

**Spartanburg County School District 3  
Glendale, South Carolina**

***Report on Financial Statements***

***For the year ended June 30, 2022***

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## **Spartanburg County School District Number 3**

### *Principal Officials*

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#### **Board of Trustees**

Chris Jolley, Board Chairperson  
Ami Odom, Board Vice-Chairperson  
Billy Gossett, Secretary  
Jodi Gilmer  
Holly Jolley  
Sarah Dunn  
Eddie Dearybury  
Deion Logan  
Catherine Voelker

#### **Superintendent**

Kenny Blackwood

#### **Assistant Superintendent for Finance & Operations**

Greg Mack

# Spartanburg County School District Number 3

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## Independent Auditor's Report

Board of Trustees  
Spartanburg County School District Number 3  
Glendale, South Carolina

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Spartanburg County School District Three, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 the District as of June 30, 2022, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, 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* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Manley Garvin, LLC". The signature is written in a cursive style.

Greenwood, South Carolina  
November 28, 2022

## Spartanburg County School District Number 3

### *Management's Discussion and Analysis*

*For the year ended June 30, 2022*

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This section of Spartanburg County School District Number 3's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- On the government-wide basis, liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by approximately \$44.4 million. Unrestricted net position was a deficit of \$74.8 million, primarily due to the net pension liability (including related deferred outflows and inflows of resources) of \$35.6 million and the net other postemployment benefits ("OPEB") liability (including related deferred outflows and inflows of resources) of \$40.9 million. The net pension liability is required by Governmental Accounting Standard Boards ("GASB") Statement No. 68, *"Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"* ("GASB 68"). The net OPEB liability is required by GASB Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("GASB 75"). The District participates in the South Carolina Retirement System's ("SCRS") pension plans and the South Carolina Retiree Health Care Plan ("SCRHCP") OPEB plans. The District is required by GASB 68 and GASB 75 to recognize its proportionate share of the SCRS' and the SCRHCP's unfunded liabilities on the District's government-wide financial statements.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$22.4 million, a decrease of approximately \$10.4 million from the prior year ending fund balance. Approximately 31% of the total fund balance amount (unassigned fund balance), or approximately \$6.9 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$6.9 million, which was approximately 24% of General Fund expenditures.
- The District's total net capital assets increased by approximately \$8.0 million (20.7%) during the current fiscal year. Key factors in this increase were additions of approximately \$27.2 million partially offset by depreciation expense of approximately \$2.0 million.
- The District's total long-term obligations decreased by approximately \$1.7 million (3.8%) during the current fiscal year due to debt payments of approximately \$1.6 million. The District did not issue any new long-term obligations during the current year.
- During 2022, the District's governmental activities type revenues were approximately \$44.4 million compared to \$43.7 million in the prior year an increase of approximately \$1.0 million (2%).
- The District had approximately \$54.9 million in expenses related to governmental activities; approximately \$27.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of approximately \$16.9 million provided remaining funding for these programs.
- The District's total net position increased by approximately \$280 thousand. This increase is due to revenues and other financing sources exceeding expenditures in the current year.
- The Spartanburg County School District Three SCAGO Education Facilities Corporation ("EFC") was established in July 2006. Although the EFC is a legally separate entity, it is reflected as a blended component unit of the District and the financial information of the EFC is included in individual columns throughout the financial statements.

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## Spartanburg County School District Number 3

### *Management's Discussion and Analysis*

*For the year ended June 30, 2022*

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#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Introductory Section, Financial Section (which includes the financial statements, management's discussion and analysis, and the combining and individual fund financial schedules for governmental funds), and the Compliance Section.

**Government-Wide Financial Statements.** The financial statements include two kinds of statements that present different views of the District. The first two statements are government-wide financial statements that provide a broad overview of the District's overall financial status, in a manner similar to a private-sector enterprise.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include instruction, support services, community services and intergovernmental. The District does not have any business-type activities.

The governmental-wide financial statements can be found as listed in the table of contents of this report.

**Fund Financial Statements.** The remaining financial statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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## Spartanburg County School District Number 3

### *Management's Discussion and Analysis*

*For the year ended June 30, 2022*

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Special Revenue – EIA Fund, Special Revenue – Food Service Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. In addition, the EFC's Capital Projects Fund and Debt Service Fund are also major funds and therefore shown in separate columns.

The governmental fund financial statements can be found as listed in the table of contents of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

**Other Information.** The combining and individual fund schedules referred to earlier can be found as listed in the table of contents of this report.

The District has a legally adopted budget only for its General Fund. A budgetary comparison schedule has been provided as a required supplementary schedule for this fund to demonstrate compliance with its budget. This schedule can be found as listed in the table of contents of this report.

# Spartanburg County School District Number 3

## Management's Discussion and Analysis

For the year ended June 30, 2022

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**  
**Major Features of Spartanburg County School District Number 3**  
**Government-Wide and Fund Financial Statements**

	<b>Government-Wide Statements</b>	<b>Fund Statements</b>
		<b>Governmental Funds</b>
Scope	Entire District government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

### Government-Wide Statements

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately (\$44.4 million) at the close of the most recent fiscal year.

# Spartanburg County School District Number 3

## Management's Discussion and Analysis

For the year ended June 30, 2022

Table 1 provides a summary of the District's Net Position for 2021 and 2022:

**Table 1**  
**Spartanburg County School District Number 3's Net Position**

	Governmental Activities	
	2022	2021
<b>Assets and deferred outflows</b>		
Current and other assets	\$ 31,998,696	\$ 39,926,909
Capital assets	40,372,659	38,580,163
Deferred outflows	11,464,664	14,190,269
Total assets and deferred outflows	<u>\$ 90,050,891</u>	<u>\$ 92,697,341</u>
<b>Liabilities and deferred inflows</b>		
Long-term liabilities	\$ 116,945,508	\$ 120,565,069
Other liabilities	10,784,809	8,092,163
Deferred inflows	6,743,046	8,746,557
Total liabilities and deferred inflows	<u>134,473,363</u>	<u>137,403,789</u>
<b>Net position</b>		
Net investment in		
Capital assets	15,019,573	15,815,921
Restricted	15,403,358	25,414,880
Assigned	-	1,000,000
Unrestricted (deficit)	<u>(74,845,403)</u>	<u>(86,937,249)</u>
Total net position	<u>\$ (44,422,472)</u>	<u>\$ (44,706,448)</u>

Total net position of the District's governmental activities increased \$284 thousand from the amount reported as of June 30, 2021 primarily due to an increase in current and other assets offset by an increase in net pension liability, long term debt and related deferred inflows / outflows and an increase in net OPEB liability and related deferred inflows / outflows.

The District's current and other assets at June 30, 2022 decreased by approximately \$7.9 million from the prior year, attributable to lower cash balances on hand at June 30, 2022. The District's capital assets at June 30, 2022 increased by approximately \$1.8 million from the prior year. The increase was primarily due to additions of approximately \$25.1 million, partially offset by depreciation expense of approximately \$2.0 million. The total liability, deferred outflows of resources and deferred inflows of resources related to the net pension and OPEB obligation at June 30, 2022 increased due to the changes noted in the Financial Highlights section.

In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$44.4 million at the close of the most recent fiscal year. The largest positive portion of the District's Net Position, approximately \$15 million, reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt and lease purchase obligations used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay these long-term obligations must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position of approximately \$15.4 million represents resources that are subject to external restrictions on how they may be used. These Net Position are restricted for the food service program, other special revenue programs (which are restricted by the revenue source), capital projects and debt service payments. The remaining balance is unrestricted net position (deficit) of approximately (\$74.8 million) which may be used to meet the government's ongoing obligations to citizens and creditors.

# Spartanburg County School District Number 3

## Management's Discussion and Analysis

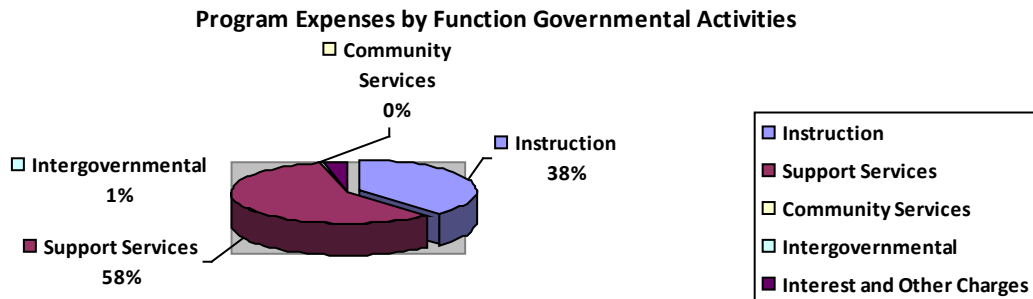
For the year ended June 30, 2022

**Table 2**  
**Changes in Spartanburg County School District Number 3's Net Position**

	Governmental Activities	
	2022	2021
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 881,083	\$ 609,797
Operating grants and contributions	21,806,353	19,784,940
General revenues:		
Property taxes	14,108,856	14,950,519
Other	7,997,596	8,525,990
Total revenues	<u>43,912,805</u>	<u>43,871,246</u>
<b>Expenses</b>		
Instruction	16,842,925	21,871,126
Support services	25,950,982	19,349,919
Community services	28,119	42,203
Intergovernmental and other	251,971	174,725
Interest and other charges	1,435,915	1,190,499
Total expenses	<u>44,509,912</u>	<u>42,628,472</u>
Excess (deficiency) before transfers	283,976	1,242,774
Net Position, Beginning of year	<u>(44,706,448)</u>	<u>(46,272,949)</u>
Net Position, End of Year	<u>\$ (44,422,472)</u>	<u>\$ (44,706,448)</u>

Governmental activities increased the District's net position from 2021 to 2022 by approximately \$280 thousand or approximately 0.6%. Key elements that impacted the change in Net Position for 2022 are as follows:

- A decrease in property taxes of approximately \$842 thousand.
- An increase in support services expenses of approximately \$6.6 million.
- An increase in operating grants and contributions of approximately \$2.0 million.



### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The analysis of governmental funds serves the purpose of determining available fund resources, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

## **Spartanburg County School District Number 3**

### ***Management's Discussion and Analysis***

***For the year ended June 30, 2022***

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For the year ended June 30, 2022, the District's governmental funds reported a combined fund balance of approximately \$22.4 million, as compared to \$32.8 million for the prior year. The decrease is due to the General Fund decreasing by approximately \$400 thousand and a combined decrease in the Capital Projects Funds, Special Revenue Funds, and Debt Service Funds of \$10 million. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2022, the District's unassigned fund balance for all governmental funds was approximately \$7.0 million. The remaining amount of approximately \$15.4 million is primarily assigned, restricted or nonspendable for prepaid items, special revenue, capital projects, debt service, and food service.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund totaled approximately \$7.0 million. The fund balance for the General Fund decreased by approximately \$400 thousand (5.8%) during fiscal year 2022.

The District's Special Revenue Fund and Special Revenue – EIA Fund, generally are used to account for revenues derived from the State of South Carolina and the Federal Government. In general, these Special Revenue Funds do not have fund balances as revenues should be expended, deferred, or returned to the grantor. The Special Revenue – Food Service Fund is used to account for the District's food service operations; the fund balance increased by approximately \$329 thousand to approximately \$1.2 million at June 30, 2022.

The Debt Service Fund and Debt Service – EFC Fund is shown in the accompanying financial statements of the District. The funds are used to account for debt retirement. The fund balance for the District's Debt Service Fund decreased by approximately \$140 thousand from the prior year's balance primarily due to revenues being lower than the required debt service for the year. The fund balance at June 30, 2022 was approximately \$2.3 million which is restricted for the payment of debt service. The fund balance for the Debt Service – EFC Fund remained mostly constant and was approximately \$5.9 thousand at June 30, 2022 and is reserved for future debt service related to the installment purchase revenue bonds.

The Capital Projects Fund and Capital Projects – EFC Fund are utilized to account for the District's capital project transactions. The fund balance for the District's Capital Projects Fund decreased by approximately \$10.4 million in 2022 to approximately \$10.2 million at June 30, 2022. The Capital Projects Fund had approximately \$10.2 million restricted for capital projects. The fund balance for the Capital Projects – EFC Fund increased approximately \$12 thousand in 2022 to approximately \$29 thousand at June 30, 2022. The fund balance is restricted for future capital projects.

### **General Fund Budgetary Highlights**

The District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The District has only one legally adopted budget – the General Fund. During the course of fiscal year 2022, no amendments to the District's General Fund revenue or expenditure budgets were made. Key highlights are as follows:

- Local taxes were collected at approximately 95% of assessed valuation and 99.1% of budget. Overall, there was a surplus of local revenue collections of approximately \$323 thousand due mostly to larger than budgeted revenue in lieu of taxes as well as unbudgeted items of local revenue.
- State revenues were collected at a surplus of approximately \$202 thousand due mostly to surplus collections in state revenue in lieu of taxes and employer contributions revenue lines.

# Spartanburg County School District Number 3

## Management's Discussion and Analysis

For the year ended June 30, 2022

- There were no mid-year reductions in appropriated state funds outside of those resulting from the 135th day counts state-wide.
- The General Fund expenditure budget variance was about 1.2% while revenues were collected in excess of the budget by 1.8%. This resulted in a net decrease in fund balance of approximately \$404 thousand, creating an unassigned fund balance of approximately 23.9% of the 2022 operating budget.
- Enrollment experienced a 4.46% increase, from 2.6 thousand in fiscal year 2021 to 2.7 thousand in fiscal year 2022, based on the average daily membership, grades K through 12, on the 135th day of school.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

As of the end of 2022, the District had invested \$40,372,659, net of depreciation, in capital assets and land. (See Table 3). Total depreciation expense for the year was \$2,047,506. Accumulated depreciation is \$40,965,412.

**Table 3**  
**Spartanburg County School District Number 3's Capital Assets**

	Governmental Activities	
	2022	2021
Land	\$ 445,836	\$ 445,836
Buildings and improvements	77,107,574	60,103,991
Equipment	4,230,497	3,098,325
Construction in progress	5,769,036	13,950,460
Less: Accumulated Depreciation	<u>(40,965,412)</u>	<u>(39,018,449)</u>
Total	<u>\$ 46,587,531</u>	<u>\$ 38,580,163</u>

For more information on the District's capital assets, see Note III.F of the financial statements.

#### Debt Administration

As shown in Table 4, the District had outstanding long-term obligations of approximately \$41.8 million and \$43.4 million as of June 30, 2022 and 2021, respectively. The District made principal payments on debt and lease purchase obligations in 2022 of approximately \$1.6 million and interest payments of approximately \$1.2 million (excluding bank fees and other expenses). All of the District's general obligation bond debt is backed by the full faith and credit of the District.

#### Long-term Debt

The state limits the amount of general obligation debt the District can issue without a public referendum to 8% percent of the assessed value of all taxable property within the District's limits. At June 30, 2022, our outstanding debt under this provision is approximately \$7,013,000 below this limit.

On July 14, 2020, a successful bond referendum election was held for the issuance of \$29,500,000 in general obligation bonds to construct two buildings on the campus of the former Clifdale Elementary School for the purpose of converting this school into Clifdale Middle. In addition, renovations will be made at the remaining schools to increase their useful lives. With the subsequent closing and consolidation of the two existing middle schools, these actions will create a model that will consist of three elementary schools, one middle school, and one high school.

# Spartanburg County School District Number 3

## Management's Discussion and Analysis

For the year ended June 30, 2022

The bond issue associated with the July 14 election was closed on September 29, 2020, and funds were deposited in a designated building fund in the SC State Treasurer's Local Government Investment Pool. At year end, the District had \$42,136,560 in long term debt outstanding, as shown in Table 4.

**Table 4**  
**Spartanburg County School District Number 3's Outstanding Long Term Debt**

	Governmental	
	Activities	
	2022	2021
2013 Performance Equipment Lease	\$ 3,071,000	\$ 3,484,000
2015 Installment Purchase Revenue Refunding Bonds	8,645,000	9,440,000
2020 General Obligation Bond	28,575,000	28,890,000
Bond premium	1,548,519	1,618,119
Note Payable	-	50,000
Compensated absences	209,651	253,346
Total	<u>\$ 42,136,560</u>	<u>\$ 43,735,465</u>

More detailed information about the District's debt and other long-term obligation is presented in Notes III.G and III.H of the financial statements.

### ECONOMIC FACTORS

The District is located in the eastern part of Spartanburg County and encompasses a land area of approximately 79.8 square miles. The county population is estimated to be 331,081, with the District's population estimated at 15,652. The small municipalities of Cowpens and Pacolet and several historic mill villages are included in the District.

The present area and boundaries of the District were established in 1951 as a result of the consolidation of smaller school districts. The District operates a voluntary non-racial unitary school system under guidelines approved by the U.S. Department of Health, Education, and Welfare. Schools in the District include three elementary schools, two middle schools, and one senior high school. As a result of the consolidation of the two middle schools into one, effective August 2021, the configuration will be three elementary, one middle and one high school, labeled by the district as the "3-1-1 Model." The District is fully accredited by the South Carolina Department of Education and the Southern Association of Colleges and Schools.

The largest taxpayers in District Three include RR Donnelley & Sons, a catalog printing and binding firm; Auriga Polymers, a polymer & staple resin firm; BASF Corporation, a chemical surfactants firm; Duke Energy, a public utility company; and Johns Manville, a manufacturer of insulation, roofing, and other engineered building materials. Together, these industries account for over 28% of the assessed valuation in fiscal year 2022 for District Three.

### FY 2023 BUDGET

Fiscal Year 2022-23 came with more of a sense of normalcy in the post-pandemic world, and the inclusion of Elementary and Secondary School Emergency Relief (ESSER) funding allowed the District to further address the learning deficiencies that were brought about by the response to COVID-19 with additional personnel and programming at the school level geared toward academic recovery. This funding also allowed us to address some salary and operational needs that resulted in an increase in the overall General Fund budget of about 5.5%.

## **Spartanburg County School District Number 3**

### ***Management's Discussion and Analysis***

***For the year ended June 30, 2022***

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Salaries for teachers increased by \$2,260 per cell as a cost-of-living increase, and steps 29 through 31 were added. Paraprofessional salaries were increased by an average of 5% on the scale, and bus driver pay was increased by a range of 5% to 7%. All other scales were increased by 2% and all eligible employees received a step increase. There was a 1% increase in employer retirement rates, and an 18.1% mid-year increase in employer health insurance costs, with no increase to the employee for either.

The State's revenue picture going into the FY 2023 budget year was strong, with historically large surpluses in recurring and one-time line items. The Legislature made some major changes to the State funding formula for schools, effectively re-purposing the Education Finance Act and several Education Improvement lines and consolidating them into a two-pronged funding stream called State Aid to Schools. The EIA component of this revenue stream will be transferred to the General Fund and utilized as part of the overall state funding component of our budget.

Our major focus for fiscal year 2022-23 budget was to continue our academic recovery efforts from pandemic by making the best use of ESSER funds and complementary increases in the General Fund facilitated by local growth and increases brought about by the new state funding formula. It remains to be seen if the impact of the new funding formula will remain positive, and we will face some challenges as we transition away from the federal ESSER funding initiatives which expire over the next two fiscal years.

The District's top goals beyond improvement of academic achievement are the continuation of its capital improvements and one to one technology initiative. Long-term plans provide for funding of both initiatives through the sale of bonds and capital leases.

The District's successful bond referendum campaign in July 2020 resulted in the authorization to issue up to \$29,500,000 in general obligation bonds. The first phase of capital improvements undertaken with these funds was the 2020 to 2021 conversion of Clifdale Elementary School into Clifdale Middle, which was the culmination of the 3-1-1 model and allowed us to close or two former middle school facilities. This school opened as our consolidated middle school in the fall of 2021.

During the summer of 2022, the second and, in terms of short construction cycle, most ambitious phase of our referendum projects was completed in time for school to open in August 2022. We undertook major renovations at all four of our remaining schools, including roof replacement, replacement of flooring, lighting, and ceiling tiles, and the total re-furnishing of classrooms. This was funded by the remaining referendum bond proceeds combined with a transfer of \$1,000,000 in Assigned Fund Balance from the FYE June 30, 2021 financial statements.

In addition to these improvements, the District has undertaken and completed several Indoor Air Quality improvements utilizing ESSER II funds and is in the process of constructing a seven classroom addition to Cannons Elementary School. This addition is designed to address growth in the Cannons community and is being funded by Federal American Rescue Plan (ARP) ESSER III funds. Completion is expected in early 2023 and will be ready for occupancy early in the second semester of the 2022-23 school year if needed.

The implementation of the 3-1-1 model continues to result in significant operational budget savings which have been reinvested into academic programs or additional capital projects. These savings, coupled with federal Academic Recovery Plan monies, remain the cornerstone of our post—COVID academic recovery efforts. These efforts, along with the improved learning environments which have resulted from our capital improvement program, cause us to expect significant improvements in student learning throughout the District.

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## **Spartanburg County School District Number 3**

### ***Management's Discussion and Analysis***

***For the year ended June 30, 2022***

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Overall, despite the pandemic and recent inflationary pressures, the economic outlook for the district is relatively stable for Fiscal Year 2022-23, with no anticipated mid-year reductions in state revenue. However, reductions in revenue are always a possibility in an environment where much of our revenue base is market sensitive. We remain committed to minimizing the impact to the classroom when austerity measures become necessary.

Public education in South Carolina is ever more reliant on market sensitive revenue sources, and due to legislative commitment to property tax relief over the past twenty years or more, school districts are less able to react locally to fund initiatives and identified needs. This presents all public school districts in the state with a difficult and ongoing budget puzzle. Even with a stable and growing economy, growth in program offerings and the replacement of equipment and technology will be much more difficult in the ensuing years. This challenge will be further complicated by anticipated staffing difficulties in an era of teacher shortages, the beginnings of which we are already experiencing. The District leadership will continue to work closely with state, federal, and local authorities within the legal confines of taxing authority to maximize all potential revenue sources, while maintaining austerity measures with regard to expenditures, to ensure the strongest financial position possible under current and changing circumstances as challenges arise.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at Spartanburg School District Number Three, 3535 Clifton Glendale Road, Glendale, South Carolina, 29346.

**Spartanburg County School District Number 3****Statement of Net Position****As of June 30, 2022**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and investments	\$ 26,703,062
Due from county treasurer	1,223,904
Taxes receivable, net	1,120,529
Accounts receivable	185,815
Due from State Department of Education	2,765,386
Total current assets	<u>31,998,696</u>
<b>Non-current assets</b>	
Capital assets not being depreciated	6,214,872
Capital assets - net	40,372,659
Total non-current assets	<u>46,587,531</u>
Total assets	<u>78,586,227</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pension	595,343
Deferred outflows - OPEB	10,869,321
	<u>11,464,664</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ <u>90,050,891</u></b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 6,539,140
Accrued salaries and benefits	1,333,490
Accrued interest	323,202
Unearned revenue	633,377
Short term bond payable	176,000
Current portion of noncurrent liabilities	
Long term debt	1,659,600
Compensated absences	120,000
Total current liabilities	<u>10,784,809</u>
<b>Non-current liabilities</b>	
Long term debt	40,179,919
Net pension liability	35,608,260
Compensated absences	177,041
OPEB liability	40,980,288
Total non-current liabilities	<u>116,945,508</u>
Total liabilities	<u>127,730,317</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pension	2,066,548
Deferred inflows - OPEB	4,676,498
	<u>6,743,046</u>
<b>Net position (deficit)</b>	
Net investment in capital assets	15,019,573
Restricted for:	
Debt service	2,310,420
Capital projects	10,301,109
Special revenue	2,791,829
Unrestricted (deficit)	<u>(74,845,403)</u>
Total net position (deficit)	<u>(44,422,472)</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position (Deficit)</b>	<b>\$ <u>90,050,891</u></b>

**See Notes to Financial Statements**

## Spartanburg County School District Number 3

### Statement of Activities

For the year ended June 30, 2022

Functions/programs	Expenses	Program revenues		Net revenue (expense) and changes in net position
		Charges for Sales and Service	Operating Grants and Contributions	Governmental Activities
Governmental activities				
Instruction	\$ 16,842,925	\$ -	\$ 10,874,515	\$ (5,968,410)
Support services	25,950,982	-	10,849,768	(15,101,214)
Community services	28,119	-	73,642	45,523
Intergovernmental and other	251,971	881,083	8,428	637,540
Interest and other charges	1,435,915	-	-	(1,435,915)
Total governmental activities	<u>\$ 44,509,912</u>	<u>\$ 881,083</u>	<u>\$ 21,806,353</u>	<u>(21,822,476)</u>
General revenues:				
Property taxes levied for:				
General purposes				10,535,193
Debt service				3,573,663
Payments in lieu of taxes				2,258,544
State aid/grants (unrestricted)				5,119,213
Unrestricted investment earnings				55,643
Gain (loss) on sale of capital assets				(38,146)
Miscellaneous				602,342
Total general revenues and transfers				<u>22,106,452</u>
Change in net position				283,976
Net position (deficit), beginning of year				<u>(44,706,448)</u>
Net position (deficit), end of year				<u>\$ (44,422,472)</u>

See Notes to Financial Statements

**Spartanburg County School District Number 3**

*Balance Sheet - Governmental Funds*

*As of June 30, 2022*

	Special Revenue Funds							Total Governmental Funds	
	General	Special Revenue - Other	Education Improvement Act	Food Service	Capital Projects	Capital Projects-EFC	Debt Service		Debt Service-EFC
<b>Assets</b>									
Cash and investments	\$ 13,299,819	\$ 239,315	\$ -	\$ 143	\$ 13,155,290	\$ 8,495	\$ -	\$ -	\$ 26,703,062
Inventory	-	-	-	-	-	-	-	-	-
Due from county treasurer	1,042,872	-	-	-	-	21,553	153,584	5,895	1,223,904
Accounts receivable	129,573	56,242	-	-	-	-	-	-	185,815
Due from other governmental units	78,809	2,613,809	22,043	50,725	-	-	-	-	2,765,386
Taxes receivable - net	879,958	-	-	-	-	-	240,571	-	1,120,529
Due from other funds	739,729	1,425,976	613,507	1,225,188	2,278,277	-	2,332,416	-	8,615,093
Total assets	<u>\$ 16,170,760</u>	<u>\$ 4,335,342</u>	<u>\$ 635,550</u>	<u>\$ 1,276,056</u>	<u>\$ 15,433,567</u>	<u>\$ 30,048</u>	<u>\$ 2,726,571</u>	<u>\$ 5,895</u>	<u>\$ 40,613,789</u>
<b>Liabilities</b>									
Accounts payable	\$ 544,984	\$ 1,162,902	\$ 19,980	\$ 16,876	\$ 3,780,672	\$ -	\$ -	\$ -	\$ 5,525,414
Accounts payable-Daniel Morgan Technology Center	1,013,726	-	-	-	-	-	-	-	1,013,726
Accrued salaries and benefits	1,333,490	-	-	-	-	-	-	-	1,333,490
Unearned revenues	1,450	27,553	604,374	-	-	-	-	-	633,377
Due to other funds	5,598,362	1,612,238	11,196	-	1,381,334	500	11,463	-	8,615,093
Short term bond payable	-	-	-	-	-	-	176,000	-	176,000
Total liabilities	<u>8,492,012</u>	<u>2,802,693</u>	<u>635,550</u>	<u>16,876</u>	<u>5,162,006</u>	<u>500</u>	<u>187,463</u>	<u>-</u>	<u>17,297,100</u>
<b>Deferred inflows of resources</b>									
Unavailable revenues - property taxes	701,677	-	-	-	-	-	228,688	-	930,365
Total deferred inflows of resources	<u>701,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,688</u>	<u>-</u>	<u>930,365</u>

**See Notes to Financial Statements**

**Spartanburg County School District Number 3**

*Balance Sheet - Governmental Funds, Continued*

*As of June 30, 2021*

	Special Revenue Funds							Total Governmental Funds	
	General	Special Revenue - Other	Education Improvement Act	Food Service	Capital Projects	Capital Projects-EFC	Debt Service		Debt Service-EFC
<b>Fund balances (deficit)</b>									
Restricted for debt service	-	-	-	-	-	-	2,310,420	5,895	2,316,315
Restricted for capital projects	-	-	-	-	10,271,561	29,548	-	-	10,301,109
Restricted for special revenue purposes	-	1,532,649	-	1,259,180	-	-	-	-	2,791,829
Unassigned (deficit)	<u>6,977,071</u>	-	-	-	-	-	-	-	<u>6,977,071</u>
Total fund balance (deficit)	<u>6,977,071</u>	<u>1,532,649</u>	<u>-</u>	<u>1,259,180</u>	<u>10,271,561</u>	<u>29,548</u>	<u>2,310,420</u>	<u>5,895</u>	<u>22,386,324</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 16,170,760</u>	<u>\$ 4,335,342</u>	<u>\$ 635,550</u>	<u>\$ 1,276,056</u>	<u>\$ 15,433,567</u>	<u>\$ 30,048</u>	<u>\$ 2,726,571</u>	<u>\$ 5,895</u>	<u>\$ 40,613,789</u>

**Total governmental fund balances** \$ 22,386,324

**Amounts reported for governmental activities in 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 governmental funds. 46,587,531

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the funds:

Property taxes receivable 930,365

Deferred inflows and outflows of resources are not reported in the funds:

Deferred outflows related to pension 595,343  
 Deferred outflows related to OPEB 10,869,321  
 Deferred inflows related to pension (2,066,548)  
 Deferred inflows related to OPEB (4,676,498)

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Long term debt \$ (41,839,519)  
 Net pension liability (35,608,260)  
 Compensated absences (297,041)  
 OPEB liability (40,980,288)  
 Accrued interest (323,202) (119,048,310)

Net position of governmental activities \$ (44,422,472)

**See Notes to Financial Statements**

**Spartanburg County School District Number 3**

*Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds*

*For the year ended June 30, 2022*

	Special Revenue Funds							Total Governmental Funds	
	General	Special Revenue - Other	Education Improvement Act	Food Service	Capital Projects	Capital Projects-EFC	Debt Service		Debt Service-EFC
<b>Revenues</b>									
Local	\$ 12,043,210	\$ 1,327,232	\$ -	\$ 73,707	\$ 47,279	\$ 2	\$ 3,506,801	\$ 33	\$ 16,998,264
State	17,653,451	540,765	2,108,821	-	-	-	444,131	-	20,747,168
Federal	-	4,827,694	-	1,892,329	-	-	-	-	6,720,023
Intergovernmental	8,428	-	-	-	-	-	-	-	8,428
Total revenues	<u>29,705,089</u>	<u>6,695,691</u>	<u>2,108,821</u>	<u>1,966,036</u>	<u>47,279</u>	<u>2</u>	<u>3,950,932</u>	<u>33</u>	<u>44,473,883</u>
<b>Expenditures</b>									
Current:									
Instruction	16,017,931	2,417,625	913,704	-	932,940	-	-	-	20,282,200
Support services	12,740,924	4,372,926	364,092	1,487,043	12,357,644	7,732	-	-	31,330,361
Community services	-	28,119	-	-	-	-	-	-	28,119
Intergovernmental	200,947	33,123	17,901	-	-	-	-	-	251,971
Debt service:									
Principal	162,479	-	-	-	-	-	615,521	795,000	1,573,000
Interest	50,529	-	-	-	-	-	865,627	339,681	1,255,837
Other objects	-	-	-	-	-	-	22,422	-	22,422
Capital outlay	76,419	-	64,308	-	-	-	-	-	140,727
Total expenditures	<u>29,249,229</u>	<u>6,851,793</u>	<u>1,360,005</u>	<u>1,487,043</u>	<u>13,290,584</u>	<u>7,732</u>	<u>1,503,570</u>	<u>1,134,681</u>	<u>54,884,637</u>
Excess (deficiency) of revenues over (under) expenditures	<u>455,860</u>	<u>(156,102)</u>	<u>748,816</u>	<u>478,993</u>	<u>(13,243,305)</u>	<u>(7,730)</u>	<u>2,447,362</u>	<u>(1,134,648)</u>	<u>(10,410,754)</u>
<b>Other financing sources (uses)</b>									
Operating transfers in	898,816	389,252	-	-	2,796,989	20,000	-	1,139,992	5,245,049
Operating transfers out	(1,759,252)	-	(748,816)	(150,000)	-	-	(2,586,981)	-	(5,245,049)
Total other financing sources (uses)	<u>(860,436)</u>	<u>389,252</u>	<u>(748,816)</u>	<u>(150,000)</u>	<u>2,796,989</u>	<u>20,000</u>	<u>(2,586,981)</u>	<u>1,139,992</u>	<u>-</u>
Net change in fund balances	(404,576)	233,150	-	328,993	(10,446,316)	12,270	(139,619)	5,344	(10,410,754)
<b>Fund balances (deficit), beginning of year</b>	<u>7,381,647</u>	<u>1,299,499</u>	<u>-</u>	<u>930,187</u>	<u>20,717,877</u>	<u>17,278</u>	<u>2,450,039</u>	<u>551</u>	<u>32,797,078</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 6,977,071</u>	<u>\$ 1,532,649</u>	<u>\$ -</u>	<u>\$ 1,259,180</u>	<u>\$ 10,271,561</u>	<u>\$ 29,548</u>	<u>\$ 2,310,420</u>	<u>\$ 5,895</u>	<u>\$ 22,386,324</u>

See Notes to Financial Statements

### Spartanburg County School District Number 3

*Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of  
Governmental Funds to the Statement of Activities  
For the year ended June 30, 2022*

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Total net change in fund balance - Governmental funds \$ (10,410,754)

**Amounts reported for governmental activities in the Statement of Activities are different because of the following:**

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

8,007,368

Because some property taxes will not be collected for several months after fiscal year ends, they are not considered available revenues and are deferred in the governmental funds. Unavailable tax revenues decreased by this amount versus the prior year.

358,151

Activity related to deferred inflows and outflows of the pension and OPEB plan in the current fiscal year are not included on the Statement of Activities:

Deferred inflows of resources

2,003,511

Deferred outflows of resources

(2,725,605)

Repayment of long-term debt is reported as an expenditure in governmental funds. But the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:

Bond principal retirement

1,573,000

Bond premium amortization

69,600

In the Statement of Activities, certain operating expenses - compensated absences (annual leave), and other post employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated absences

(43,695)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The net changes are as follows:

Net pension liability

6,298,809

OPEB liability

(4,688,753)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(157,656)

Change in net position of governmental activities

\$ 283,976

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Spartanburg County School District Three, South Carolina (the "District") is controlled by a Board of Trustees (the "Board"), which has oversight responsibility over the public school educational activities in the District. The District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The District is governed by a nine-member Board.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### A. Reporting Entity

The District is not included in any other governmental "reporting entity" as defined in GASB Sec. 2100.108 since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. For these reasons, the District is recognized as a primary government in accordance with GAAP.

As required by GAAP, the financial statements must present the District's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity's governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the District; and (c) issue bonded debt without approval by the District. An entity has a financial benefit or burden relationship with the District if, for example, any one of the following conditions exists: (a) the District is legally entitled to or can otherwise access the entity's resources, (b) the District is legally obligated or has otherwise assumed the obligation to finance the deficits, or provide financial support to, the entity, or (c) the District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the District's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the District. Based on the above criteria, the District has one blended component unit; it does not have any discretely presented component units.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### A. Reporting Entity, Continued

**Blended Component Unit:** SCAGO Educational Facilities Corporation for Spartanburg County School District No. 3 (the "EFC") was incorporated in 2006 for educational and charitable purposes, specifically to (1) acquire, construct, finance, pledge, improve, maintain, operate, manage, lease and dispose of school buildings and other public education facilities for the use and benefit of the District and to (2) encourage and promote public education through cooperative arrangements with governmental entities and organizations exempt under Section 501(c)(3) that provide public education in the District.

The EFC has five board members which are appointed by the board of directors of SCAGO. Three members of the board of directors for EFC shall also be members of the board of directors of SCAGO (following the initial term, his or her replacement will no longer need to be a member of the board of directors of SCAGO) with two additional members consisting of individuals who reside in the geographic area of the District.

Upon dissolution, the remaining assets of EFC will be distributed to the District. Because the EFC exclusively benefits the District, the EFC's financial information is blended with that of the District in these financial statements. Separate financial information for the EFC is included in individual columns throughout the financial statements. Separate financial statements for the EFC are not issued.

**Related Entities:** These financial statements exclude the operations and activities of Daniel Morgan Technology Center ("DMTC" or "Center"), Spartanburg, South Carolina. DMTC serves the high schools in Spartanburg County School Districts Three and Seven. Three board members each from Spartanburg County School District Three and Seven serve as voting members of the Board of Trustees of DMTC. The superintendents of the two school districts serve as ex officio members. DMTC serves Broome High School (a Spartanburg County School District Three school) and Spartanburg High School (a Spartanburg County School District Seven school). The DMTC is a multi-district career and technology center. The mission of the DMTC is to provide students with the academic, technical, and decision-making skills needed for success in the 21st century workplace. The District currently serves as the fiscal agent for DMTC. Tuition and other support provided by the District to DMTC is shown as expenditures/expenses in the District's financial statements.

#### B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) and its report information on all of the non-fiduciary activities of the District (the "Primary Government") and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, would be reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. The District does not report any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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## Spartanburg County School District Number 3

### *Notes to Financial Statements*

*For the year ended June 30, 2022*

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#### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

##### **B. Measurement Focus, Basis of Accounting, and Basis of Presentation, continued**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, federal and state grant programs and interest associated with the current fiscal period are all considered to be susceptible to accrual and will be recognized as revenues of the current fiscal period if they meet the availability criteria as discussed above. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### B. Measurement Focus, Basis of Accounting, and Basis of Presentation, continued

The following major funds and fund types are used by the District.

**Governmental Fund Types** are those through which most governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the District's major governmental fund types:

The General Fund, a major fund, which is a budgeted fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District has the following major Special Revenue Funds:

i) The Special Revenue Fund, a major fund and an unbudgeted fund, is used to account for financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for special education programs.

ii) The Education Improvement Act ("EIA") Fund, a major fund and an unbudgeted fund, is used to account for the revenues from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by the EIA.

iii) The Food Service Fund, a major fund and an unbudgeted fund, is used to account for the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

The Debt Service Fund - a major fund and an unbudgeted fund, is used to account for and report the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for the District.

The Debt Service - EFC Fund - a major fund and an unbudgeted fund, is used to account for the accumulation of resources for, and payment of, all long-term debt principal, interest and related costs for EFC.

The Capital Projects Fund - a major fund and an unbudgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for the District.

The Capital Projects - EFC Fund - a major fund and an unbudgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for EFC.

Fiduciary Fund types use the economic resources measurement focus and the accrual basis of accounting; they are used to account for expendable assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include agency funds.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

##### 1. Cash, Cash Equivalents, and Investments

###### Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

###### Investments

The District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the District to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

The District's cash investment objectives are preservation of capital, liquidity and yield. The District reports its cash and investments at fair value which is normally determined by quoted market prices (except as noted).

The District currently or in the past year has used the following investments:

- South Carolina Local Government Investment Pool ("Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notices. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.
- Cash and Investments held by the County Treasurer which are property taxes collected by the District's fiscal agent that have not been remitted to the District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.
- Open ended mutual funds which are primarily invested in money market funds which invest in short term obligations of the United States and related agencies.

#### 2. Interfund Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net position.

#### 3. Inventories and Other Assets

##### Inventories

Inventories in the Special Revenue - Food Service Fund are accounted for using the purchase method (expensed when paid). If significant amounts of inventories exist at year-end, the District records these amounts in the balance sheet.

##### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

##### 4. Capital Assets

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at estimated acquisition value (as estimated by the District) at the date of donation. The District maintains a capitalization threshold of \$5,000. However, all land will be capitalized regardless of cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The District does not maintain ownership of any public domain ("infrastructure") general capital assets.

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

<u>Description</u>	<u>Useful Life Range</u>
Buildings and improvements	30 - 50 years
Machinery and equipment	3 - 10 years

##### 5. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." School District employees are granted vacation and sick leave in varying amounts. Vacation earned during a year must be used by the end of the year or it is permanently lost. Up to 90 days of sick leave can be carried forward from year to year, but can only be used for valid medical reasons. In addition, upon retirement 12-month employees are not reimbursed for accumulated vacation days or unused sick leave. In addition to vacation and sick leave, employees with 20 or more years of state experience can accumulate annual leave. Employees that have 90 days of sick leave accumulated as of July 1st can start accumulating annual leave. How much they accumulate depends on their contract (ex. 9-month employees accumulate 1 day per month up to 9 days, 12-month employees accumulate up to 12 days, etc.). An employee will only be paid out annual leave at their daily rate when they leave the District if they have worked 5 consecutive years with the District or upon retirement. The entire compensated absence liability and expense is reported on the government-wide financial statements.

##### 6. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required retirement contributions and special termination benefits 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.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

##### 6. Accrued Liabilities and Long-Term Obligations, continued

Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due and payable.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method, if significant. Amortization of premiums is included in interest expense. Bond premiums are included with bonds payable and other long-term obligations. Issuance costs are expensed when incurred.

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

##### 7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has two types of deferred outflows of resources: (1) The District reports deferred pension charges in its Statement(s) of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (2) The District reports deferred OPEB charges in its Statement(s) of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The deferred pension and OPEB charges are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has three types of deferred inflows of resources: (1) The District reports unavailable revenue for property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The District also reports deferred pension credits in its Statement(s) of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. (3) The District reports deferred OPEB credits in its Statement(s) of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The deferred pension and OPEB credits are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

##### 8. Fund Balance

In accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54), the District classifies its governmental fund balances as follows:

**Nonspendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

**Restricted** – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (The Board) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the District consist of amounts approved by a majority vote of the Board Members (a) in the annual budget or (b) in subsequent requests made throughout the year.

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Board has formally granted the Superintendent and the Assistant Superintendent for Finance and Operations the right to make assignments of fund balance for the District.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formally approved minimum fund balance policy, but generally attempts to keep its unassigned fund balance in the General Fund to be approximately two months of General Fund operating expenditures.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

##### 9. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. 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 enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

##### 10. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

##### 11. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

##### 12. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

##### 13. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The District recognizes net pension and net OPEB liabilities (assets) for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

##### 13. Pensions and Other Postemployment Benefits, continued

Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

##### 14. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, which are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

Budgetary Practices – The General Fund budget is presented as required supplementary information. The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

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

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedule:

- (1) In the spring the District begins its budget process for the next succeeding fiscal year.
- (2) The District's leadership team reviews all requests and allocation requirements and related revenue.
- (3) The Superintendent and the Assistant Superintendent for Finance & Operations then presents a proposed budget to the Board of Trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- (4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

The administration has discretionary authority to make transfers between appropriation accounts. The revised budget amounts in the required supplementary schedule are as amended by the administration. All annual appropriations lapse at fiscal yearend.

### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

#### A. Deposits and Investments

##### Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2022, none of the District's total bank balances of approximately \$12,996,000 (with a carrying value of approximately \$12,160,000) were exposed to custodial credit risk.

##### Investments

As of June 30, 2022, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Level</u>	<u>Fair value</u>
Local government investment pool	Various	2	\$ 14,543,977

Interest Rate Risk: The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2022, none of the District's investments were exposed to custodial credit risk.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES, Continued

#### A. Deposits and Investments, Continued

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

#### B. Property Taxes and Other Receivables

Spartanburg County, South Carolina (the County) is responsible for levying and collecting sufficient property taxes to meet its funding obligation for the District as determined by the District's Board of Trustees. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County.

Property taxes were levied and billed by the County on real and personal properties (excluding vehicles) in November of each year based on assessed values at established millage rates. These taxes are due without penalty through January 15. Penalties are added to taxes based on the date paid as follows:

Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	-	3% of tax
February 2 through March 15	-	10% of tax
After March 15	-	15% of tax plus collection costs

Current year real and personal taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

On the government-wide and fund financial statements, taxes receivable are approximately \$1,120,500 (net of an allowance for uncollectibles of approximately \$930,300) at June 30, 2022. Allowances for uncollectibles were not necessary for the other receivable accounts.

County Equalization of approximately \$137,000 and delinquent property taxes of approximately \$18,000 for operations and approximately \$105,000 for debt service have been recognized as revenue at June 30, 2022, because they were collected within sixty days after year end and are considered measurable and available.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES, Continued

#### C. Deferred Inflows and Unearned Revenues

Governmental funds report deferred inflows and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Also, both the government-wide financial statements and governmental funds do not recognize revenue in connection with resources that have been received, but not yet earned. At June 30, 2022, the various components of deferred inflows and unearned revenue were as follows:

Deferred inflows:	
Delinquent property taxes receivable (general fund)	\$ 701,677
Delinquent property taxes receivable (debt service fund)	<u>228,688</u>
Total deferred inflows for governmental funds	<u>\$ 930,365</u>
Unearned revenues:	
Revenue collected, but unearned – prepaid tuition (general fund)	\$ 1,450
Revenue collected, but unearned (special revenue and EIA funds)	<u>631,927</u>
Total unearned revenues for both government-wide financial statements and governmental funds	<u>\$ 633,377</u>

#### D. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2022, (all of which are expected to be repaid within one year), are summarized as follows:

<u>Governmental Funds</u>	<u>Receivables</u>	<u>Payables</u>
General	\$ 739,729	\$ 5,598,362
Special revenue – other	1,425,976	1,612,238
Special revenue – EIA	613,507	11,196
Special revenue – food service	1,225,188	-
Debt service	2,278,277	11,463
Capital projects	<u>2,332,416</u>	<u>1,381,834</u>
	<u>\$ 8,615,093</u>	<u>\$ 8,615,093</u>

All cash activities are recorded in the General Fund, and as a result, receivable and payables exist at year end that are either due to or due from the General Fund in the other funds. Various differences include Special Revenue payments not received from the State Department of Education until after the fiscal year, taxes receivable for Debt Service Fund, and building project costs.

#### E. Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2022 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 898,816	\$ 1,759,252
Special revenue - other	423,456	34,204
Special revenue - EIA fund	-	748,816
Special revenue – food service	-	150,000
Debt service	-	2,586,981
Debt service – EFC	1,139,992	-
Capital projects fund	2,796,989	-
Capital projects fund - EFC	<u>20,000</u>	<u>-</u>
Total	<u>\$ 5,279,253</u>	<u>\$ 5,279,253</u>

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES, Continued

#### E. Transfers In and (Out), Continued

Approximately \$1.1 million was transferred from the Debt Service Fund to the EFC Debt Service Fund to make the current EFC debt payments. Transfer from the Debt Service Fund to the Capital Projects fund were for ongoing capital needs. Transfers between the Special Revenue funds were done only after attaining waivers from the SC Department of Education. Transfer from Special Revenue EIA and Food Service to General Fund to reimburse General Fund for expenses and for food service indirect costs.

#### F. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u> <u>Transfers</u>	<u>Deletions</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 445,836	\$ -	\$ -	\$ 445,836
Construction-in-process	<u>13,950,460</u>	<u>8,941,055</u>	<u>17,122,479</u>	<u>5,769,036</u>
Total capital assets, not being depreciated	<u>14,396,296</u>	<u>8,941,055</u>	<u>17,122,479</u>	<u>6,214,872</u>
Capital assets, being depreciated				
Buildings and improvements	60,103,991	17,122,479	118,896	77,107,574
Machinery and equipment	<u>3,098,325</u>	<u>1,151,965</u>	<u>19,793</u>	<u>4,230,497</u>
Total capital assets, being depreciated	<u>63,202,316</u>	<u>18,274,444</u>	<u>138,689</u>	<u>81,338,071</u>
Totals at cost	<u>77,598,612</u>	<u>27,215,499</u>	<u>17,261,168</u>	<u>87,552,943</u>
Less accumulated depreciation				
Buildings and improvements	36,758,963	1,791,326	80,750	38,469,539
Machinery and equipment	<u>2,259,486</u>	<u>256,180</u>	<u>19,793</u>	<u>2,495,873</u>
Total accumulated depreciation	<u>39,018,449</u>	<u>2,047,506</u>	<u>100,543</u>	<u>40,965,412</u>
Governmental activities capital assets, net	<u>\$ 38,580,163</u>	<u>\$ 25,167,993</u>	<u>\$ 17,160,625</u>	<u>\$ 46,587,531</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 798,527
Support services	<u>1,248,979</u>
Total depreciation expense	<u>\$ 2,047,506</u>

In 2007, the Board of Trustees approved a list of approximately \$18,185,000 in capital needs, the result of a prioritization process of the District's needs. After careful study of funding alternatives, the Board authorized the formation of the EFC, a non-profit corporation which assisted the District in the formulation of an installment purchase plan, whereby the District has leased the applicable buildings to the EFC for the purpose of capital improvements, and is in the process of purchasing them back utilizing general obligation debt over a 24 year period, allowing the District to leverage its constitutional debt limit to complete the capital needs within a short-term construction cycle versus the more piecemeal approach of "pay as you go."

#### G. Short Term Obligations

In May 2021, the District issued a \$180,000 general obligation bond ("2021A GO Bond") at a rate of 3.0% to pay a portion of the debt service on the Installment Purchase Revenue Bonds. The District repaid the 2021 GO Bond in March 2022 for \$184,172 (including interest).

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES, Continued

#### G. Short Term Obligations, Continued

In September 2021, the District issued a \$2,700,000 general obligation bond ("2021B GO Bond") at a rate of 1.0% to pay a portion of the debt service on the Installment Purchase Revenue Bonds. The District repaid the 2021 GO Bond in March 2022 for \$2,735,550 (including interest).

In September 2021, the District issued a \$1,000,000 tax anticipation note ("2021C TAN") at a rate of 3.00% to help cover current operating needs. The District repaid the 2021 TAN in March 2022 for approximately \$1,009,000 (including interest).

In May 2022, the District issued a \$176,000 general obligation bond ("2022A GO Bond") at a rate of 1.79% to pay a portion of the debt service on the Installment Purchase Revenue Bonds. The District plans to repay the 2022 GO Bond in March 2023 for approximately \$178,000 (including interest).

Following is a summary of the changes in the District short-term obligations for the year ended June 30, 2022:

	Principal outstanding July 1, 2021	Additions	Reductions	Principal outstanding June 30, 2022
<b>Short term obligations</b>				
2021A GO Bond	\$ 180,000	\$ -	\$ 180,000	\$ -
2021B GO Bond	-	2,700,000	2,700,000	-
2021C TAN Bond	-	1,000,000	1,000,000	-
2022A GO Bond	-	176,000	-	176,000
Total	<u>\$ 180,000</u>	<u>\$ 3,876,000</u>	<u>\$ 3,880,000</u>	<u>\$ 176,000</u>

#### H. Long-term Obligations

The District issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds ("GOB") are direct obligations and pledge the full faith and credit of the District. Installment purchase revenue bonds are obligations of the District's blended component unit, EFC, and thus are not direct obligations which pledge the full faith and credit of the District. The Acquisition, Use and Security Agreement ("AUSE") Note Payable – Lease Purchase is an obligation of the District payable from the general revenues of the District or from the proceeds of general obligation debt; it is secured by the equipment acquired and constructed from the proceeds of this agreement. The full faith, credit and taxing powers of the District are not pledged for the payment of the AUSE nor the interest thereon. Note Payables are secured by the equipment acquired and constructed from the proceeds of the agreement.

General obligation, installment purchase revenue bonds, notes payable, and lease purchase obligations outstanding at June 30, 2022, were comprised of the following:

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES, Continued

#### H. Long-term Obligations, Continued

Lease purchase-AUSE: Original issue of \$6,242,000 in November 2013, due in annual installments of \$244,000 to \$810,000; interest at 2.695% paid annually, with a final maturity date in December 2028. The District may prepay the outstanding balance in whole (not in part) at 102% of the outstanding balance. The proceeds are being used to provide financing for the acquisition, construction and installation of energy efficiency improvements and technology equipment. The AUSE is secured by the equipment being acquired or constructed. Repayments are subject to annual appropriation of funds by the District's Board of Trustees. The outstanding balance is not subject to the District's constitutional debt limit. The District will have the option of making annual payments from General Fund revenues or from the proceeds of general obligation debt.

EFC 2015 IPRRB: Original issue of \$13,595,000, principal due in annual installments of \$565,000 to \$1,105,000 at December 1; interest at 2.0% to 5% paid semiannually, with a final maturity date in December 2030. These bonds were issued to defease the 2006 IPRB bonds outstanding. The District placed the net proceeds of approximately \$15,057,000 into an irrevocable trust which was used to redeem \$14,445,000 of the outstanding balance on the Series 2006 IPRB on October 1, 2016.

2018 Note Payable: Original issue of \$200,000, due in annual installments of \$50,000, with a final maturity date in July 2021. The proceeds were used to provide financing for renovations, upgrades and updates to the Culinary Arts Lab at Daniel Morgan Technology Center. The outstanding balance is not subject to the District's constitutional debt limit.

2020 General  
Obligation Bond: Original issue of \$29,500,000, of which \$2,212,100 was used to pay off Series 2020 GOBA. The principal is due in annual installments of \$315,000 to \$1,940,000 at March 1; interest at 2% to 5% paid semiannually, with a final maturity date in March 2045. The proceeds were used for the building of a new middle school.

The EFC IPRRB Bonds were issued pursuant to a Facilities Agreement and Base Lease Agreement between the District and EFC. These agreements were authorized and approved by the Board of Trustees of the District in 2006. The Facilities Agreement permits the District to design, construct, renovate, equip, furnish, occupy and operate the facilities in exchange for the payment by the District on a semi-annual basis of installments of the purchase price of the facilities sufficient to pay the principal and interest on the IPR Bonds as such amounts become due. By making each such payment of purchase price, the District acquires an undivided interest in the facilities. Upon the making of the final scheduled payment of purchase price under the Facilities Agreement, the District will have purchased all interest of EFC in the facilities and will own the facilities outright. The District's obligations under the Facilities 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 of purchase price due in such fiscal year. However, the District would forfeit possession of the Facilities for the remainder of the term of the Lease if it did not make the payment to EFC.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES, Continued

#### H. Long-term Obligations, continued

The EFC 2015 Series IPRR Bonds are not an obligation of the District; however, since EFC is blended with the operations of the District, EFC's debt is included with the District's other obligations as required by GAAP. The following is a summary of changes in the District long-term obligations for the year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Additions/ Transfers</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due In One Year</u>
<b>Governmental activities</b>					
<b>Direct borrowing/direct placement:</b>					
2013 AUSE *	\$ 3,484,000	\$ -	\$ 413,000	\$ 3,071,000	\$ 425,000
Note payable *	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Total direct borrowing/ placement	<u>3,534,000</u>	<u>-</u>	<u>463,000</u>	<u>3,071,000</u>	<u>425,000</u>
Public debt:					
2015 IPRRBs *	9,440,000	-	795,000	8,645,000	830,000
2020 GO Bond *	<u>28,890,000</u>	<u>-</u>	<u>315,000</u>	<u>28,575,000</u>	<u>335,000</u>
Total public debt	<u>38,330,000</u>	<u>-</u>	<u>1,110,000</u>	<u>37,220,000</u>	<u>1,165,000</u>
Plus premium	<u>1,618,119</u>	<u>-</u>	<u>69,600</u>	<u>1,548,519</u>	<u>69,600</u>
	<u>43,482,119</u>	<u>-</u>	<u>1,642,600</u>	<u>41,839,519</u>	<u>1,659,600</u>
Total debt					
Compensated absences	<u>253,346</u>	<u>43,695</u>	<u>-</u>	<u>297,041</u>	<u>120,000</u>
Total governmental Activities	<u>\$ 43,735,465</u>	<u>\$ 43,695</u>	<u>\$ 1,642,600</u>	<u>\$ 42,136,560</u>	<u>\$ 1,779,600</u>

\* This debt is not subject to the 8% debt limitation.

General Fund resources have been used to liquidate the note payable obligations. The Debt Service Funds have primarily been used to service all other long-term obligations.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### III. DETAILED NOTES ON ALL FUNDS, Continued

#### H. Long-term Obligations, continued

The governmental activities annual debt service requirements to maturity for its outstanding debt are as follows:

##### Direct Borrowing/Private Placement:

<u>Year ending June 30,</u>	<u>Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	425,000	82,763	507,763
2024	444,000	71,310	515,310
2025	459,000	59,344	518,344
2026	480,000	46,974	526,974
2027	494,000	34,038	528,038
2028-2031	769,000	27,732	796,732
	<u>\$ 3,071,000</u>	<u>\$ 322,161</u>	<u>\$ 3,393,161</u>

##### Direct Borrowing/Private Placement:

<u>Year ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1,234,600	1,062,456	2,297,056
2024	1,289,600	1,009,656	2,299,256
2025	1,339,600	963,356	2,302,956
2026	1,384,600	917,481	2,302,081
2027	1,439,600	868,588	2,308,188
2028-2032	8,818,000	3,366,122	12,184,122
2033-2037	8,278,000	1,957,625	10,235,625
2038-2042	9,123,000	1,116,125	10,239,125
2043-2045	5,861,519	236,975	6,098,494
	<u>\$ 38,768,519</u>	<u>\$ 11,498,384</u>	<u>\$ 50,266,903</u>

Interest paid on the debt issued by the District is exempt from federal income tax. The District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The District does not have a significant liability for arbitrage as of June 30, 2022.

The District has authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the District. The debt limitation does not apply to certain certificates of participation, debt approved through a district-wide referendum, and original or refunding debt for obligations issued on or before November 30, 1982.

#### Pension Plan

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina (the "State"), including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems (the "Systems"); five defined benefit pension plans.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### IV. OTHER INFORMATION

#### A. Employee Benefits

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' (the "Systems") five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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 Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems 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.

PEBA issues a Comprehensive Annual Financial Report 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. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

#### Plan descriptions:

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state—and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

## Spartanburg County School District Number 3

### Notes to Financial Statements

For the year ended June 30, 2022

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#### IV. OTHER INFORMATION, Continued

##### A. Employee Benefits, Continued

###### Pension Plan, Continued

###### Plan descriptions, continued:

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

###### Membership:

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

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

**State ORP** - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. 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 the ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

**PORS** - 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. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

##### Pension Plan, Continued

###### Benefits:

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

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

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

*PORS* - 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. 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. 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.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

###### Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

##### Pension Plan, Continued

However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

- Required employee contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2022<sup>1</sup></u>	<u>Fiscal Year 2021<sup>1</sup></u>
<b>SCRS</b>		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
<b>State ORP</b>		
Employee	9.00%	9.00%
<b>PORS</b>		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

- Required employer contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2022<sup>1</sup></u>	<u>Fiscal Year 2021<sup>1</sup></u>
<b>SCRS</b>		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	.15%	.15%
<b>State ORP</b>		
Employer Contribution <sup>2</sup>	16.41%	15.41%
Employer Incidental Death Benefit	.15%	.15%
<b>PORS</b>		
Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
Employer Incidental Death Benefit	.20%	.20%
Employer Incidental Death Program	.20%	.20%

<sup>1</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

<sup>2</sup> Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Contributions to the SCRS, PORS and ORP pension plans from the District were \$2,705,453 for the year ended June 30, 2022.

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## Spartanburg County School District Number 3

### Notes to Financial Statements

For the year ended June 30, 2022

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#### IV. OTHER INFORMATION, Continued

##### A. Employee Benefits, Continued

###### Net Pension Liability:

At June 30, 2022, the District reported a liability of \$35,608,260 for its proportionate share of the SCRS and PORS net pension liability ("NPL"). The NPL was measured as of June 30, 2021, and the total pension liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as July 1, 2020 and projected forward. The District's proportionate share of the NPL was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportionate share of the SCRS and PORS plans were .163480 and .005230 percent, respectively.

###### Non-employer Contributions:

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS contribution increase for fiscal year 2021 and 2022. The State budget appropriated these funds directly to PEBA and a credit was issued for each employer to use when submitting their quarterly remittances to PEBA. For the year ended June 30, 2021 measurement period, PEBA provided non-employer contributions to the District in the amount of \$191,186 which is shown as a reduction of net pension liability and other grant revenue in the government-wide financial statements for the year ended June 30, 2022 which are presented on the economic resources measurement focus and accrual basis of accounting.

###### Pension expense:

For the year ended June 30, 2022, the District recognized pension expense for the SCRS and PORS plan of \$2,590,335 and \$14,723, respectively.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

##### Deferred inflows of resources and deferred outflows of resources:

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SCRS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 604,253	\$ 47,877
Changes of assumptions	1,941,713	-
Net difference between projected and actual earnings on pension plan investments	(5,153,020)	-
Changes in proportion and differences between District contributions and proportionate share of contributions	72,371	1,995,828
District contributions subsequent to the measurement date	<u>3,112,265</u>	<u>-</u>
Total	<u>\$ 577,582</u>	<u>\$ 2,043,705</u>

	<u>PORS</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 4,578	\$ 419
Changes of assumptions	9,599	-
Net difference between projected and actual earnings on pension plan investments	(30,171)	-
Changes in proportion and differences between District contributions and proportionate share of contributions	16,119	22,424
District contributions subsequent to the measurement date	<u>17,636</u>	<u>-</u>
Total	<u>\$ 17,761</u>	<u>\$ 22,843</u>

The \$3,112,265 and \$17,636 reported as of June 30, 2022 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date for the SCRS and PORS plans, respectively, will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans, respectively:

<u>Year ended June 30:</u>	<u>SCRS</u>
2023	(1,267,908)
2024	(958,914)
2025	(423,373)
2026	<u>(1,928,192)</u>
	<u>\$ (4,578,387)</u>

<u>Year ended June 30:</u>	<u>PORS</u>
2023	(1,246)
2024	(8,819)
2025	(2,265)
2026	<u>(10,388)</u>
	<u>\$ (22,718)</u>

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

##### Actuarial assumptions and methods:

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In fiscal year 2021, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2020 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return <sup>1</sup>	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service) <sup>1</sup>	3.5% to 10.5% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

<sup>1</sup> Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 55,131,579,363	\$ 33,490,305,970	\$ 21,641,273,393	60.7%
PORS	8,684,586,488	6,111,672,064	2,572,914,424	70.4%

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

#### Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 20 year capital market assumptions. The long-term expected rate of returns 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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 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 table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity <sup>1</sup>	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity <sup>1,2</sup>	9.0%	9.68%	0.87%
Private Debt <sup>2</sup>	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate <sup>2</sup>	9.0%	6.01%	0.54%
Infrastructure <sup>2</sup>	3.0%	5.08%	0.15%
Total Expected Return <sup>3</sup>	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			7.43%

1 The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

2 Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

3 Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

Discount rate:

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 TPL.

Sensitivity analysis:

The following table presents the collective NPL of the District calculated using the discount rate of 7.00 percent, as well as what the District's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
<b>SCRS</b>	\$ 46,466,110	\$ 35,473,684	\$ 28,742,337
<b>PORS</b>	\$ 195,253	\$ 134,576	\$ 84,873

Additional financial and actuarial information:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2021 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2021.

General information:

As previously discussed, PEBA is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government (the "State"). The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority ("SFFA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and OPEB.

PEBA issues audited financial statements and required supplementary information for the OPEB Trust Funds. 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 – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, the financial information of the OPEB Trust funds is also included in the comprehensive annual financial report of the State.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

##### Plan descriptions:

The OPEB Trusts collectively refers to the SCRHITF and SCLTDITF, and were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan ("BLTD"). In accordance with Act 195, the OPEB Trusts are administered by PEBA, Insurance Benefits. The State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

##### Benefits:

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 benefits 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 postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to PEBA, Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA, Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2021 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF 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 expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purpose other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

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 deduction 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.

Contributions to the SCRHITF plan from the District was \$1,171,906 for the year ended June 30, 2022.

#### OPEB Liabilities and OPEB Expense:

At June 30, 2022, the Government reported liability of \$40,980,288 for its proportionate share of the SCRHITF net OPEB liability measured at June 30, 2021. The net OPEB liability is calculated separately for each OPEB Trust Fund and represents that particular Trust's total OPEB liability determined in accordance with GASB No. 74, less that Trust's fiduciary net position. The collective net OPEB liabilities were determined based upon actuarial valuations performed on June 30, 2020 which were then rolled forward to the June 30, 2021 measurement date.

This method is expected to be reflective of the District's long-term contribution effort, as well as, be transparent to individual employers and their external auditors. At June 30, 2021, the District's proportionate share of the SCRHITF plan net OPEB liabilities was 0.2024344 percent. For the year ended June 30, 2021, the District recognized OPEB expense of \$3,108,262 for the SCRHITF plan.

#### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SCRHITF</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 853,050	\$ 1,080,455
Changes of assumptions	8,569,961	1,014,995
Net difference between projected and actual earnings on OPEB plan investments	86,625	98,020
Changes in proportion and differences between District contributions and proportionate share of contributions	167,425	2,483,028
Reduction for implicit subsidy	(6,561)	-
District contributions subsequent to the measurement date	<u>1,198,821</u>	<u>-</u>
Total	<u>\$ 10,869,321</u>	<u>\$ 4,676,498</u>

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,198,821 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

	<u>SCRHITF</u>
<u>Years ending June 30:</u>	
2023	666,766
2024	648,101
2025	971,986
2026	1,089,536
2027	979,809
Thereafter	<u>644,362</u>
	<u>\$ 5,000,560</u>

#### Actuarial assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuations for SCRHITF and SCLTDITF:

#### SCRHITF:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	1.92% as of June 30, 2021
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ended June 30, 2019
Mortality:	For healthy retirees, the 2020 Public Retirees of South Carolina Mortality Table for Males and the 2020 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2020. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

Aging Factors: Based on plan specific experience  
Retiree Participation: 79% for retirees who are eligible for funded premiums  
59% participation for retirees who are eligible for Partial Fund Premiums  
20% participation for retirees who are eligible for Non-Funded Premiums  
Notes: The discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021; demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and health care trend rates were reset to better reflect the plan's anticipated experience.

#### Roll forward disclosures:

The actuarial valuations were performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2021.

#### Net OPEB Liability:

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2021, 2020, and 2019:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND					
Fiscal Year	Total OPEB Liability	Plan Fiduciary Net	Net OPEB Liability	Plan Fiduciary	
Ending		Position		Net Position as a	% of Total OPEB
				Liability	Liability
June 30, 2021	\$ 22,506,597,989	\$ 1,683,416,992	\$ 20,823,180,997		7.48%
June 30, 2020	\$ 19,703,745,672	\$ 1,652,299,185	\$ 18,051,446,487		8.39%
June 30, 2019	\$ 16,516,264,617	\$ 1,394,740,049	\$ 15,121,524,568		8.44%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

#### Single Discount Rate:

The Single Discount Rate of 1.92% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

##### Long-term Expected Rate of Return:

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation- Weighted Long- Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.60%	0.48%
Cash	20.00%	0.35%	0.07%
<b>Total</b>	100.00%		0.55%
Expected Inflation			2.25%
<b>Total Return</b>			2.80%
<b>Investment Return Assumption</b>			<b>2.75%</b>

##### Sensitivity analysis:

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 1.92%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease <b>0.92%</b>	Current Discount Rate <b>1.92%</b>	1% Increase <b>2.92%</b>
SCRHITF Net OPEB Liability	\$ 50,805,130	\$ 40,980,288	\$ 35,332,364
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 33,818,277	\$ 40,980,288	\$ 53,259,399

# Spartanburg County School District Number 3

## Notes to Financial Statements

For the year ended June 30, 2022

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### IV. OTHER INFORMATION, Continued

#### A. Employee Benefits, Continued

##### Deferred Outflows and Inflows of Resources:

As discussed in paragraph 86 of GASB Statement No. 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

##### Additional Financial and Actuarial Information:

Information contained in these Notes to the Schedules of OPEB Amounts by Employer (the Schedules) were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2021 and the accounting and financial reporting actuarial valuations as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trust Funds audited financial statements. Employers are encouraged to review Illustration II in Appendix C of GASB Statement No. 75, which provides a sample footnote disclosure and required supplementary information for a cost-sharing multiple-employer defined benefit OPEB plan.

#### B. Commitments and Contingencies

The District participates in a number of federally assisted programs, which are audited in accordance with the Single Audit Act Amendments of 1996. Audits have not resulted in any material disallowed costs, however, grantor agencies may conduct further examinations based on reported questioned costs. Based on prior experience, the District believes that further examinations would not result in any material disallowed costs.

From time to time, the District is a defendant in lawsuits. It is the opinion of the District's management after conferring with legal counsel that the liability at June 30, 2022, if any, which might arise from these lawsuits would not exceed the District's liability insurance policy limits.

#### C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District continues to carry commercial insurance for property and casualty insurance. There has been no reduction in insurance coverage as compared to the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

In March 2020, the 2019 novel coronavirus (or "COVID-19") adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, have a destabilizing effect on financial and economic activity, and increasingly have the potential to negatively impact the District and the U.S. economy. These conditions could adversely affect the District's financial condition and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of certain District operations.

## **Spartanburg County School District Number 3**

### ***Notes to Financial Statements***

***For the year ended June 30, 2022***

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#### **D. Grants**

The District participates in a number of federal and state assisted grant programs that are governed by various rules and regulation of grantor agencies. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audit could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Any disallowed claims, including amounts already collected, could become a liability of the District. However, the District expects such amounts, if any, to be immaterial. The District believes it has substantially complied with the contract/grant provisions.

#### **E. Related Organization**

The District remits a tuition payment to the DMTC to cover the educational costs of the District's students attending the Center. This tuition payment is calculated using the Education Financial Act formula. For the year ended June 30, 2022, approximately \$201,000 was recorded as General Fund expenditures for Career & Technical Education Tuition paid to the DMTC. In addition, at June 30, 2022, there was approximately \$1,014,000 due to the DMTC. The District serves as the fiscal agent for the DMTC. The District pays the DMTC's bills and, in turn, is reimbursed from the DMTC in the form of state and local revenue that the DMTC receives.

#### **F. Subsequent Events**

In preparing these financial statements, the District's management has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, the date the financial statements were available for issuance.

#### **G. Tax Abatements**

The County provides tax abatements under one program: Fee-in-Lieu of Tax Program (FILOT).

The Fee-in-Lieu of Tax Program (FILOT) offers individual incentive packages by abating property taxes to attract new business to the County and to retain current businesses. The FILOT program was established by the SC Code Title 12, Chapter 44 and Title 4, Chapter 12. Generally, for taxpayers to be approved for this program they must agree to invest the statutory minimum (A higher amount may be negotiated) during the investment period. The investment period begins on the day in which the property described in the agreement is entered into service and ends at an agreed upon point in time. Once the investment period begins, the taxpayer may receive a reduction of assessed rate, reduction in millage rate and elimination of (or reduction in) the number of times the millage rates change for the property over the length of the agreement. Repayments of any savings in property taxes are required by state law if the taxpayer fails to maintain the conditions set forth in the agreement. Other recapture provisions may be negotiated on a case by case basis.

The District's property tax revenues were reduced by \$3,485,229 under agreements entered into by Spartanburg County as of June 30, 2022.

# Spartanburg County School District Number 3

## Required Supplementary Information

### Schedule 1 - Budgetary Comparison Schedule - General Fund

For the year ended June 30, 2022

		Budgeted Amounts		Variance
		Original and Final	Actual	with Final
				Budget
<b>Revenues</b>				
1000	Revenue from local sources			
1100	Taxes levied/assessed			
	1110 Ad Valorem taxes including delinquent (Independent)	\$ 10,051,500	\$ 9,967,693	\$ (83,807)
1200	Revenue from Local Governmental Units other than LEA's			
	1280 Revenue in lieu of taxes	1,540,000	1,881,275	341,275
1300	Tuition			
	1310 From patrons for regular day school	-	59,850	59,850
1500	Earnings on investments			
	1510 Interest on investments	20,000	8,329	(11,671)
1900	Other revenue from local sources			
	1930 Special needs transportation-Medicaid	-	29,849	29,849
1990	Miscellaneous local revenue			
	1999 Revenue from other local sources	108,009	96,214	(11,795)
	Total local sources	11,719,509	12,043,210	323,701
2000	Intergovernmental revenue			
	2100 Payments from other governmental units	-	8,428	8,428
	Total intergovernmental revenue	-	8,428	8,428
3000	Revenue from state sources			
3130	Special programs			
	3131 Handicapped transportation	-	706	706
3160	School bus drivers' salary			
	3160 School bus drivers' salary	244,015	293,826	49,811
	3161 EA bus driver salary and fringe	-	683	683
	3162 Transportation workers' compensation	14,000	13,995	(5)
3180	Fringe benefits employer contributions			
	3180 Fringe benefits employer contributions	3,400,105	3,325,017	(75,088)
	3181 Retiree insurance	937,951	948,490	10,539
	3186 State aid to classrooms-teacher salary increase	785,266	770,626	(14,640)
3300	Education Finance Act			
	3310 Full-time programs			
	3311 Kindergarten	262,623	289,064	26,441
	3312 Primary	844,727	833,328	(11,399)
	3313 Elementary	1,624,645	1,590,882	(33,763)
	3314 High school	840,302	810,337	(29,965)
	3315 Trainable mentally handicapped	39,224	29,343	(9,881)
	3316 Speech handicapped	480,382	489,612	9,230
	3317 Homebound	3,994	8,745	4,751
	3320 Part-time programs			
	3321 Emotionally handicapped	47,612	36,766	(10,846)
	3322 Educable mentally handicapped	42,313	21,023	(21,290)
	3323 Learning disabilities	714,522	729,751	15,229
	3324 Hearing handicapped	25,009	20,859	(4,150)
	3325 Visually handicapped	10,869	23,225	12,356
	3326 Orthopedically handicapped	3,475	6,091	2,616
	3327 Vocational	683,300	685,406	2,106
	3330 Other EFA programs			
	3331 Autism	227,496	233,242	5,746
	3332 High achieving	125,270	107,590	(17,680)
	3334 Limited English proficiency	47,477	46,196	(1,281)
	3351 Academic assistance	265,880	254,441	(11,439)
	3352 Pupils in poverty	707,238	703,214	(4,024)
	3353 Dual credit enrollment	33,608	33,006	(602)
	3392 NBC excess EFA formula	-	19,425	19,425
3800	State revenue in lieu of taxes			
	3810 Reimbursement for local property tax relief	1,091,770	1,091,770	-
	3820 Homestead exemption	563,179	563,179	-
	3825 Reimbursement property tax relief	2,300,000	2,530,784	230,784
	3830 Merchants inventory tax	52,300	52,231	(69)
	3840 Manufacturers depreciation reimbursement	800,000	810,251	10,251
	3890 Other state property tax revenues	23,000	70,998	47,998
3900	Other state revenue			
	3994 PEBA on-behalf	209,348	209,349	1
	Total state sources	17,450,900	17,653,451	202,551
	Total revenue all sources	\$ 29,170,409	\$ 29,705,089	\$ 534,680

# Spartanburg County School District Number 3

## Required Supplementary Information

### Schedule 1 - Budgetary Comparison Schedule

#### General Fund, Continued

For the year ended June 30, 2022

		Budgeted Amounts		Variance
		Original and Final	Actual	with Final
				Budget
<b>EXPENDITURES</b>				
<b>100</b>	<b>INSTRUCTION</b>			
110	General instruction			
111	Kindergarten programs			
100	Salaries	\$ 549,002	\$ 513,238	\$ 35,764
200	Employee benefits	290,991	254,053	36,938
300	Purchased services	74,875	74,584	291
400	Supplies and materials	8,100	7,589	511
		<u>922,968</u>	<u>849,464</u>	<u>73,504</u>
112	Primary programs			
100	Salaries	1,984,771	1,954,218	30,553
140	Terminal leave	-	2,707	(2,707)
200	Employee benefits	953,237	925,781	27,456
300	Purchased services	79,280	137,491	(58,211)
400	Supplies and materials	25,950	20,310	5,640
600	Other objects	2,700	2,700	-
		<u>3,045,938</u>	<u>3,043,207</u>	<u>2,731</u>
113	Elementary programs			
100	Salaries	3,583,318	3,568,644	14,674
200	Employee benefits	1,717,009	1,605,664	111,345
300	Purchased services	151,095	284,010	(132,915)
400	Supplies and materials	138,811	111,246	27,565
500	Capital outlay	-	900	(900)
600	Other objects	900	-	900
		<u>5,591,133</u>	<u>5,570,464</u>	<u>20,669</u>
114	High school programs			
100	Salaries	2,389,913	2,485,920	(96,007)
140	Terminal leave	40,000	-	40,000
200	Employee benefits	1,008,036	1,020,855	(12,819)
300	Purchased services	353,435	349,840	3,595
400	Supplies and materials	92,040	70,791	21,249
600	Other objects	900	900	-
		<u>3,884,324</u>	<u>3,928,306</u>	<u>(43,982)</u>
115	Career and technology programs			
100	Salaries	18,203	68,872	(50,669)
200	Employee benefits	14,374	36,119	(21,745)
300	Purchased services	393,810	378,615	15,195
		<u>426,387</u>	<u>483,606</u>	<u>(57,219)</u>
	Total general instruction	<u>13,870,750</u>	<u>13,875,047</u>	<u>(4,297)</u>
120	Exceptional programs			
121	Educable mentally handicapped			
100	Salaries	75,154	51,692	23,462
200	Employee benefits	63,033	37,729	25,304
300	Purchased services	79,300	107,877	(28,577)
400	Supplies and materials	1,000	136	864
		<u>218,487</u>	<u>197,434</u>	<u>21,053</u>
122	Trainable mentally handicapped			
300	Purchased services	79,300	78,866	434
		<u>79,300</u>	<u>78,866</u>	<u>434</u>
123	Orthopedically handicapped			
100	Salaries	17,874	38,678	(20,804)
200	Employee benefits	12,669	24,437	(11,768)
		<u>30,543</u>	<u>63,115</u>	<u>(32,572)</u>
126	Speech handicapped			
100	Salaries	114,719	34,014	80,705
200	Employee benefits	67,523	10,698	56,825
300	Purchased services	169,000	269,830	(100,830)
400	Supplies and materials	2,000	2,558	(558)
		<u>353,242</u>	<u>317,100</u>	<u>36,142</u>
127	Learning disabilities			
100	Salaries	698,158	824,365	(126,207)
200	Employee benefits	324,260	355,341	(31,081)
300	Purchased services	-	28	(28)
400	Supplies and materials	500	837	(337)
		<u>1,022,918</u>	<u>1,180,571</u>	<u>(157,653)</u>

# Spartanburg County School District Number 3

## Required Supplementary Information

### Schedule 1 - Budgetary Comparison Schedule

#### General Fund, Continued

For the year ended June 30, 2022

		Budgeted Amounts	Actual	Variance
		Original and Final		with Final
				Budget
<b>EXPENDITURES, Continued</b>				
<b>100</b>	<b>INSTRUCTION, Continued</b>			
120	Exceptional programs, continued			
128	Emotionally handicapped			
100	Salaries	36,002	22,618	13,384
200	Employee benefits	2,166	12,089	(9,923)
300	Purchased services	-	800	(800)
400	Supplies and materials	500	72	428
		<u>38,668</u>	<u>35,579</u>	<u>3,089</u>
	Total exceptional programs	<u>1,743,158</u>	<u>1,872,665</u>	<u>(129,507)</u>
130	Preschool programs			
133	Pre-school handicapped - Self contained (5 year olds)			
100	Salaries	20,990	28,999	(8,009)
200	Employee benefits	12,956	16,696	(3,740)
		<u>33,946</u>	<u>45,695</u>	<u>(11,749)</u>
136	Pre-school handicapped - Itinerant (3 & 4 year olds)			
400	Supplies and materials	-	59	(59)
		<u>-</u>	<u>59</u>	<u>(59)</u>
	Total preschool programs	<u>33,946</u>	<u>45,754</u>	<u>(11,808)</u>
140	Special programs			
141	Gifted and talented - Academic			
100	Salaries	71,897	71,115	782
200	Employee benefits	28,006	27,296	710
400	Supplies and materials	3,600	986	2,614
		<u>103,503</u>	<u>99,397</u>	<u>4,106</u>
145	Homebound			
100	Salaries	-	17,022	(17,022)
200	Employee benefits	-	4,905	(4,905)
300	Purchased services	2,000	218	1,782
		<u>2,000</u>	<u>22,145</u>	<u>(20,145)</u>
147	CDEP			
100	Salaries	93,356	6,642	86,714
200	Employee benefits	47,806	2,827	44,979
400	Supplies and materials	5,000	3,314	1,686
		<u>146,162</u>	<u>12,783</u>	<u>133,379</u>
148	Gifted and talented - artistic			
100	Salaries	-	3,168	(3,168)
200	Employee benefits	-	941	(941)
400	Supplies and materials	9,900	3,966	5,934
		<u>9,900</u>	<u>8,075</u>	<u>1,825</u>
149	Other special programs			
100	Salaries	27,992	27,341	651
200	Employee benefits	14,077	13,550	527
		<u>42,069</u>	<u>40,891</u>	<u>1,178</u>
	Total special programs	<u>303,634</u>	<u>183,291</u>	<u>120,343</u>
180	Adult/continuing educational programs			
188	Parenting/family literacy			
400	Supplies and materials	-	1,244	(1,244)
		<u>-</u>	<u>1,244</u>	<u>(1,244)</u>
	Total adult/continuing educational programs	<u>-</u>	<u>1,244</u>	<u>(1,244)</u>
190	Instructional pupil activity			
100	Salaries	16,750	22,550	(5,800)
200	Employee benefits	5,314	7,076	(1,762)
600	Other objects	10,305	10,304	1
		<u>32,369</u>	<u>39,930</u>	<u>(7,561)</u>
	Total instructional pupil activity	<u>32,369</u>	<u>39,930</u>	<u>(7,561)</u>
	Total instruction	<u>15,983,857</u>	<u>16,017,931</u>	<u>(34,074)</u>
<b>200</b>	<b>SUPPORT SERVICES</b>			
210	Pupil services			
211	Attendance and social work services			
400	Supplies and materials	1,500	1,425	75
		<u>1,500</u>	<u>1,425</u>	<u>75</u>
212	Guidance services			
100	Salaries	533,012	540,730	(7,718)
200	Employee benefits	230,018	224,678	5,340
300	Purchased services	64,070	71,452	(7,382)
400	Supplies and materials	9,960	5,587	4,373
		<u>837,060</u>	<u>842,447</u>	<u>(5,387)</u>

# Spartanburg County School District Number 3

## Required Supplementary Information

### Schedule 1 - Budgetary Comparison Schedule

#### General Fund, Continued

For the year ended June 30, 2022

		Budgeted Amounts	Actual	Variance
		Original and Final		with Final
				Budget
<b>EXPENDITURES, Continued</b>				
<b>200</b>	<b>SUPPORT SERVICES, Continued</b>			
210	Pupil services, continued			
213	Health services			
100	Salaries	212,706	160,625	52,081
200	Employee benefits	102,555	80,604	21,951
300	Purchased services	3,700	4,744	(1,044)
400	Supplies and materials	15,200	16,023	(823)
500	Capital outlay	2,500	945	1,555
		<u>336,661</u>	<u>262,941</u>	<u>73,720</u>
214	Psychological services			
100	Salaries	56,240	56,293	(53)
200	Employee benefits	20,935	20,485	450
300	Purchased Services	14,000	2,825	11,175
400	Supplies	1,000	1,018	(18)
		<u>92,175</u>	<u>80,621</u>	<u>11,554</u>
	Total pupil services	<u>1,267,396</u>	<u>1,187,434</u>	<u>79,962</u>
220	Instructional staff services			
221	Improvement of instruction - curriculum development			
100	Salaries	553,437	393,513	159,924
200	Employee benefits	239,259	159,641	79,618
300	Purchased services	75,730	205,561	(129,831)
400	Supplies and materials	27,340	19,707	7,633
600	Other objects	13,500	13,943	(443)
		<u>909,266</u>	<u>792,365</u>	<u>116,901</u>
222	Library and media services			
100	Salaries	446,069	366,719	79,350
140	Terminal leave	-	-	-
200	Employee benefits	213,366	173,340	40,026
300	Purchased services	6,867	4,206	2,661
400	Supplies and materials	77,407	60,647	16,760
500	Capital outlay	12,485	7,442	5,043
		<u>756,194</u>	<u>612,354</u>	<u>143,840</u>
223	Supervision of special programs			
100	Salaries	217,866	195,231	22,635
200	Employee benefits	87,415	76,183	11,232
300	Purchased services	500	23,834	(23,334)
		<u>305,781</u>	<u>295,248</u>	<u>10,533</u>
224	Improvement of instruction - Inservice and staff training			
100	Salaries	-	65,137	(65,137)
200	Employee benefits	-	5,649	(5,649)
300	Purchased services	7,000	1,259	5,741
		<u>7,000</u>	<u>72,045</u>	<u>(65,045)</u>
	Total instructional staff services	<u>1,978,241</u>	<u>1,772,012</u>	<u>206,229</u>
230	General administration services			
231	Board of education			
300	Purchased services	31,000	37,961	(6,961)
318	Audit services	48,000	32,000	16,000
400	Supplies and materials	3,000	3,762	(762)
600	Other objects	54,092	55,478	(1,386)
		<u>136,092</u>	<u>129,201</u>	<u>6,891</u>
232	Office of the superintendent			
100	Salaries	220,287	241,978	(21,691)
200	Employee benefits	83,254	86,508	(3,254)
300	Purchased services	3,000	3,377	(377)
400	Supplies and materials	2,000	1,710	290
600	Other objects	3,000	2,076	924
		<u>311,541</u>	<u>335,649</u>	<u>(24,108)</u>
233	School administration			
100	Salaries	1,266,637	1,139,191	127,446
200	Employee benefits	559,918	500,975	58,943
300	Purchased services	120,700	132,673	(11,973)
400	Supplies and materials	27,420	17,087	10,333
		<u>1,974,675</u>	<u>1,789,926</u>	<u>184,749</u>
	Total general administration services	<u>2,422,308</u>	<u>2,254,776</u>	<u>167,532</u>

# Spartanburg County School District Number 3

## Required Supplementary Information

### Schedule 1 - Budgetary Comparison Schedule

#### General Fund, Continued

For the year ended June 30, 2022

		Budgeted Amounts		Variance
		Original and Final	Actual	with Final
				Budget
<b>EXPENDITURES, Continued</b>				
<b>200</b>	<b>SUPPORT SERVICES, Continued</b>			
250	Finance and operations services			
252	Fiscal services			
100	Salaries	320,989	270,103	50,886
200	Employee benefits	128,486	112,555	15,931
300	Purchased services	24,300	37,215	(12,915)
400	Supplies and materials	10,000	8,491	1,509
600	Other objects	1,000	804	196
		<u>484,775</u>	<u>429,168</u>	<u>55,607</u>
254	Operation and maintenance of plant			
100	Salaries	1,394,965	1,089,181	305,784
200	Employee benefits	621,602	514,309	107,293
300	Purchased services	699,717	925,561	(225,844)
400	Supplies and materials	352,600	492,714	(140,114)
470	Energy	553,500	633,876	(80,376)
500	Capital outlay	14,000	23,834	(9,834)
		<u>3,636,384</u>	<u>3,679,475</u>	<u>(43,091)</u>
255	Student transportation			
100	Salaries	1,245,831	1,316,345	(70,514)
200	Employee benefits	583,407	517,327	66,080
300	Purchased services	17,800	13,751	4,049
400	Supplies and materials	10,000	61,053	(51,053)
		<u>1,857,038</u>	<u>1,908,476</u>	<u>(51,438)</u>
256	Food service			
100	Salaries	20,982	20,982	-
200	Employee benefits	7,455	7,312	143
		<u>28,437</u>	<u>28,294</u>	<u>143</u>
257	Internal services			
100	Salaries	13,988	13,988	-
200	Employee benefits	5,037	4,875	162
300	Purchased services	104,500	91,528	12,972
400	Supplies and materials	10,000	14,582	(4,582)
		<u>133,525</u>	<u>124,973</u>	<u>8,552</u>
258	Security			
100	Salaries	-	76,758	(76,758)
200	Employee benefits	-	24,750	(24,750)
300	Purchased services	305,000	163,955	141,045
400	Supplies and materials	5,000	150	4,850
		<u>310,000</u>	<u>265,613</u>	<u>44,387</u>
	Total finance and operation services	<u>6,450,159</u>	<u>6,435,999</u>	<u>14,160</u>
260	Central support services			
263	Information services			
100	Salaries	87,325	89,177	(1,852)
200	Employee benefits	37,893	32,944	4,949
300	Purchased services	42,600	23,839	18,761
400	Supplies and materials	23,900	19,059	4,841
		<u>191,718</u>	<u>165,019</u>	<u>26,699</u>
264	Staff services			
100	Salaries	55,180	52,580	2,600
200	Employee benefits	27,699	26,039	1,660
300	Purchased services	4,000	3,450	550
400	Supplies and materials	8,700	7,343	1,357
		<u>95,579</u>	<u>89,412</u>	<u>6,167</u>
266	Technology and data processing services			
100	Salaries	223,165	237,129	(13,964)
200	Employee benefits	94,767	86,422	8,345
300	Purchased services	196,000	123,519	72,481
400	Supplies and materials	15,000	14,718	282
500	Capital outlay	50,000	43,298	6,702
		<u>578,932</u>	<u>505,086</u>	<u>73,846</u>
	Total central support services	<u>866,229</u>	<u>759,517</u>	<u>106,712</u>

# Spartanburg County School District Number 3

## Required Supplementary Information

### Schedule 1 - Budgetary Comparison Schedule

#### General Fund, Continued

For the year ended June 30, 2022

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
<b>EXPENDITURES, Continued</b>			
<b>200 SUPPORT SERVICES, Continued</b>			
270 Pupil services			
271 Pupil services activities			
100 Salaries	209,231	274,876	(65,645)
200 Employee benefits	73,350	77,850	(4,500)
300 Purchased services	17,479	16,562	917
600 Other objects	33,000	38,317	(5,317)
	<u>333,060</u>	<u>407,605</u>	<u>(74,545)</u>
Total pupil services	<u>333,060</u>	<u>407,605</u>	<u>(74,545)</u>
Total support services	<u>13,317,393</u>	<u>12,817,343</u>	<u>500,050</u>
<b>410 INTERGOVERNMENTAL EXPENDITURES</b>			
412 Payments to other governmental units			
720 Transits	90,000	200,947	(110,947)
Total intergovernmental expenditures	<u>90,000</u>	<u>200,947</u>	<u>(110,947)</u>
<b>500 Debt services</b>			
610 Redemption of principal	158,000	162,479	(4,479)
620 Interest	62,790	50,529	12,261
Total debt services	<u>220,790</u>	<u>213,008</u>	<u>7,782</u>
Total expenditures	<u>29,612,040</u>	<u>29,249,229</u>	<u>362,811</u>
<b>Interfund Transfers, From (To) Other Funds:</b>			
5230 Transfer from special revenue EIA fund	761,631	748,816	12,815
5280 Transfer from other funds indirect cost	150,000	150,000	-
421-710 Transfer to special revenue fund	-	(232,831)	(232,831)
424-710 Transfer to capital projects fund	(370,000)	(1,370,000)	(1,000,000)
426-710 Transfer to pupil activity fund	(100,000)	(156,421)	(56,421)
Total other financing sources (uses) Excess / (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>441,631</u>	<u>(860,436)</u>	<u>1,302,067</u>
	<u>\$ -</u>	<u>(404,576)</u>	<u>\$ 404,576</u>
<b>Fund balance, beginning of year</b>		<u>7,381,647</u>	
<b>Fund balance, end of year</b>		<u>\$ 6,977,071</u>	

Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

**Spartanburg County School District Number 3**

*Required Supplementary Information*

*Schedule 2 - Schedule of the District's Proportionate Share of the Net OPEB Liability*

*For the year ended June 30, 2022*

	SCRHITF					
	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.220925%	0.204514%	0.240434%	0.22284%	0.22595%	0.22595%
District's proportionate share of the net OPEB liability	\$ 40,980,288	\$ 36,291,535	\$ 33,177,813	\$ 31,578,151	\$ 30,603,796	\$ 32,670,643
District's covered payroll	\$ 19,041,121	\$ 18,464,897	\$ 19,260,314	\$ 19,305,579	\$ 19,166,162	\$ 18,986,065
District's proportionate share of the net pension liability as a percentage of its covered-payroll	215.2%	196.5%	172.3%	163.6%	159.7%	172.1%
Plan fiduciary net position as a percentage of the total OPEB liability	7.48%	8.39%	8.40%	7.90%	7.60%	6.60%

This schedule is presented to illustrate the requirements to show information for 10 years. Until a full 10 years are available, only those years for which information is available will be presented.

**Spartanburg County School District Number 3**  
**Required Supplementary Information**  
**Schedule 3 - Schedule of the District's Contributions - OPEB**  
**For the year ended June 30, 2022**

	SCRHITF					
	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,198,821	\$ 1,192,408	\$ 1,154,276	\$ 1,165,249	\$ 1,064,768	\$ 1,021,556
Contributions in relation to the contractually required contribution	1,198,821	1,192,408	1,154,276	1,165,249	1,064,768	1,021,556
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-payroll	\$ 20,602,976	\$ 19,041,121	\$ 18,464,897	\$ 19,260,314	\$ 19,305,579	\$ 19,166,162
Contributions as a percentage of covered-payroll	5.82%	6.26%	6.25%	6.05%	5.52%	5.33%

This schedule is presented to illustrate the requirements to show information for 10 years. Until a full 10 years are available, only those years for which information is available will be presented.

**Spartanburg County School District Number 3**

*Required Supplementary Information*

*Schedule 4 - Schedule of the District's Proportionate Share of the Net Pension Liability*

*For the fiscal year ended June 30, 2022*

	SCRS								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.163480%	0.163371%	0.195980%	0.182768%	0.186099%	0.190995%	0.192886%	0.209289%	0.209289%
District's proportionate share of the net pension liability	<u>\$ 35,473,684</u>	<u>\$ 41,744,085</u>	<u>\$ 40,836,894</u>	<u>\$ 40,952,418</u>	<u>\$ 41,893,818</u>	<u>\$ 40,796,321</u>	<u>\$ 36,581,697</u>	<u>\$ 33,323,134</u>	<u>\$ 34,716,216</u>
District's covered payroll during the measurement period	<u>\$ 18,962,243</u>	<u>\$ 18,390,652</u>	<u>\$ 19,173,500</u>	<u>\$ 19,223,953</u>	<u>\$ 19,120,909</u>	<u>\$ 18,918,021</u>	<u>\$ 18,660,667</u>	<u>\$ 18,130,071</u>	<u>\$ 18,198,997</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	187.07536%	226.98535%	212.99%	213.03%	219.10%	215.65%	196.04%	183.80%	190.76%
Plan fiduciary net position as a percentage of the total pension liability	60.70%	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%
	PORS								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.523000%	0.004915%	0.00065%	0.00590%	0.00338%	0.00534%	0.00519%	0.00925%	0.00925%
District's proportionate share of the net pension liability	<u>\$ 134,576</u>	<u>\$ 162,984</u>	<u>\$ 186,903</u>	<u>\$ 167,099</u>	<u>\$ 92,542</u>	<u>\$ 135,372</u>	<u>\$ 113,181</u>	<u>\$ 177,085</u>	<u>\$ 191,750</u>
District's covered payroll during the measurement period	<u>\$ 78,878</u>	<u>\$ 74,245</u>	<u>\$ 86,814</u>	<u>\$ 81,626</u>	<u>\$ 45,253</u>	<u>\$ 68,044</u>	<u>\$ 64,339</u>	<u>\$ 111,257</u>	<u>\$ 90,980</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.61%	219.52%	215.29%	204.71%	204.50%	198.95%	175.91%	159.17%	210.76%
Plan fiduciary net position as a percentage of the total pension liability	70.40%	58.80%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%	62.98%

This schedule is presented to illustrate the requirements to show information for 10 years. Until a full 10 years are available, only those years for which information is available will be presented.

**Spartanburg County School District Number 3**

*Required Supplementary Information*

*Schedule 5 - Schedule of the District's Contributions - Pension*

*For the fiscal year ended June 30, 2022*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>SCRS 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,112,265	\$ 2,912,877	\$ 2,636,251	\$ 2,569,784	\$ 2,383,675	\$ 2,177,598	\$ 2,053,188	\$ 1,989,222	\$ 1,863,498
Contributions in relation to the contractually required contribution	<u>3,112,265</u>	<u>2,912,877</u>	<u>2,636,251</u>	<u>2,569,784</u>	<u>2,383,675</u>	<u>2,177,598</u>	<u>2,053,188</u>	<u>1,989,222</u>	<u>1,863,498</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll during the measurement period	<u>\$ 17,497,857</u>	<u>\$ 18,962,243</u>	<u>\$ 18,390,652</u>	<u>\$ 19,173,500</u>	<u>\$ 19,223,963</u>	<u>\$ 19,120,909</u>	<u>\$ 18,918,021</u>	<u>\$ 18,660,667</u>	<u>\$ 18,130,071</u>
Contributions as a percentage of covered payroll	17.79%	15.36%	14.33%	13.40279%	12.40%	11.39%	10.85%	10.66%	10.28%
	<u>PORS</u>								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 17,636	\$ 14,387	\$ 12,842	\$ 14,267	\$ 12,556	\$ 6,444	\$ 9,349	\$ 8,628	\$ 14,285
Contributions in relation to the contractually required contribution	<u>17,636</u>	<u>14,387</u>	<u>12,842</u>	<u>14,267</u>	<u>12,556</u>	<u>6,444</u>	<u>9,349</u>	<u>8,628</u>	<u>14,285</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll during the measurement period	<u>\$ 92,624</u>	<u>\$ 78,878</u>	<u>\$ 74,245</u>	<u>\$ 86,814</u>	<u>\$ 81,626</u>	<u>\$ 45,253</u>	<u>\$ 68,044</u>	<u>\$ 64,339</u>	<u>\$ 111,257</u>
Contributions as a percentage of covered payroll	19.04%	18.24%	17.30%	16.43%	15.38%	14.24%	13.74%	13.41%	12.84%

This schedule is presented to illustrate the requirements to show information for 10 years. Until a full 10 years are available, only those years for which information is available will be presented.

**Spartanburg County School District Number 3**

*Schedule A-1 - Special Revenue - Other*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance*

*For the year ended June 30, 2022*

	Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Student Activity Funds* (700s)	Total
<b>REVENUES</b>								
1000	Revenues from local sources							
1700	Pupil activities							
1710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,310	\$ 97,310
1720	-	-	-	-	-	-	20,864	20,864
1730	-	-	-	-	-	-	3,302	3,302
1740	-	-	-	-	-	-	62,885	62,885
1790	-	-	-	-	-	-	563,165	563,165
1900	Other revenue from local sources							
1920	-	-	-	-	-	15,454	840	16,294
1930	-	-	-	-	-	103,427	-	103,427
1999	-	-	-	-	-	345,640	114,345	459,985
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>464,521</u>	<u>862,711</u>	<u>1,327,232</u>
3000	Revenue from state sources							
3100	Restricted state grants							
3110	Occupational education							
3118	-	-	-	-	188,879	-	-	188,879
3120	General education							
3127	-	-	-	-	17,273	-	-	17,273
3130	Special programs							
3134	-	-	-	-	2,103	-	-	2,103
3135	-	-	-	-	177,331	-	-	177,331
3136	-	-	-	-	93,766	-	-	93,766
3143	-	-	-	-	3,067	-	-	3,067
3190	Miscellaneous restricted state grants							
3193	-	-	-	-	224	-	-	224
3900	Other state revenue							
3994	-	-	-	-	5,248	-	-	5,248
3995	-	-	-	-	-	46,549	-	46,549
3999	-	-	-	-	-	6,325	-	6,325
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>487,891</u>	<u>52,874</u>	<u>-</u>	<u>540,765</u>
4000	Revenues from federal sources							
4200	Occupational education							
4210	-	-	-	55,867	-	-	-	55,867
4300	Elementary and Secondary Education Act of 1965							
4310	777,799	-	-	-	-	48,941	-	826,740
4341	-	-	-	-	-	10,858	-	10,858
4343	-	-	-	-	-	158,635	-	158,635
4351	-	-	-	-	-	62,121	-	62,121
4500	Programs for children with disabilities							
4510	-	686,062	-	-	-	-	-	686,062
4520	-	-	37,414	-	-	-	-	37,414
4990	Other federal revenue							
4937	-	-	-	-	-	32,172	-	32,172
4974	-	-	-	-	-	2,573,468	-	2,573,468
4977	-	-	-	-	-	222,896	-	222,896
4997	-	-	-	-	-	53,015	-	53,015
4999	-	-	-	-	-	108,446	-	108,446
	<u>777,799</u>	<u>686,062</u>	<u>37,414</u>	<u>55,867</u>	<u>-</u>	<u>3,270,552</u>	<u>-</u>	<u>4,827,694</u>
	<u>777,799</u>	<u>686,062</u>	<u>37,414</u>	<u>55,867</u>	<u>487,891</u>	<u>3,787,947</u>	<u>862,711</u>	<u>6,695,691</u>

**Spartanburg County School District Number 3**

*Schedule A-1 - Special Revenue - Other*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued*

*For the year ended June 30, 2022*

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Student Activity Funds* (700s)	Total
<b>100</b>	<b>EXPENDITURES</b>								
	<b>INSTRUCTION</b>								
110	General instruction								
111	Kindergarten programs								
100	Salaries	-	-	-	-	13,246	53,096	-	66,342
200	Employee benefits	-	-	-	-	4,028	26,703	-	30,731
400	Supplies and materials	4,257	-	-	-	-	-	-	4,257
		<u>4,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,274</u>	<u>79,799</u>	<u>-</u>	<u>101,330</u>
112	Primary programs								
100	Salaries	219,047	-	-	-	-	286,945	-	505,992
200	Employee benefits	82,069	-	-	-	-	138,551	-	220,620
300	Purchased services	-	-	-	-	-	124	-	124
400	Supplies and materials	169,988	-	-	-	-	72,926	-	242,914
500	Capital outlay	15,528	-	-	-	-	-	-	15,528
		<u>486,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,546</u>	<u>-</u>	<u>985,178</u>
113	Elementary programs								
100	Salaries	-	-	-	-	-	278,760	-	278,760
200	Employee benefits	-	-	-	-	-	124,655	-	124,655
300	Purchased services	-	-	-	5,500	-	20,090	-	25,590
400	Supplies and materials	4,815	-	-	19,525	-	81,555	-	105,895
500	Capital outlay	-	-	-	3,000	-	-	-	3,000
		<u>4,815</u>	<u>-</u>	<u>-</u>	<u>28,025</u>	<u>-</u>	<u>505,060</u>	<u>-</u>	<u>537,900</u>
114	High school programs								
100	Salaries	-	-	-	-	-	49,426	-	49,426
200	Employee benefits	-	-	-	-	-	21,372	-	21,372
300	Purchased services	-	-	-	5,500	-	6,142	-	11,642
400	Supplies and materials	-	-	-	21,610	224	68,928	-	90,762
		<u>-</u>	<u>-</u>	<u>-</u>	<u>27,110</u>	<u>224</u>	<u>145,868</u>	<u>-</u>	<u>173,202</u>
115	Career and technology education programs								
100	Salaries	-	-	-	-	-	75	-	75
200	Employee benefits	-	-	-	-	-	23	-	23
400	Supplies and materials	-	-	-	-	-	275	-	275
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373</u>	<u>-</u>	<u>373</u>
	Total general instruction	<u>495,704</u>	<u>-</u>	<u>-</u>	<u>55,135</u>	<u>17,498</u>	<u>1,229,646</u>	<u>-</u>	<u>1,797,983</u>
120	Exceptional programs								
121	Educable mentally handicapped								
400	Supplies and materials	-	2,352	-	-	-	-	-	2,352
		<u>-</u>	<u>2,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,352</u>
122	Trainable mentally handicapped								
400	Supplies and materials	-	-	-	-	-	275	-	275
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>	<u>-</u>	<u>275</u>
124	Visually handicapped								
400	Supplies and materials	-	8,638	-	-	-	-	-	8,638
500	Capital outlay	-	(300)	-	-	-	-	-	(300)
		<u>-</u>	<u>8,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,338</u>
125	Hearing handicapped								
300	Purchased services	-	5,683	-	-	-	-	-	5,683
		<u>-</u>	<u>5,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,683</u>
126	Speech handicapped								
400	Supplies and materials	-	635	-	-	-	-	-	635
600	Other objects	-	739	-	-	-	-	-	739
		<u>-</u>	<u>1,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,374</u>
127	Learning disabilities								
100	Salaries	-	43,595	-	-	-	-	-	43,595
200	Employee benefits	-	55,053	-	-	-	-	-	55,053
400	Supplies and materials	-	23,996	-	-	-	-	-	23,996
		<u>-</u>	<u>122,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,644</u>
128	Emotionally handicapped								
100	Salaries	-	50,251	-	-	-	-	-	50,251
200	Employee benefits	-	26,773	-	-	-	-	-	26,773
		<u>-</u>	<u>77,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,024</u>
	Total exceptional programs	<u>-</u>	<u>217,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>	<u>-</u>	<u>217,690</u>

**Spartanburg County School District Number 3**

*Schedule A-1 - Special Revenue - Other*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued*

*For the year ended June 30, 2022*

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Student Activity Funds* (700s)	Total
<b>EXPENDITURES, Continued</b>									
<b>100 INSTRUCTION, Continued</b>									
130	Pre-school programs								
133	Preschool handicapped self-contained (5 year olds)								
100	Salaries	-	-	28,998	-	-	-	-	28,998
200	Employee benefits	-	-	8,416	-	-	-	-	8,416
		-	-	37,414	-	-	-	-	37,414
139	Early childhood programs								
400	Supplies and materials	-	-	-	-	-	4,336	-	4,336
		-	-	-	-	-	4,336	-	4,336
	Total preschool programs	-	-	37,414	-	-	4,336	-	41,750
140	Special Programs								
147	CDEP								
100	Salaries	55,239	-	-	-	-	-	-	55,239
200	Employee benefits	29,371	641	-	-	-	-	-	30,012
300	Purchased services	-	-	-	-	5,170	-	-	5,170
400	Supplies and materials	-	-	-	-	-	275	-	275
		84,610	641	-	-	5,170	275	-	90,696
	Total special programs	84,610	641	-	-	5,170	275	-	90,696
160	Other Exceptional Programs								
161	Autism								
100	Salaries	-	-	-	-	-	36,131	-	36,131
200	Employee benefits	-	-	-	-	-	13,884	-	13,884
300	Purchased services	-	78,866	-	-	-	-	-	78,866
		-	78,866	-	-	-	50,015	-	128,881
	Total other exceptional programs	-	78,866	-	-	-	50,015	-	128,881
170	Summer School Programs								
172	Elementary summer school								
100	Salaries	-	-	-	-	-	37,483	4,579	42,062
200	Employee benefits	-	-	-	-	-	11,993	1,486	13,479
400	Supplies and materials	-	-	-	-	-	328	-	328
		-	-	-	-	-	49,804	6,065	55,869
173	High school summer school								
100	Salaries	-	-	-	-	-	16,458	-	16,458
200	Employee benefits	-	-	-	-	-	5,255	-	5,255
		-	-	-	-	-	21,713	-	21,713
175	Instructional programs beyond regular school day								
100	Salaries	-	-	-	-	-	-	12,149	12,149
200	Employee benefits	-	-	-	-	-	-	3,785	3,785
		-	-	-	-	-	-	15,934	15,934
	Total summer school programs	-	-	-	-	-	71,517	21,999	93,516
180	Adult/Continuing Educational Programs								
188	Parenting/family literacy								
100	Salaries	-	-	-	-	-	10,950	-	10,950
200	Employee benefits	-	-	-	-	-	3,408	-	3,408
400	Supplies and materials	776	-	-	-	-	-	-	776
		776	-	-	-	-	14,358	-	15,134
	Total adult/continuing educational programs	776	-	-	-	-	14,358	-	15,134
190	Instructional pupil activity								
600	Other objects	-	-	-	-	-	-	31,975	31,975
		-	-	-	-	-	-	31,975	31,975
	Total instruction	581,090	296,922	37,414	55,135	22,668	1,370,422	53,974	2,417,625

**Spartanburg County School District Number 3**

*Schedule A-1 - Special Revenue - Other*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued*

*For the year ended June 30, 2022*

		Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Student Activity Funds* (700s)	Total
<b>EXPENDITURES, Continued</b>									
<b>200 SUPPORT SERVICES</b>									
210	Pupil services								
212	Guidance services								
400	Supplies and materials	-	-	-	-	-	275	-	275
		-	-	-	-	-	275	-	275
213	Health services								
100	Salaries	-	-	-	-	50,121	76,209	-	126,330
200	Employee benefits	-	-	-	-	43,645	28,900	-	72,545
300	Purchased services	-	12,577	-	-	-	-	-	12,577
400	Supplies and materials	-	-	-	-	-	32,295	-	32,295
		-	12,577	-	-	93,766	137,404	-	243,747
214	Psychological services								
100	Salaries	-	100,140	-	-	-	-	-	100,140
200	Employee benefits	-	40,871	-	-	-	-	-	40,871
300	Purchased services	-	118,810	-	-	-	59,235	-	178,045
400	Supplies and materials	-	2,784	-	-	-	-	-	2,784
		-	262,605	-	-	-	59,235	-	321,840
217	Career specialist services								
100	Salaries	-	-	-	-	130,280	-	-	130,280
200	Employee benefits	-	-	-	-	58,599	-	-	58,599
		-	-	-	-	188,879	-	-	188,879
	Total pupil services	-	275,182	-	-	282,645	196,914	-	754,741
220	Instructional staff services								
221	Improvement of instruction - curriculum development								
100	Salaries	132,151	-	-	-	123,196	155,406	-	410,753
200	Employee benefits	52,870	-	-	-	54,134	63,279	-	170,283
300	Purchased services	-	-	-	-	-	83,943	-	83,943
400	Supplies and materials	-	-	-	-	-	406	-	406
600	Other objects	-	-	-	-	-	4,500	-	4,500
		185,021	-	-	-	177,330	307,534	-	669,885
223	Supervision of special programs								
100	Salaries	-	81,062	-	-	-	-	-	81,062
200	Employee benefits	-	31,869	-	-	-	-	-	31,869
300	Purchased services	7,100	-	-	-	-	4,500	-	11,600
400	Supplies and materials	871	-	-	-	-	-	-	871
		7,971	112,931	-	-	-	4,500	-	125,402
224	Improvement of instruction - in-service and staff training								
100	Salaries	-	313	-	-	-	48,384	-	48,697
200	Employee benefits	-	714	-	-	-	15,161	-	15,875
300	Purchased services	-	-	-	732	-	63,258	-	63,990
400	Supplies and materials	-	-	-	-	-	19,865	-	19,865
		-	1,027	-	732	-	146,668	-	148,427
	Total instructional staff services	192,992	113,958	-	732	177,330	458,702	-	943,714



**Spartanburg County School District Number 3**

*Schedule A-1 - Special Revenue - Other*

*Combining Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued*

*For the year ended June 30, 2022*

	Title I (201/202)	IDEA (203)	Preschool Handi- capped (205)	CATE (207)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Student Activity Funds* (700s)	Total
<b>410 INTERGOVERNMENTAL EXPENDITURES</b>								
412 Payments to other governmental units								
720 Transits	-	-	-	-	-	21,425	6,450	27,875
419 Payments from PEBA nonemployer contributions								
720 Transits	-	-	-	-	5,248	-	-	5,248
Total intergovernmental expenditures	-	-	-	-	5,248	21,425	6,450	33,123
Total expenditures	<u>777,799</u>	<u>686,062</u>	<u>37,414</u>	<u>55,867</u>	<u>487,891</u>	<u>3,916,173</u>	<u>890,587</u>	<u>6,851,793</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
5210 Transfer from general fund	-	-	-	-	-	232,831	156,421	389,252
Total other financing sources (uses)	-	-	-	-	-	232,831	156,421	389,252
Excess/(Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-	104,605	128,545	233,150
Fund balance, beginning of year	-	-	-	-	-	875,617	423,882	1,299,499
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 980,222</u>	<u>\$ 552,427</u>	<u>\$ 1,532,649</u>

\* Listing of LEA subfund codes and titles included in these columns are as follows:

Other Designated Restricted State Grants

919	Education license plates
919	Education license plates
918	Technology professional development
924	Child early reading development and education program
928	EEDA career specialists
935	Reading coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE teachers
960	K-5 enhancement
963	K-12 technology initiative
967	6-8 enhancement

Other Special Revenue Grants

210	Title IV SSAE
211	JROTC
217	Coronavirus aid, relief and economic security act (CARES Act)
220	ESSER
225	ESSER II
232	McKinney vento education for homeless
237	Title I targeted support and improvement
264	Title III
267	Improving teacher quality
800	Special needs transportation
801	Medicaid administration
802	After school child care
820	Medicaid
841	SC arts commission grant
845	HEAP program CMS
849	Healthy families initiative
855	AVID grant
856	Risk management grant
861	Mary Black Foundation Parenting Grant

**Spartanburg County School District Number 3**

*Schedule A-2 - Special Revenue - Other*

*Summary Schedule for Designated Restricted State Grants*

*For the year ended June 30, 2022*

<b>Subfund</b>	<b>Revenue</b>	<b>Programs</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Transfers In/(Out)</b>	<b>Unearned Revenue</b>
919	3193	Education license plates	\$ 224	\$ 224	\$ -	\$ -
924	3134	CDEP expansion	2,103	2,103	-	-
924	3143	GEER summer - CERDEP	3,067	3,067	-	7,971
928	3118	EEDA career specialists	188,879	188,879	-	-
935	3135	Reading coaches	177,331	177,331	-	-
936	3136	Student health and fitness - nurses	93,766	93,766	-	-
937	3127	Student health and fitness	17,273	17,273	-	-
994	3994	PEBA Nonemployer Contributions	5,248	5,248	-	-
			<u>\$ 487,891</u>	<u>\$ 487,891</u>	<u>\$ -</u>	<u>\$ 7,971</u>

# Spartanburg County School District Number 3

## Schedule A-3 - Special Revenue - EIA

### Combined Schedule of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2022

		<u>Total</u>
<b>REVENUES</b>		
3000	Revenue from state sources	
	3502 ADEPT	\$ 3,292
	3509 Arts in education	12,400
	3518 Formative assessment	12,013
	3519 Grade 10 assessments	10,684
	3529 Career and technology education	84,651
	3532 National board certification salary supplement	155,900
	3533 Teacher of the year awards	1,077
	3536 Student health & fitness	22,916
	3538 Students at risk of school failure	292,188
	3541 Child early reading development and education	563,307
	3550 Teacher salary increase	603,780
	3555 Teacher salary fringe	145,036
	3557 Summer reading program	23,381
	3577 Teacher supplies	55,550
	3595 EEDA – Supplies and Materials	3,475
	3597 Aid to districts	118,171
	3599 Other EIA	<u>1,000</u>
	Total revenue from state sources	<u>\$ 2,108,821</u>

### Spartanburg County School District Number 3

#### Schedule A-3 - Special Revenue - EIA

#### Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued For the year ended June 30, 2022

	<u>Total</u>
<b>EXPENDITURES</b>	
<b>100 INSTRUCTION</b>	
110 General instruction	
111 Kindergarten programs	
100 Salaries	\$ 4,521
200 Employee benefits	1,911
	<u>6,432</u>
112 Primary programs	
100 Salaries	42,500
200 Employee benefits	12,467
300 Purchased services	5,140
400 Supplies and materials	49,977
	<u>110,084</u>
113 Elementary programs	
100 Salaries	7,500
200 Employee benefits	2,359
300 Purchased services	21,027
400 Supplies and materials	38,923
500 Capital outlay	1,330
	<u>71,139</u>
114 High school programs	
100 Salaries	34,500
200 Employee benefits	10,741
400 Supplies and materials	13,268
500 Capital outlay	64,308
	<u>122,817</u>
115 Career and technology education programs	
100 Salaries	190
200 Employee benefits	33
	<u>223</u>
Total general instruction	<u>310,695</u>
120 Exceptional programs	
121 Educable mentally handicapped	
100 Salaries	4,500
200 Employee benefits	1,342
	<u>5,842</u>
127 Learning disabilities	
100 Salaries	1,000
200 Employee benefits	77
	<u>1,077</u>
Total exceptional programs	<u>6,919</u>
140 Special programs	
147 CDEP	
100 Salaries	317,020
200 Employee benefits	252,909
	<u>569,929</u>
Total special programs	<u>569,929</u>

**Spartanburg County School District Number 3***Schedule A-3 - Special Revenue - EIA**Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued**For the year ended June 30, 2022*

		<u>Total</u>
<b>EXPENDITURES, Continued</b>		
<b>100 INSTRUCTION, Continued</b>		
160 Other exceptional programs		
161 Autism		
100 Salaries		18,787
200 Employee benefits		17,958
		<u>36,745</u>
Total other exceptional programs		<u>36,745</u>
170 Summer school programs		
171 Primary summer school		
100 Salaries		12,507
200 Employee benefits		3,897
		<u>16,404</u>
172 Elementary - summer school		
100 Salaries		22,668
200 Employee benefits		5,420
400 Supplies and materials		2,323
		<u>30,411</u>
173 High school - summer school		
400 Supplies and materials		2,381
		<u>2,381</u>
175 Instructional programs beyond regular school day		
100 Salaries		2,039
200 Employee benefits		422
		<u>2,461</u>
Total summer school programs		<u>51,657</u>
180 Adult/ continuing educational programs		
188 Parenting/family literacy		
300 Purchased services		2,067
Total adult/continuing education programs		<u>2,067</u>
Total instruction		<u>978,012</u>
<b>200 SUPPORTING SERVICES</b>		
210 Pupil services		
212 Guidance services		
400 Supplies and materials		5,950
		<u>5,950</u>
213 Health services		
100 Salaries		22,916
400 Supplies and materials		80
		<u>22,996</u>
Total pupil services		<u>28,946</u>
220 Instructional staff services		
221 Improvement of instruction-curriculum development		
100 Salaries		173,859
200 Employee benefits		68,222
300 Purchased services		9,611
400 Supplies and materials		26,823
		<u>278,515</u>
222 Library and media services		
100 Salaries		7,500
200 Employee benefits		2,349
400 Supplies and materials		1,375
		<u>11,224</u>

### Spartanburg County School District Number 3

Schedule A-3 - Special Revenue - EIA

Combined Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued

For the year ended June 30, 2022

	<u>Total</u>
<b>EXPENDITURES, Continued</b>	
<b>200 SUPPORTING SERVICES, Continued</b>	
224 Improvement of instruction-in-service and staff training	
100 Salaries	300
200 Employee benefits	93
300 Purchased services	5,338
400 Supplies and materials	15,663
	<u>21,394</u>
Total instructional staff services	<u>311,133</u>
250 Finance and operations services	
254 Operation and maintenance of plant	
400 Purchased services	1,000
	<u>1,000</u>
255 Student transportation	
300 Purchased services	23,013
Total finance and operations services	<u>24,013</u>
Total support services	<u>364,092</u>
<b>400 OTHER CHARGES</b>	
410 Intergovernmental expenditures	
412 Payments to other governmental units	
720 Transits	17,901
	<u>17,901</u>
Total intergovernmental expenditures	<u>17,901</u>
Total expenditures	<u>1,360,005</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund transfers from (to) other funds	
420-710 Transfer to general fund	(748,816)
Total other financing sources (uses)	<u>(748,816)</u>
Excess/(deficiency) of revenues over (under) expenditures	-
<b>Fund balance (deficit), beginning of year</b>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ -</u>

**Spartanburg County School District Number 3**

*Schedule A-4 - Special Revenue - EIA Summary - Schedule by Program*

*For the year ended June 30, 2022*

	Revenues	Expenditures	Transfers In/(Out)	Unearned Revenue
3500 Education Improvement Act				
3502 ADEPT	\$ 3,292	\$ 3,292	\$ -	\$ 650
3509 Arts in education	12,400	12,400	-	200
3518 Formative assessment	12,013	12,013	-	-
3519 Grade 10 assessments	10,684	10,684	-	-
3525 Vocational education equipment	-	-	-	2,995
3526 Science kit refurbishment	-	-	-	76,179
3528 Industry certifications/credentials	-	-	-	102,543
3529 Career and technology education	84,651	84,651	-	15,349
3532 National board certification salary supplement	155,900	155,900	-	-
3533 Teacher of the year awards	1,077	1,077	-	-
3536 Student health & fitness	22,916	22,916	-	-
3538 Students at risk of school failure	292,188	292,188	-	313,854
3541 Child early reading development and education	563,307	563,307	-	-
3550 Teacher salary increase	603,780	-	(603,780)	-
3555 Teacher salary fringe	145,036	-	(145,036)	-
3557 Summer reading program	23,381	23,381	-	-
3577 Teacher supplies	55,550	55,550	-	-
3595 EEDA – Supplies and Materials	3,475	3,475	-	4,734
3597 Aid to districts	118,171	118,171	-	87,870
3599 Other EIA	1,000	1,000	-	-
	<u>\$ 2,108,821</u>	<u>\$ 1,360,005</u>	<u>\$ (748,816)</u>	<u>\$ 604,374</u>
Total				

**Spartanburg County School District Number 3**

*Schedule B - Capital Projects Fund*

*Schedule of Revenues, Expenditures and Changes in Fund Balance*

*For the year ended June 30, 2022*

<b>Revenues</b>		
1000	Revenue from local sources	
1500	Earnings on investments	
1510	Interest on investments	\$ 47,279
	Total local sources	<u>47,279</u>
	Total revenue all sources	<u>47,279</u>
<b>Expenditures</b>		
100	Instruction	
110	General instruction	
112	Primary programs	
500	Capital outlay	165,010
113	Elementary programs	
500	Capital outlay	697,891
114	High school programs	
500	Capital outlay	<u>70,039</u>
	Total general instruction	<u>932,940</u>
	Total instruction	<u>932,940</u>
200	Support Services	
230	General administrative services	
233	School administration	
400	Supplies and materials	<u>4,343</u>
	Total school administration	<u>4,343</u>
250	Finance and operations	
252	Fiscal services	
400	Supplies	<u>5,286</u>
	Total fiscal services	<u>5,286</u>
253	Facilities acquisition and construction	
300	Purchased services	1,008,424
400	Supplies	2,077,654
500	Capital outlay	
520	Construction services	7,876,738
530	Improvements other than buildings	543,843
540	Equipment	<u>70,375</u>
	Total facilities acquisition and construction	<u>11,577,034</u>
254	Operation and maintenance of plant	
300	Purchased services	21,852
400	Supplies and materials	<u>5,663</u>
	Total operation and maintenance of plant	<u>27,515</u>
258	Security	
400	Supplies and materials	<u>7,107</u>
	Total security	<u>7,107</u>
260	Central support services	
266	Technology and data processing services	
300	Purchased services	1,125
400	Supplies and materials	3,968
500	Capital outlay	<u>722,007</u>
	Total central support services	<u>727,100</u>
270	Support services - Pupil activity	
271	Pupil service activities	
400	Supplies and materials	<u>9,259</u>
	Total support services-Pupil activity	<u>9,259</u>
	Total support services	<u>12,357,644</u>
	Total expenditures	<u>13,290,584</u>
<b>Interfund Transfers</b>		
5210	Transfer from general fund	1,370,000
5240	Transfer from debt service fund	<u>1,426,989</u>
	Total other financing sources (uses)	<u>2,796,989</u>
	Excess/(deficiency) of revenues over (under) expenditures	(10,446,316)
	<b>Fund balance (deficit), beginning of year</b>	<u>20,717,877</u>
	<b>Fund balance (deficit), end of year</b>	<u>\$ 10,271,561</u>

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**Spartanburg County School District Number 3****Schedule B-1 - Capital Projects Fund-EFC****Schedule of Revenues, Expenditures and Changes in Fund Balance****For the year ended June 30, 2022**

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**Revenues**

1000	Revenue from local sources		
1500	Earnings on investments		
1510	Interest on investments	\$	2
	Total local sources		<u>2</u>
	Total revenue all sources		<u>2</u>

**Expenditures**

200	Support Services		
253	Facilities acquisition and construction		
300	Purchased services		<u>7,732</u>
	Total facilities acquisition and construction		<u>7,732</u>
	Total support services		<u>7,732</u>
	Total expenditures		<u>7,732</u>

**Other financing sources (uses)****Interfund Transfers**

5240	Transfer from debt service fund		<u>20,000</u>
	Total other financing sources (uses)		<u>20,000</u>

Excess/(deficiency) of revenues over (under) expenditures 12,270

**Fund balance (deficit), beginning of year** 17,278

**Fund balance (deficit), end of year** \$ 29,548

## Spartanburg County School District Number 3

### Schedule C - Debt Service Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2022

<b>Revenues</b>		
1000	Revenue from local sources	
1200	Revenues from local governmental units other than LEAs	
1210	Ad valorem taxes, including delinquent taxes	\$ 3,129,532
1280	Revenue in Lieu of Taxes (Dependent and Independent)	377,269
	Total local sources	<u>3,506,801</u>
3000	Revenue from state sources	
3800	State revenue in lieu of taxes	
3820	Homestead exemption	206,875
3830	Merchants inventory tax	13,379
3840	Manufacturer's depreciation reimbursement	200,041
3890	Other state tax revenues	23,836
	Total state sources	<u>444,131</u>
	Total revenue all sources	<u>3,950,932</u>
<b>Expenditures</b>		
500	Debt services	
610	Redemption of principal	615,521
620	Interest	865,627
690	Other objects	22,422
	Total debt services	<u>1,503,570</u>
	Total expenditures	<u>1,503,570</u>
<b>OTHER FINANCING SOURCES/(USES)</b>		
	Interfund transfers, from (to) other funds	
423-710	Transfer to debt service	(1,139,992)
424-710	Transfer to capital projects fund	<u>(1,446,989)</u>
	Total other financing sources/(uses)	<u>(2,586,981)</u>
	Excess/(deficiency) of revenues over (under) expenditures	(139,619)
	<b>Fund balance (deficit), beginning of year</b>	<u>2,450,039</u>
	<b>Fund balance (deficit), end of year</b>	<u>\$ 2,310,420</u>

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**Spartanburg County School District Number 3****Schedule C-1 - Debt Service Fund-EFC****Schedule of Revenues, Expenditures and Changes in Fund Balance****For the year ended June 30, 2022**

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**Revenues**

1000	Revenue from local sources		
1500	Earnings on investments		
1510	Interest on investments	\$	33
	Total local sources		<u>33</u>
	Total revenue all sources		<u>33</u>

**Expenditures**

500	Debt services		
610	Redemption of principal		795,000
620	Interest		<u>339,681</u>
	Total debt services		<u>1,134,681</u>
	Total expenditures		<u>1,134,681</u>

**OTHER FINANCING SOURCES**

	Interfund transfers, from (to) other funds		
5240	Transfer from debt service fund		<u>1,139,992</u>
	Total other financing sources		<u>1,139,992</u>
	Excess/(deficiency) of revenues over (under) expenditures		5,344
	<b>Fund balance (deficit), beginning of year</b>		<u>551</u>
	<b>Fund balance (deficit), end of year</b>	\$	<u><u>5,895</u></u>

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**Spartanburg County School District Number 3****Schedule D - Food Service Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance****For the year ended June 30, 2022**

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**Revenues**

1000	Revenue from local sources		
1600	Food service		
1610	Lunch sales to pupils	\$	1,295
1630	Special sales to pupils		59,387
1640	Lunch sales to adults		11,542
1660	Special sales to adults		1,483
	Total local sources		<u>73,707</u>
4000	Revenue from federal sources		
4800	USDA reimbursements		
4810	School lunch and after school snacks program		1,189,548
4820	Supply chain assistance funding		57,354
4830	School breakfast program		342,532
4900	Other federal sources		
4991	USDA commodities		75,244
4999	Revenue from other federal sources		227,651
	Total federal sources		<u>1,892,329</u>
	Total revenue all sources		<u>1,966,036</u>

**Expenditures**

250	Finance and operations services		
256	Food service		
100	Salaries		31,140
200	Employee benefits		14,577
300	Purchased services		1,263,198
400	Supplies and materials		103,039
500	Capital outlay		74,755
600	Other objects		334
	Total support services		<u>1,487,043</u>
	Total expenditures		<u>1,487,043</u>

**OTHER FINANCING SOURCES****Interfund Transfers, From (To) Other Funds**

432-791	Food service fund indirect costs		<u>(150,000)</u>
	Total other financing sources		<u>(150,000)</u>

Excess/(deficiency) of revenues over (under) expenditures 328,993

**Fund balance (deficit), beginning of year** 930,187

**Fund balance (deficit), end of year** \$ 1,259,180

**This schedule is presented in the format prescribed by the South Carolina Department of Education.**

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**Spartanburg County School District Number 3***Schedule F - Detailed Schedule of Due to State Department  
of Education/Federal Government**As of June 30, 2022*

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<u>Program</u>	<u>Grant or Project Number and FY</u>	<u>Revenue code</u>	<u>Description</u>	<u>Amount due</u>	<u>Status</u>
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None

## Spartanburg County School District Number 3

### Schedule G - Location Reconciliation Schedule

For the year ended June 30, 2022

01 Cannons Elementary	Elementary School	School	\$ 4,546,465
02 Clifdale Elementary	Elementary School	School	10,434,761
03 Cowpens Elementary	Elementary School	School	4,896,825
05 District Office	Non-Schools	Central	7,337,817
06 Pacolet Elementary	Schools	School	5,579,333
07 Cowpens Middle	Middle School	School	4,709,083
08 Middle School of Pacolet	Middle School	School	3,036,132
09 Broome High	High School	School	9,958,896
11 Special Education Center	Non-Schools	Central	287,456
14 Staff and Media Center	Non-Schools	Central	122,314
15 Superintendent and Board	Non-Schools	Central	350,150
16 Business Office	Non-Schools	Central	699,406
17 Maintenance Center	Non-Schools	Central	941,637
18 Transportation Center	Non-Schools	Central	1,697,952
19 District Special Projects	Non-Schools	Central	286,410
			<u>\$ 54,884,637</u>
General Fund			\$ 29,249,229
Special Revenue Fund			6,851,793
Special Revenue EIA Fund			1,360,005
Special Revenue-Food Service Fund			1,487,043
Debt Service Fund			1,503,570
Debt Service Fund-EFC			1,134,681
Capital Projects Fund			13,290,584
Capital Projects Fund-EFC			7,732
			<u>\$ 54,884,637</u>



**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Spartanburg County School District Number 3  
Spartanburg, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spartanburg School District 3 (the “District”), as of and for the year ended June 30, 2022, 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 28, 2022.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

A handwritten signature in black ink that reads "Manley Garvin, LLC". The signature is written in a cursive style and is centered within a light gray rectangular box.

Greenwood, South Carolina  
November 28, 2022



**Independent Auditor’s Report on Compliance for Each Major Federal  
Program and Report on Internal Control Over Compliance;  
Required by the Uniform Guidance**

Board of Trustees  
Spartanburg County School District Number 3  
Spartanburg, South Carolina

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

**Opinion on Each Major Federal Program**

We have audited Spartanburg County School District’s (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the District 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District’s federal programs.

***Auditor’s Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole. In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Greenwood, South Carolina  
November 28, 2022

**Spartanburg County School District Number 3**

*Schedule of Expenditures of Federal Awards*

*For the year ended June 30, 2022*

LEA Subfund Code	Federal grantor/ Pass-through grantor/ Program title	Federal CFDA Number	Additional award identification	Pass Through Grantor's Number	Total Expenditures
<b>Title I, Part A Cluster</b>					
<b>US Department of Education</b>					
Passed through South Carolina Department of Education					
201	Title I	84.010		H630101001	\$ 777,799
237	Title I - Focus	84.010		H630101001	48,941
263	McKinney-Vento American Rescue Plan	84.010A	COVID-19	H630101002	32,172
Total Title I, Part A Cluster					<u>858,912</u>
<b>Special Education Cluster</b>					
<b>US Department of Education</b>					
Passed through South Carolina Department of Education					
203	Individual with Disabilities Education Act (IDEA)	84.027		H630101009	686,062
205	IDEA Preschool Grants	84.173		H630101008	37,414
Total Special Education Cluster					<u>723,476</u>
<b>Child Nutrition Cluster</b>					
<b>US Department of Agriculture</b>					
Passed through South Carolina Department of Education					
600	School breakfast program - cash assistance	10.553		N/A	312,279
School lunch program:					
600	Cash assistance	10.555		N/A	1,115,282
600	Non-cash assistance (commodities)	10.555		N/A	59,482
Total Child Nutrition Cluster					<u>1,487,043</u>
<b>OTHER PROGRAMS</b>					
<b>US Department of Education</b>					
Passed through South Carolina Department of Education					
207	Career and Technical Education	84.048		H630101071	55,867
210	Title IV, Part A, Student Support and Academic Enrichment Program	84.424		H630101003	53,015
218	Elementary and Secondary Education Relief Fund III	84.425U	COVID-19	H63010497523	2,573,468
225	Elementary and Secondary Education Relief Fund II	84.425D	COVID-19	H630104975	222,896
232	McKinney-Vento	84.196A		H630101089	158,635
264	Language Instruction - Title III	84.365A		H630100067	10,858
267	Improving Teacher Quality	84.367		H630100068	62,121
Total other programs					<u>3,136,860</u>
<b>US Department of Health and Human Services</b>					
Direct award					
845	Adolescent Health through School-Based HIV/STD Prevention and Surveillance	93.079		N/A	48,500
864	Adolescent Health through School-Based HIV/STD Prevention and Surveillance	93.079		N/A	62,000
Total US Department of Health and Human Services					<u>110,500</u>
<b>US Department of Defense</b>					
Direct Award					
211	Air Force ROTC	12.000		N/A	59,945
Total US Department of Defense					<u>59,945</u>
Total federal assistance expended					<u>\$ 6,376,736</u>

**Note 1 Basis of Accounting**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**Note 2 Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as applicable to governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 Indirect Cost Rate**

The District used the restricted indirect cost rate for its programs and did not elect to use the 10% de minimis cost rate as covered in 2 CFR Part 200.414.

# Spartanburg County School District Number 3

## Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

### Section I. Summary of Auditor's Results

#### Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified?  yes  no
- Significant deficiency identified?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

#### Federal Awards

Internal control over major federal programs:

- Material weakness identified?  yes  no
- Significant deficiency identified?  yes  none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of major federal programs:

CFDA # \_\_\_\_\_

84.425D/84.425U

Program / Cluster Name \_\_\_\_\_

Elementary and Secondary Education Relief Fund I & III

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

yes  no

### Section II. Financial Statement Findings

None reported

### Section III. Federal Award Findings and Questioned Costs

None reported

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**Spartanburg County School District Number 3**

*Summary Schedule of Prior Audit Findings*

*For the year ended June 30, 2022*

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None reported.