------------------|------------------|
| 250 Finance and operations    |                  |
| 256 Food service              |                  |
| 300 Purchased services        | 3,018,920        |
| 400 Supplies and materials    | 251,598          |
| 500 Capital outlay            | 82,440           |
| 600 Other objects             | 9,358            |
|                               | <hr/>            |
| <b>Total Support Services</b> | <b>3,362,316</b> |

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, 2018

|   |                            |
|---|----------------------------|
| <b>TOTAL EXPENDITURES</b>                         | <u>3,362,316</u>           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                            |
| Interfund Transfers, from (to) other funds        |                            |
| 432-791 Food Service Fund Indirect Costs          | <u>(435,200)</u>           |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>       | <u>(435,200)</u>           |
| Excess/(Deficiency) of Revenues Over Expenditures | (76,384)                   |
| <b>FUND BALANCE - JULY 1, 2017</b>                | <u>1,138,773</u>           |
| <b>FUND BALANCE - JUNE 30, 2018</b>               | <u><u>\$ 1,062,389</u></u> |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2018

**REVENUES****1000 Revenue from Local Sources**

|  |                  |
|--|------------------|
| 1100 Taxes   |                  |
| 1110 Ad Valorem taxes - fiscally independent LEA           | \$ 4,624,057     |
| 1200 Revenue from local governmental units other than LEAs |                  |
| 1280 Revenue in lieu of taxes                              | 1,375,485        |
| 1500 Earnings on investments                               |                  |
| 1510 Interest on investments                               | 22,519           |
| <b>Total Revenue from Local Sources</b>                    | <b>6,022,061</b> |

**3000 Revenue from State Sources**

|   |                |
|---|----------------|
| 3800 State Revenue in Lieu of Taxes           |                |
| 3820 Homestead exemption                      | 153,540        |
| 3830 Merchant's inventory tax                 | 10,569         |
| 3840 Manufacturers depreciation reimbursement | 56,539         |
| 3890 Other state property tax revenues        | 14,836         |
| <b>Total Revenue from State Sources</b>       | <b>235,484</b> |

**TOTAL REVENUE ALL SOURCES**

6,257,545

**EXPENDITURES****500 Debt service**

|  |                  |
|--|------------------|
| 610 Redemption of principal            | 620,000          |
| 620 Interest                           | 849,305          |
| 630 Discount on bonds sold             | 44,464           |
| 640 Dues and fees                      | 805              |
| 690 Other objects                      | 189,438          |
| <b>Total Debt Service Expenditures</b> | <b>1,704,012</b> |

**TOTAL EXPENDITURES**

1,704,012

**OTHER FINANCING SOURCES (USES)**

|  |             |
|--|-------------|
| 5110 Premium on bonds sold                 | 26,880      |
| Interfund Transfers, from (to) other funds |             |
| 423-710 Transfer to Debt Service Fund EFC  | (4,515,734) |

**TOTAL OTHER FINANCING SOURCES (USES)**

(4,488,854)

Excess/(Deficiency)of Revenues Over Expenditures

64,679

**FUND BALANCE - JULY 1, 2017**

2,144,690

**FUND BALANCE - JUNE 30, 2018**

\$ 2,209,369

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, 2018

**REVENUES**

|                                  |      |
|----------------------------------|------|
| <b>TOTAL REVENUE ALL SOURCES</b> | \$ - |
|----------------------------------|------|

**EXPENDITURES****500 Debt service**

|                   |              |
|-------------------|--------------|
| 610 Principal     | \$ 7,365,000 |
| 620 Interest      | 800,734      |
| 690 Other objects | 5,000        |

|  |           |
|--|-----------|
| <b>Total Debt Service Expenditures</b> | 8,170,734 |
|--|-----------|

|                           |           |
|---------------------------|-----------|
| <b>TOTAL EXPENDITURES</b> | 8,170,734 |
|---------------------------|-----------|

**OTHER FINANCING SOURCES (USES)**

|  |           |
|--|-----------|
| Interfund Transfers, from (to) other funds |           |
| 5210 Transfer from General Fund            | 3,655,000 |
| 5240 Transfer from Debt Service Fund       | 4,515,734 |

|                                      |           |
|--------------------------------------|-----------|
| <b>TOTAL OTHER FINANCING SOURCES</b> | 8,170,734 |
|--------------------------------------|-----------|

|   |   |
|---|---|
| Excess/(Deficiency) of Revenues Over Expenditures | - |
|---|---|

|                                    |        |
|------------------------------------|--------|
| <b>FUND BALANCE - JULY 1, 2017</b> | 20,056 |
|------------------------------------|--------|

|                                     |           |
|-------------------------------------|-----------|
| <b>FUND BALANCE - JUNE 30, 2018</b> | \$ 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, 2018

**REVENUES****1000 Revenue from Local Sources**

|                              |            |
|------------------------------|------------|
| 1500 Earnings on investments |            |
| 1510 Interest on investments | \$ 127,006 |

|   |                |
|---|----------------|
| <b>Total Revenue from Local Sources</b> | <u>127,006</u> |
|---|----------------|

|                                  |                |
|----------------------------------|----------------|
| <b>TOTAL REVENUE ALL SOURCES</b> | <u>127,006</u> |
|----------------------------------|----------------|

**EXPENDITURES****200 Support services**

|  |              |
|--|--------------|
| 253 Facilities Acquisition and Construction Services |              |
| 300 Purchased services                               | 2,998,703    |
| 500 Capital outlay                                   |              |
| 520 Construction services                            | 4,035,028    |
| 530 Improvements other than buildings                | 211,902      |
| 600 Other objects                                    |              |
| 690 Other objects                                    | <u>4,402</u> |

|                               |                  |
|-------------------------------|------------------|
| <b>Total Support Services</b> | <u>7,250,035</u> |
|-------------------------------|------------------|

|                           |                  |
|---------------------------|------------------|
| <b>TOTAL EXPENDITURES</b> | <u>7,250,035</u> |
|---------------------------|------------------|

**OTHER FINANCING SOURCES (USES)**

|   |           |
|---|-----------|
| 5100 Sale of Bonds                        |           |
| 5110 Premium on bonds sold                | 723,479   |
| 5120 Proceeds of general obligation bonds | 9,485,000 |
| 5300 Sales of Fixed Assets                | 341,752   |

|  |                  |
|--|------------------|
| Interfund Transfers, from (to) other funds |                  |
| 5210 Transfer from General Fund            | <u>7,025,000</u> |

|   |                   |
|---|-------------------|
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b> | <u>17,575,231</u> |
|---|-------------------|

|   |            |
|---|------------|
| Excess/(Deficiency) of Revenues Over Expenditures | 10,452,202 |
|---|------------|

|                                    |                   |
|------------------------------------|-------------------|
| <b>FUND BALANCE - JULY 1, 2017</b> | <u>19,014,604</u> |
|------------------------------------|-------------------|

|                                     |                             |
|-------------------------------------|-----------------------------|
| <b>FUND BALANCE - JUNE 30, 2018</b> | <u><u>\$ 29,466,806</u></u> |
|-------------------------------------|-----------------------------|

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, 2018

**RECEIPTS****1000 Receipts from Local Sources**

|  |           |
|--|-----------|
| 1500 Earnings on investments                     |           |
| 1510 Interest on investments                     | \$ 2      |
| 1700 Pupil activities                            |           |
| 1710 Admissions                                  | 232,532   |
| 1720 Bookstore sales                             | 52,784    |
| 1730 Pupil organization membership               | 66,796    |
| 1740 Student fees                                | 690,611   |
| 1790 Other                                       | 1,906,238 |
| 1900 Other revenue from local sources            |           |
| 1920 Contributions and donations private sources | 64,121    |

**TOTAL RECEIPTS ALL SOURCES**


---

 3,013,084
**DISBURSEMENTS****100 Instruction**

|                                  |         |
|----------------------------------|---------|
| 190 Instructional pupil activity |         |
| 660 Pupil activity               | 382,963 |

**200 Support Services**

|  |           |
|--|-----------|
| 270 Supporting services pupil activity |           |
| 271 Pupil service activities           |           |
| 660 Pupil activity                     | 2,296,526 |

**TOTAL DISBURSEMENTS**


---

 2,679,489
**OTHER FINANCING SOURCES (USES)**

|  |           |
|--|-----------|
| Interfund Transfers, from (to) other funds |           |
| 421-710 Transfer to Special Revenue Fund   | (256,604) |

**TOTAL OTHER FINANCING SOURCES (USES)**


---

 (256,604)

Excess/(Deficiency) of Revenues Over Expenditures

76,991

**DUE TO STUDENT ORGANIZATIONS - JULY 1, 2017**


---

 1,079,109
**DUE TO STUDENT ORGANIZATIONS - JUNE 30, 2018**


---

 \$ 1,156,100

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
 DETAILED SCHEDULE OF DUE TO S.C. DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT  
 FOR FISCAL YEAR ENDED JUNE 30, 2018

| <u>Program</u>   | <u>Project<br/>Grant<br/>Number</u> | <u>Revenue &amp;<br/>Subfund<br/>Codes</u> | <u>Description</u>                   | <u>Amount Due<br/>to SCDE/<br/>Federal</u> | <u>Status of<br/>Amounts Due<br/>To Grantors</u> |
|--|-------------------------------------|--|--------------------------------------|--|--|
| <u>Due to State Department of Education</u>                      |                                     |  |                                      |  |  |
| Refurbishment of science kits                                    | EIA                                 | 3526 / 326                                 | Unspent Funds                        | \$ 10,871.77                               | Unpaid   |
| EEDA - Supplies and materials                                    | EIA                                 | 3595 / 395                                 | Unspent Funds                        | 12,223.39                                  | Unpaid   |
|  |                                     |  |                                      | <u>23,095.16</u>                           |  |
| <u>Due to Federal Government</u>                                 |                                     |  |                                      |  |  |
|  |                                     |  |                                      |  | Paid Check<br># 199603,<br>check<br>amount       |
| Title I, Focus   | 18 Title I Focus                    | 4310 / 237                                 | Overclaim due to<br>refund (220-300) | 341.39                                     | \$341.39   |
|  |                                     |  |                                      | <u>341.39</u>                              |  |
| Total Due to State Department of Education or Federal Government |                                     |  |                                      | <u>\$ 23,436.55</u>                        |  |

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
LOCATION RECONCILIATION SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2018

| Location ID | Location Description             | Education Level   | Cost Type | Total Expenditures    |
|-------------|----------------------------------|-------------------|-----------|-----------------------|
| 01          | Duncan Elementary                | Elementary School | School    | \$ 5,827,401          |
| 02          | Lyman Elementary                 | Elementary School | School    | 5,507,813             |
| 03          | Reidville Elementary             | Elementary School | School    | 8,692,091             |
| 04          | Abner Creek Academy              | Elementary School | School    | 5,278,882             |
| 05          | Wellford Academy                 | Elementary School | School    | 5,020,454             |
| 06          | Beech Springs Intermediate       | Elementary School | School    | 5,334,152             |
| 07          | D.R. Hill Middle School          | Middle School     | School    | 5,455,877             |
| 08          | J.F. Byrnes High School          | High School       | School    | 15,471,235            |
| 09          | Freshman Academy                 | High School       | School    | 4,514,826             |
| 10          | Districtwide                     | Non-School        | Central   | 28,171,214            |
| 11          | River Ridge Elementary           | Elementary School | School    | 6,077,636             |
| 12          | Berry Shoals Intermediate School | Elementary School | School    | 5,384,906             |
| 14          | Florence Chapel Middle School    | Middle School     | School    | 5,814,159             |
|             |                                  |                   |           | <u>\$ 106,550,646</u> |

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

| <u>Fund</u>  | <u>Amount</u>         |
|--|-----------------------|
| General Fund   | \$ 74,465,594         |
| Special Revenue Fund                                   | 6,175,313             |
| EIA Fund   | 2,743,153             |
| Debt Service Fund                                      | 1,704,012             |
| Debt Service Fund - Educational Facilities Corporation | 8,170,734             |
| Capital Projects Fund                                  | 7,250,035             |
| Food Service Fund                                      | 3,362,316             |
| Pupil Activity Fund                                    | 2,679,489             |
|  | <u>\$ 106,550,646</u> |

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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 of  
Spartanburg County School District Five  
Duncan, South Carolina

## INDEPENDENT AUDITOR'S REPORT

We have audited, 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, 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2018.

### 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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*.

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

**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  
November 7, 2018

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited Spartanburg County School District Five's (the "District") 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, 2018. 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 Spartanburg County School District Five'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, 2018.

**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 an 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 compliance.

To the Board of Trustees of  
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  
November 7, 2018

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 2018

| LEA<br>Subfund<br>Code                             | Federal Grantor/Pass Through<br>Grantor/Program Title                                    | Federal<br>CFDA<br>Number | Pass-<br>through<br>Grantor's<br>Number |            | Expenditures     |
|--|--|---------------------------|---|------------|------------------|
| <u>U.S. Department of Agriculture</u>              |  |                           |   |            |                  |
| Pass-through S.C. Department of Education          |  |                           |   |            |                  |
| Child Nutrition Cluster                            |  |                           |   |            |                  |
| Non-Cash Assistance:                               |  |                           |   |            |                  |
| 600  | National School Lunch Program  | 10.555                    | N/A                                     | \$ 244,004 |                  |
|  | <i>Total Non-Cash Assistance</i>   |                           |   |            | \$ 244,004       |
| Cash Assistance:                                   |  |                           |   |            |                  |
| 600  | School Breakfast Program   | 10.553                    | N/A                                     | 610,607    |                  |
| 600  | National School Lunch Program  | 10.555                    | N/A                                     | 1,831,537  |                  |
|  | <i>Total Cash Assistance</i>   |                           |   |            | 2,442,144        |
|  | <i>Total Child Nutrition Cluster</i>   |                           |   |            | 2,686,148        |
|  | Total U.S. Department of Agriculture   |                           |   |            | 2,686,148        |
| <u>U.S. Department of Education</u>                |  |                           |   |            |                  |
| Pass-through S.C. Department of Education          |  |                           |   |            |                  |
| 201  | Title I, Regular   | 84.010                    | 18 Title I Regular                      | \$ 975,185 |                  |
| 201  | Title I, Regular   | 84.010                    | 18 Title I Carryover                    | 437,521    |                  |
| 221  | Title I, Neglected and Delinquent  | 84.010                    | 18 Title I N&D                          | 34,198     |                  |
| 221  | Title I, Neglected and Delinquent  | 84.010                    | 17 Title I N&D                          | 2,693      |                  |
| 237  | Title I, Focus   | 84.010                    | 18 Title I Focus                        | 64,300     | 1,513,897        |
| Special Education Cluster                          |  |                           |   |            |                  |
| 203  | Individuals With Disabilities Education Act (IDEA)                                       | 84.027                    | 18 IDEA                                 | 1,432,300  |                  |
| 204  | Individuals With Disabilities Education Act (IDEA)                                       | 84.027                    | 17 IDEA                                 | 202,959    |                  |
| 204  | Individuals With Disabilities Education Act (IDEA)                                       | 84.027                    | 16 IDEA                                 | 47,426     |                  |
| 209  | Individuals With Disabilities Education Act (IDEA), SSIP                                 | 84.027                    | 18 IDEA, SSIP                           | 158,980    |                  |
| 807  | Extended School Year   | 84.027                    | ESY                                     | 1,387      |                  |
| 205  | Preschool Grants (IDEA)  | 84.173                    | 18 IDEA Preschool                       | 58,340     |                  |
|  | <i>Total Special Education Cluster</i>   |                           |   |            | 1,901,392        |
| 207  | CATE (Subprogram 3)  | 84.048                    | 18 CATE                                 | 1,049      |                  |
| 207  | CATE (Subprogram 4)  | 84.048                    | 18 CATE                                 | 16,844     |                  |
| 207  | CATE (Subprogram 6)  | 84.048                    | 18 CATE                                 | 15,105     |                  |
| 208  | CATE (Subprogram 10)   | 84.048                    | 18 CATE                                 | 27,053     |                  |
| 208  | CATE (Subprogram 4)  | 84.048                    | 17 CATE                                 | 1,080      |                  |
| 208  | CATE (Subprogram 6)  | 84.048                    | 17 CATE                                 | 713        | 61,844           |
| 264  | Language instruction for limited english proficient<br>and immigrant students, Title III | 84.365                    | 18 Title III                            | 43,554     |                  |
| 264  | Language instruction for limited english proficient<br>and immigrant students, Title III | 84.365                    | 17 Title III                            | 225        | 43,779           |
| 267  | Improving Teacher Quality, Title II  | 84.367                    | 18 Title II                             | 174,897    |                  |
| 263  | Improving Teacher Quality, Title II  | 84.367                    | 17 Title II                             | 3,031      | 177,928          |
| 209  | Title IV, SSAE   | 84.424                    | 18 Title IV                             |            | 7,070            |
|  | Total U.S. Department of Education   |                           |   |            | 3,705,910        |
| <u>U.S. Department of Defense</u>                  |  |                           |   |            |                  |
| Direct Program                                     |  |                           |   |            |                  |
| 277  | Air Force ROTC   | 12.000                    | SC0H0932                                |            | 109,627          |
|  | Total U.S. Department of Defense   |                           |   |            | 109,627          |
| <b>Total Federal Financial Assistance Expended</b> |  |                           |   | <b>\$</b>  | <b>6,501,685</b> |

See note to schedule of expenditures of federal awards.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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. The District has elected to not use the de minimis 10% indirect cost rate as allowed under the Uniform Guidance.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018

Fiscal year ended June 30, 2017:

**Financial Statement Findings:**

None.

**Federal Award Findings and Questioned Costs:**

None.

SPARTANBURG COUNTY SCHOOL DISTRICT FIVE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018

**Section I - Summary of Auditor's Results**Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material Weakness(es) identified?            Yes       X       No

Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes       X       None Reported

Noncompliance material to financial statements noted?            Yes       X       No

Federal Awards

Internal control over major programs:

Material Weakness(es) identified?            Yes       X       No

Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes       X       None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200?            Yes       X       No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.027; 84.173        | Special Education Cluster                 |

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

Auditee qualified as low-risk auditee?       X       Yes            No

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None