

UNION COUNTY SCHOOLS
UNION, SOUTH CAROLINA



AUDITED
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
JUNE 30, 2014

UNION COUNTY SCHOOLS
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INTRODUCTORY SECTION

**UNION COUNTY SCHOOLS
PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2014**

MEMBERS OF SCHOOL BOARD

Dr. Wanda All	Board Chair
Ms. Kakie White	Vice-Chairman
Ms. Betty JoAnn McMorris	Member of School Board
Mr. Jantzen Childers	Member of School Board
Ms. Kim Bailey	Member of School Board
Mr. Warner A. "Buck" Peay	Member of School Board
Ms. Jane Hammett	Member of School Board
Mr. Manning Jeter	Member of School Board
Ms. Jane Wilkes	Member of School Board

ADMINISTRATIVE OFFICIALS

Dr. Kristi Woodall	Superintendent
Lynn Lawson	Financial Officer

FINANCIAL SECTION

C.C. McGregor, CPA
1906-1968

PARTNERS

W.C. Stevenson, CPA
B.T. Kight, CPA
G.D. Skipper, CPA
L.R. Leaphart, Jr, CPA
M.J. Binnicker, CPA
W.W. Francis, CPA

D.L. Richardson, CPA
E.C. Inabinet, CPA
S.S. Luoma, CPA
T.M. McCall, CPA
H.D. Brown, Jr, CPA
L.B. Salley, CPA

D.K. Strickland, CPA
J.P. McGuire, CPA
L.H. Kelly, CPA

ASSOCIATES

V.K. Laroche, CPA
G.N. Mundy, CPA
M.L. Layman, CPA
P.A. Betette, Jr, CPA
S. Wo, CPA
C.D. Hinchee, CPA
J.R. Matthews, II, CPA

G.P. Davis, CPA
H.J. Darver, CPA
K.B. Snipes, CPA
J.R. Lebednik, CPA
H.O. Crider, Jr, CPA
F.C. Gillam, CPA
M.L. Goode, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members of
The Board of Trustees of Union County Schools
Union, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County Schools, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Union County Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Union County Schools, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-11 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

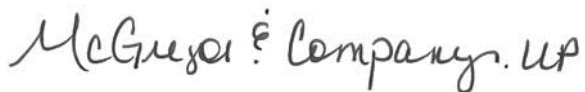
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Schools' basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, on our consideration of the Union County Schools' 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 Union County Schools' internal control over financial reporting and compliance.



Columbia, South Carolina

November 24, 2014

**UNION COUNTY SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2014**

INTRODUCTION

Our discussion and analysis of the District's financial performance provides an overview of the District's financial status and activities for the fiscal year ended June 30, 2014. This review serves to inform our citizens and other stakeholders of the results of the District's operations and to present our financial position at the end of the fiscal year. Readers should also review the detailed statements and notes included in the audit, in order to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS FOR FY 2013-2014

- The assets of the District exceeded its liabilities at the close of the recent fiscal year by \$13,150,241. Of this amount, \$13,150,241 may be used to meet the District's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$1,450,303.
- The District's total bonded debt, decreased from \$39,113,981 to \$37,788,246 during the current fiscal year. Long term debt of \$139,288 existed from execution of a Lease Purchase Agreement for technology projects approved under the Qualified Zone Academy Bond program. Original liability of \$755,000 was reduced during FY 2014 by \$19,271 in Trust earnings. A loan payable balance of \$8,693 existed from an interest free project loan through the S.C. Energy office.

Long term debt of \$37,350,000 also existed from execution of an Installment Purchase Revenue agreement with the SCAGO Educational Facilities Corporation (EFC) for Union School District. The EFC issued \$44,215,000 in bonds to build Jonesville Elementary/Middle School, Sims Middle School, and improvements to Union County High School. The District will issue a General Obligation Bond of approximately \$3,000,000 annually through 2030 to meet the District's installment revenue obligation to the EFC.

- Real and personal property value for the 2013 tax year (the basis for FY 2014 tax levy) was \$69,063,541, a decrease of (\$476,964) from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of: the *basic financial statements, required supplementary information* (which includes this management's discussion and analysis section), an optional section that presents *combining and individual fund statements and schedules* for major governmental funds, and the *compliance section*.

Government-wide financial statements. The basic 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 assets. This allows users of the financial statements to measure the direction of the financial health of the District.

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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, supporting services, community services and intergovernmental. The District does not have a “business-type” activity as the operations of the food service program are reported in the special revenue fund.

Fund financial statements. The remaining basic 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 can be divided into two categories: governmental funds, and fiduciary 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.

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 eight 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, state special projects fund, EIA fund, District & EFC debt service funds, District & EFC Capital Project funds, and Food Service fund, all of which are considered to be major funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District’s own programs. The District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund.

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.

Supplementary information. The combining statements referred to earlier in connection with major and individual fund statements and schedules.

Major Features of the Union County School District's Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
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	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government entity's financial position. In the case of the Union County School District, assets exceeded liabilities by \$13,150,241 at the close of FY 2014.

The following table provides a summary comparison to prior year of the School District's net assets for FY 2014:

	Net Assets	
	<u>2013</u>	<u>2014</u>
Assets		
Current and Other Assets	\$ 11,546,700	\$ 11,285,766
Capital Assets, net	<u>46,990,087</u>	<u>45,255,220</u>
Total Assets	<u>58,536,787</u>	<u>56,540,986</u>
Liabilities		
Long Term Liabilities	39,034,457	37,708,722
Other Liabilities	<u>5,620,272</u>	<u>5,682,023</u>
Total Liabilities	<u>44,654,729</u>	<u>43,390,745</u>
Net Assets		
Net Investment in Capital Assets	7,955,630	7,546,498
Restricted for Food Service	308,885	336,145
Restricted for Debt Service	4,375,157	4,289,182
Restricted for Capital Projects	(1,075,216)	77,975
Unrestricted	<u>2,317,602</u>	<u>900,441</u>
Total Net Assets	<u>\$ 13,882,058</u>	<u>\$ 13,150,241</u>

The largest portion of the District's net assets are listed as Capital Assets, net of debt of \$7,546,498, which reflects capital assets less any related outstanding debt used to acquire those assets.

	Changes in Net Assets (Governmental Activities)	
	<u>2013</u>	<u>2014</u>
Revenues		
Program Revenues		
Charges for Services	\$ 258,950	\$ 234,828
Operating Grants	22,940,197	22,344,968
Capital Grants	-	-
General Revenues		
Property Taxes	8,526,532	8,532,224
State Grants	5,690,791	5,745,085
Other	659,175	670,468
Total Revenues	<u>38,075,645</u>	<u>37,527,573</u>
Program Expenses		
Instruction	21,713,251	21,584,828
Support Services	14,314,840	14,391,139
Intergovernmental	120,701	111,031
Pupil Activity	149,000	149,000
Interest and Other Charges	1,879,190	2,023,392
Total Expenses	<u>38,176,982</u>	<u>38,259,390</u>
Increase/(Decrease) in Net Assets	(101,337)	(731,817)
Beginning Net Assets	<u>13,983,395</u>	<u>13,882,058</u>
Ending Net Assets	<u>\$ 13,882,058</u>	<u>\$ 13,150,241</u>

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

General Fund:

The General Fund is the operating fund for the District. In FY 2014, the reported fund balance decreased by (\$775,741). This fund balance gives the District the ability to fund payroll & daily operations from month to month between July and December, until lump-sum revenue totals are received from the State and County. This includes the General Fund Operations budget as well as all other local and unrestricted private grant / fund activity.

Special Revenue Funds/Special Projects/EIA Funds

These funds are used to account for numerous special revenue sources administered by the federal and state governments. Special Revenue Funds do not have fund balances, as revenues are expected to be expended, deferred, or returned to the grantor if unexpended.

Debt Service Fund

This fund reflects tax revenues provided from debt service millage, as well as principal and interest payments on school district bonded indebtedness.

Capital Projects Fund

This fund captures all of the activities associated with capital improvement spending in the district. The balance as of June 30, 2014 is (\$713,591). This fund balance is accumulated through transfers from General Fund, Debt Service, and Restricted State Funds, net of approved capital improvement expenditures. This negative fund balance includes the bond payable liability recorded for GO Bond Issue 2014A. GO Bond 2014A matures in March 2015.

Capital Projects Fund - Educational Facilities Corporation

The SCAGO Educational Facilities Corporation for Union School District (EFC) issued \$44,215,000 in bonds to build Jonesville Elementary/Middle School K-8, Sims Middle School, capital improvements to Union County High School, and other school improvements in the district. The District will issue a General Obligation Bond of approximately \$3,000,000 annually through 2030 to meet the District's installment revenue obligation to the EFC. The fund balance as of June 30, 2014 is \$77,975.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

As of June 30, 2014, the District had a depreciated value of \$45,255,220 invested in capital assets, including school buildings, land, construction-in-progress, athletic facilities, buses & other vehicles, computers, and other equipment. Total depreciation expense for FY 2014 was (\$1,942,713).

The following schedule presents capital asset balances at historical cost (as opposed to market value), net of depreciation for the year ended June 30, 2014.

Capital Assets at June 30, 2014 and June 30, 2013

	<u>2013</u>	<u>2014</u>
Land	\$ 1,217,023	\$ 1,217,023
Buildings, Improvements, Equip	70,635,806	70,843,652
Construction in Progress	-	-
Less Accumulated Depreciation	<u>(24,862,742)</u>	<u>(26,805,455)</u>
Net Capital Assets	<u>\$ 46,990,087</u>	<u>\$ 45,255,220</u>

Debt Administration:

At year-end, the District had \$147,981 in general fund debt outstanding. This is \$139,288 in long term debt from the QZAB Lease Purchase Agreement to match E-Rate funding of the district technology improvement plan and \$8,693 in interest free project loan payable to the S.C. Energy Office.

State statutes currently limit the amount of general obligation bonded debt a district may issue to eight percent (8%) of its total assessed valuation. The current bonded debt limitation for Union County Schools stands at \$5,525,083, of which \$4,507,102 was available as of June 30, 2014.

As noted previously, in December 2006, the District entered into an Installment Revenue agreement with the SCAGO EFC for Union School District. This agreement will require that the district issue short term General Obligation Bonds of approximately \$3,000,000, on an annual basis, through 2030. Although this debt was issued by the SCAGO EFC, the District's collateralized revenue obligation to the EFC will, in effect, commit and reduce the currently available \$4,507,102 in bonded debt capacity to approximately \$2,377,102.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic development activity reports are positive. The state legislature's budget allocations and recent economic conditions were cautiously considered in developing the FY 2015 General Fund Budget. The District has projected revenues equal to expenditures for the next fiscal year (2014 – 2015), in the amount of \$26,902,996.

The administration will continue to use special funding as efficiently as possible and maximize the funding flexibility options made available by the legislature & State Department of Education, as well as, monitoring and reducing operating costs. In addition, improved educational facilities, capital improvements from prior years, and organizational changes are expected to continue to yield cost savings and operational efficiency gains.

The goals in preparing the budget for FY 2014 - 2015 were:

- Provide safe and secure school environments.
- Provide the best possible academic & extra-curricular opportunities.
- Service & Fiscal Responsibility to students, parents, and community.
- Provide the latest technology & training to students & teachers.

OTHER MATTERS – NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions (Employers)*, which is intended to improve guidance for accounting and reporting on pensions that governments provide to their employees. GASB Statement No. 68, which is effective for fiscal years beginning after June 15, 2014, will require the District to recognize a net pension liability on its statement of net position and an additional pension expense on its statement of activities for the year ending June 30, 2015.

Once adopted, the District's financial statements for the year ending June 30, 2015, will be significantly impacted as follows:

- The beginning balance of the District's net position will be restated in an amount equal to the District's proportionate share of the retirement plan's collective net pension liability to reflect this liability as of the beginning of the fiscal year (July 1, 2014). Based on preliminary estimates received from the SC Public Employee Benefit Authority (PEBA), the organization that administers the State's retirement plans, including the SC Retirement System of which the District is an active member, the District's portion of collective net pension liability as of June 30, 2014, that will be recognized and used to restate the beginning net position balance of the District as of July 1, 2014, is estimated to be \$40,872,646.
- The District will be required to recognize a pension expense based on actuarial calculations of future retirement benefits (deferred outflows of resources) as of June 30, 2014, in addition to the recognition of the annual required contribution (ARC) obligations to the cost-sharing multiple-employer SC retirement system (SCRS) plan. Based on preliminary estimates received from SC PEBA, the District's balance of deferred outflows of resources (future benefit provision) as of June 30, 2014, totals \$1,111,685, which is expected to be recognized as pension expense over the next 4 fiscal years as follows: \$483,041 each year for years ending June 30, 2015, 2016, 2017 and \$746,779 for year ending June 30, 2018.

Actual amounts that will be used by the District to adjust net position beginning balance for its proportionate share of the plan's collective net pension liability and to recognize the additional pension expense related to the balance of deferred outflows of resources over the next 4 fiscal years will not be available until the retirement plan's stand-alone audited financial statements are complete. The stand-alone June 30, 2014 audited financial statements of the plans administered by PEBA, including the SCRS plan, is expected to be available by the end of October 2014.

Funding requirements of the pension plan obligations will be governed by the District's funding policy. GASB Statement No. 68 reporting requirements do not impact the funding of the pension plans, only the financial accounting and reporting for the plans.

This financial report is intended to provide our citizens, investors, creditors, and other stakeholders with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives.

The District Finance & Operations Officer is Mr. Lynn M. Lawson. The Union County Schools District Office is located at 130 West Main Street, Union, SC 29379. Telephone: (864) 429-1740 Web Site: www.union.k12.sc.us

Thank you, for your interest in and support of
The School District of Union County, South Carolina



BASIC FINANCIAL STATEMENTS

The basic financial statements provide a summary overview of the financial position of all funds and account groups and the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

**UNION COUNTY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2014**

	<u>Governmental Activities</u>
Assets	
Cash & Cash Equivalents	\$ 1,561,937
Investments	5,980,661
Property Tax Receivable	426,859
Due From County Government	1,550,023
Due From State Government	696,276
Due From Federal Government	556,030
Due From Other Governmental Units	100,042
Prepaid Expenditures	360,065
Inventories - Supplies & Materials	48,417
Other Receivables	5,456
Capital Assets (Net of Accumulated Depreciation)	
Land	1,217,023
Buildings & Improvements	43,611,894
Equipment	426,303
Total Assets	<u><u>\$ 56,540,986</u></u>
Liabilities	
Accounts Payable	568,157
Accrued Salaries	2,505,460
Accrued Payroll Related Liabilities	857,818
Due To State Government	5,387
Due to Pupil Activity	344,377
Bonds Payable	870,000
Arbitrage Rebate Payable	79,524
Unearned Revenue	311,010
Accrued Interest Payable	140,290
Noncurrent Liabilities:	
Due Within One Year	1,371,465
Due in More Than One Year	36,337,257
Total Liabilities	<u><u>\$ 43,390,745</u></u>
Net Position	
Net Investment in Capital Assets	7,546,498
Restricted For:	
Debt Service Program	4,289,182
Capital Projects	77,975
Food Service	336,145
Net Position - Unrestricted	900,441
Total Net Position	<u><u>\$ 13,150,241</u></u>

The notes to the basic financial statements are an integral part of this statement.

**UNION COUNTY SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 21,584,828	\$ -	\$ 13,257,194	\$ (8,327,634)
Support Services	14,391,139	234,828	8,966,559	(5,189,752)
Intergovernmental	111,031	-	121,215	10,184
Pupil Activity	149,000	-	-	(149,000)
Interest & Other Charges	2,023,392	-	-	(2,023,392)
Total Primary Government	\$ 38,259,390	\$ 234,828	\$ 22,344,968	\$ (15,679,594)

General Revenues:

Property Taxes Levied For:	
General Purposes	5,617,340
Debt Service	2,914,884
State Aid Not Restricted For Specific Purpose	5,745,085
Federal Aid Not Restricted For Specific Purpose	105,980
Unrestricted Investment Earnings	186,036
Miscellaneous	378,452

Total General Revenues and Transfers 14,947,777

Change in Net Position \$ (731,817)

Net Position, Beginning of Year 13,882,058

Net Position, Ending of Year \$ 13,150,241

The notes to the basic financial statements are an integral part of this statement.

**UNION COUNTY SCHOOLS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014**

	Special Revenue Funds								Total Governmental Funds
	General	Special Projects	Education Improvement Act	Food Service	Debt Service	Educational Facilities Corp. Debt Service	Capital Projects	Educational Facilities Corp. Capital Projects	
Assets									
Cash & Cash Equivalents	\$ 775,194	\$ -	\$ -	\$ 774,905	\$ -	\$ -	\$ -	\$ 11,838	\$ 1,561,937
Investments	2,606,056	-	-	-	-	-	-	8,809	5,980,661
Property Tax Receivable, Net	56,937	-	-	34,719	-	-	-	-	91,656
Due From Other Funds	1,124,765	-	-	-	-	-	-	57,328	1,182,093
Due From County Government	116,669	-	-	-	985,641	-	447,713	-	1,550,023
Due From State Government	434,101	35,844	226,331	-	-	-	-	-	696,276
Due From Federal Government	-	555,865	-	165	-	-	-	-	556,030
Due From Other Governmental Units	40,627	59,415	-	-	-	-	-	-	100,042
Prepaid Expenses	360,065	-	-	-	-	-	-	-	360,065
Inventories - Supplies & Materials	-	-	-	48,417	-	-	-	-	48,417
Other Receivables	3,477	-	-	1,979	-	-	-	-	5,456
Total Assets	\$ 5,517,891	\$ 651,124	\$ 226,331	\$ 825,466	\$ 1,020,360	\$ -	\$ 447,713	\$ 77,975	\$ 12,132,656
Liabilities, Deferred Inflows & Fund Balances									
Liabilities									
Accounts Payable	565,721	-	-	2,436	-	-	-	-	568,157
Accrued Salaries	2,505,460	-	-	-	-	-	-	-	2,505,460
Accrued Payroll Related Liabilities	857,818	-	-	-	-	-	-	-	857,818
Due To Other Funds	-	576,317	123,407	438,468	3,619	291,304	-	-	1,526,470
Due To State Government	-	-	5,387	-	-	-	-	-	5,387
Bonds Payable	-	-	-	-	-	870,000	-	-	870,000
Unearned Revenue	138,589	74,884	97,537	-	-	-	-	-	311,010
Total Liabilities	4,067,588	651,201	226,331	440,904	3,619	1,161,304	-	-	6,644,302
Fund Balances									
Non-Spendable	360,065	-	-	48,417	-	-	-	-	408,482
Restricted	-	-	-	336,145	1,016,741	-	-	77,975	4,703,302
Unassigned	1,090,238	(77)	-	-	-	(713,591)	-	-	376,570
Total Fund Balances	1,450,303	(77)	-	384,562	1,016,741	(713,591)	-	77,975	5,488,354
Total Liabilities, Deferred Inflows & Fund Balances	\$ 5,517,891	\$ 651,124	\$ 226,331	\$ 825,466	\$ 1,020,360	\$ 447,713	\$ 77,975	\$ 77,975	\$ 12,132,656

The notes to the basic financial statements are an integral part of this statement.

**UNION COUNTY SCHOOLS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

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

Total Governmental Fund Balances **\$ 5,488,354**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. *This is the amount that the cost of the assets exceeds the accumulated depreciation.*

<i>Cost of Assets</i>	\$ 72,060,675	
<i>Accumulated Depreciation</i>	<u>(26,805,455)</u>	45,255,220

Certain unearned revenues reported in the governmental funds are recognized subject to a reserve for uncollectible amounts in the statement of activities. *This is the additional amount of taxes receivable recognized under the accrual basis.* 335,203

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

<i>Long Term Debt</i>	(37,497,981)	
<i>Bond Premiums, Net of Amortization</i>	(449,576)	
<i>Bond Discount, Net of Amortization</i>	238,835	
<i>Arbitrage Payable</i>	(79,524)	
<i>Accrued Interest Payable</i>	<u>(140,290)</u>	<u>(37,928,536)</u>

Net Position of Governmental Activities: **\$ 13,150,241**

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY SCHOOLS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue							Total Governmental Funds	
	General	Special Projects	Education Improvement Act	Food Service	Debt Service	Educational Facilities Corp. Debt Service	Capital Projects		Educational Facilities Corp. Capital Projects
Revenues									
Taxes Levied/Assessed by the LEA	\$ 5,327,045	\$ -	\$ -	\$ -	\$ 2,914,884	\$ -	\$ -	\$ -	\$ 8,241,929
Earnings on Investments	24,288	-	-	771	-	160,977	-	1	186,037
Food Service	-	-	-	234,827	-	-	-	-	234,827
Other Revenue from Local Sources	574,717	164,850	-	220	-	-	38,799	-	778,586
Total Local	5,926,050	164,850	-	235,818	2,914,884	160,977	38,799	1	9,441,379
Intergovernmental	-	121,215	-	-	-	-	-	-	121,215
State Sources	19,143,235	400,190	2,974,454	165	401,646	-	-	-	22,919,690
Federal Sources	105,980	2,969,566	-	1,679,448	-	-	-	-	4,754,994
Total Revenues	\$ 25,175,265	\$ 3,655,821	\$ 2,974,454	\$ 1,915,431	\$ 3,316,530	\$ 160,977	\$ 38,799	\$ 1	\$ 37,237,278
Expenditures									
Current:									
Instruction	16,260,031	2,444,365	1,721,540	-	-	-	-	-	20,425,936
Support Services	10,425,140	1,121,990	424,826	1,615,419	-	-	59,752	6,137	13,653,264
Intergovernmental	111,031	-	-	-	-	-	-	-	111,031
Debt Service:									
Other Professional and Technical Services	-	-	-	-	-	4,000	-	-	4,000
Redemption of Principal	-	-	-	-	27,963	1,285,000	-	-	1,312,963
Interest	-	-	-	-	23,957	1,773,650	-	-	1,797,607
Other Objects	-	-	-	-	-	-	19,098	-	19,098
Capital Outlay	78,760	-	-	75,508	-	-	7,632	-	161,900
Total Expenditures	\$ 26,874,962	\$ 3,566,355	\$ 2,146,366	\$ 1,690,927	\$ 51,920	\$ 3,062,650	\$ 86,482	\$ 6,137	\$ 37,485,799
Excess of Revenues Over (Under) Expenditures	(1,699,697)	89,466	828,088	224,504	3,264,610	(2,901,673)	(47,683)	(6,136)	(248,521)
Other Financing Sources (Uses)									
Premiums on Bonds Sold	-	-	-	-	-	-	16,544	-	16,544
Transfers In	1,100,919	74,099	125,085	-	27,963	2,912,125	3,389,000	-	7,629,191
Transfers Out	(176,963)	(163,642)	(953,173)	(183,288)	(3,389,000)	-	(2,912,125)	-	(7,778,191)
Total Other Financing Sources (Uses)	923,956	(89,543)	(828,088)	(183,288)	(3,361,037)	2,912,125	493,419	-	(132,456)
Net Change in Fund Balances	\$ (775,741)	\$ (77)	\$ -	\$ 41,216	\$ (96,427)	\$ 10,452	\$ 445,736	\$ (6,136)	\$ (380,977)
Fund Balance, Beginning of Year	2,226,044	-	-	343,346	1,113,168	3,261,989	(1,159,327)	84,111	5,869,331
Fund Balance, Ending of Year	\$ 1,450,303	\$ (77)	\$ -	\$ 384,562	\$ 1,016,741	\$ 3,272,441	\$ (713,591)	\$ 77,975	\$ 5,488,354

The notes to the basic financial statements are an integral part of this statement.

**UNION COUNTY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts Reported for the Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ (380,977)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. *This is the amount by which depreciation expense exceeded capital outlays in the current period.*

<i>Depreciation Expense</i>	\$ (1,942,713)	
<i>Capital Outlay</i>	<u>207,846</u>	(1,734,867)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. *This is the amount that principal repaid during the year exceeds the amount of debt issued during the year.*

<i>Redemption of Principal</i>	1,312,963	
<i>Proceeds from Long-Term Debt</i>	<u>-</u>	1,312,963

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. *This is the change in bond issuance cost amortization, and change in bond premium amortization.*

<i>Change in Amortization of Bond Issuance Costs</i>	(237,178)	
<i>Change in Amortization of Bond Premiums</i>	27,247	
<i>Change in Amortization of Bond Discounts</i>	<u>(14,475)</u>	(224,406)

Certain unavailable tax revenues reported in the governmental funds are recognized in the statement of activities, net of a reserve for uncollectible amounts. This is the change in the amount of taxes receivable recognized under the accrual basis.

290,295

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. *This is the amount that accrued interest on bonds at the end of the prior year exceeded the accrued interest on bonds at the end of the current year.*

<i>Accrued Interest - End of Current Year</i>	(140,290)	
<i>Accrued Interest - End of Prior Year</i>	<u>145,465</u>	<u>5,175</u>

Change in Net Position of Governmental Activities

\$ (731,817)

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY SCHOOLS
FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Pupil Activity
Assets	
Due From Other Funds	\$ 344,377
Other Current Assets	<u>1,038</u>
Total Assets	<u>\$ 345,415</u>
Liabilities	
Due to Pupil Activities	<u>345,415</u>
Total Liabilities	<u>\$ 345,415</u>

The notes to the basic financial statements are an integral part of this statement.

UNION COUNTY SCHOOLS
FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Assets				
Due From Other Funds	\$ 336,449	\$ 1,035,492	\$ 1,027,564	\$ 344,377
Other Current Assets	1,038	-	-	1,038
Total Assets	<u>\$ 337,487</u>	<u>\$ 1,035,492</u>	<u>\$ 1,027,564</u>	<u>\$ 345,415</u>
Liabilities				
Due to Pupil Activities	337,487	1,035,492	1,027,564	345,415
Total Liabilities	<u>\$ 337,487</u>	<u>\$ 1,035,492</u>	<u>\$ 1,027,564</u>	<u>\$ 345,415</u>

The notes to the basic financial statements are an integral part of this statement.

**UNION COUNTY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Union County School District (“the District”) is located in the Piedmont region of South Carolina. The District consists of three K-5 elementary schools, two K-8 elementary/middle schools, one 6-8 middle school and one 9-12 senior high school. The District also offers an adult education program and an alternative high school program. The District operates the public school system throughout all of Union County. The District received no financial assistance from the County and operates as a separate and independent political entity, deriving its revenue for the most part from local school district property taxes, state appropriations and federal sources.

The accompanying financial statements present the government and its component units, entities for which the District is considered to be financially accountable. Blended component units, although, legally separate entities, are in substance part of the District’s operations and data from these units are combined with the data of the primary government.

The District has one blended component unit:

SCAGO Educational Facilities Corporation for Union School District, Inc. (EFC) is a not-for-profit 501(c) (3) organization incorporated for the specific charitable purpose of serving as a “support organization” for capital projects of the District. The Corporation’s board members are appointed by the Board of Directors of the South Carolina Association of Governmental Organizations. Because the Corporation exclusively benefits the District, the Corporation’s financial information is blended with that of the District in these basic financial statements. Separate financial information for the Corporation is included in individual columns throughout the financial statements. The Corporation does not issue separate financial statements.

The District’s financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for the establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements - Government-wide Statements

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Fund Financial Statements

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

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

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

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

General Fund (Major Fund)

The general fund is the general operating fund of the District. It is used to account for all activities except those required to be accounted for in other funds.

Special Revenue Funds

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

Special Projects Fund (Major Fund)

Used to account for financial resources provided by federal, state and local grants.

Education Improvement Act Fund (Major Fund)

Used to account for the proceeds of the additional one percent sales and use tax revenues that are legally restricted to expenditures for the South Carolina Education Improvement Act of 1984 standards.

Food Service Fund (Major Fund)

Used to account for cafeteria operations at school locations. The fund is financed by user charges and subsidized by USDA school lunch and breakfast programs.

Debt Service Funds (Major Fund)

The debt service fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest, and related costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Fund Financial Statements

Debt Service Fund - EFC (Major Fund)

The debt service fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest, and related costs of the Educational Facilities Corporation for Union County School District.

Capital Projects Funds (Major Fund)

The school building funds are used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities.

Capital Projects Fund - EFC (Major Fund)

The school building funds are used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities for the Educational Facilities Corporation for Union County School District.

Fiduciary Fund Types

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

Pupil Activity Fund

Pupil Activity Fund is used to account for student admissions, organization memberships, bookstore sales and other related receipts and disbursements held by the school in a trustee capacity on behalf of the students and/or District employees.

Measurement Focus and Basis of Accounting

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

Revenues, Exchange and Non-exchange Transactions

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Unearned Revenue

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

Expenditures/Expenses

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

Budget

The District adopts an annual budget for the General Fund prior to the beginning of each fiscal year. The adopted budget specifies expenditure limits appropriated to each function. All annual appropriations lapse at fiscal year-end. The budget is prepared on a basis consistent with U. S. generally accepted accounting principles, which is consistent with actual financial statement results, including significant accruals to provide meaningful comparisons.

Cash and Investments

State statutes authorize the District to invest in (1) obligations of the United States and its agencies, (2) general obligations of the State of South Carolina and its subdivisions, (3) savings and loan associations to the extent of federal insurance, (4) certificates of deposit collateralized, (5) repurchase agreements secured by the foregoing obligations, and (6) the State Treasurer’s Investment Pool. Investments are stated at fair value. The fair value of the District’s investments approximated cost.

Due from (to) County Government (Cash with Fiscal Agent)

The Union County Treasurer, fiscal agent for the District, receives monies from local, state and federal sources on behalf of the District. The monies held by the County Treasurer are uninsured but collateralized with government investments held by the pledging institution’s agent in the name of Union County. Market value approximates cost on the investments. These monies are remitted to the District once a claim has been presented to the Union County Treasurer.

Taxes Receivable

Taxes receivable as reported in the statement of net position are net of the following uncollectible amounts:

Delinquent Taxes Receivable	\$ 1,132,630
Less: Allowance for Uncollectible	<u>705,771</u>
Taxes Receivable	<u><u>\$ 426,859</u></u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ad Valorem Taxes

The District's property taxes (except vehicles) are levied by the Union County Auditor each fall on the assessed valuation of the property located in the District as of the preceding January 1. The tax books are open for collection September 30, with the first penalty of 3% applied to payments made after January 15, the due date. An additional penalty of 7% is charged for payments made after January 31. Uncollected property taxes attach as an enforceable lien on January 1. Uncollected property taxes as of March 15 are transferred to the Union County Delinquent Tax Collector at which time an additional 5% penalty is assessed. Union County bills and collects the District's property taxes. The District's uncollected assessed taxes that have been transferred to the Union County Delinquent Tax Collector for the General Fund and Debt Service are recorded as taxes receivable in the accompanying government-wide statement of net position. An allowance for amounts considered to be uncollected has been recorded. These amounts are not reflected as receivables in the accompanying fund financial statement balance sheet in that they are not deemed available.

Assessed values for real estate are established annually by the County Tax Assessor based on the assessment ratio applied to the appropriate class of property.

The District's operating tax rate as of June 30, 2014 is 119.9 mills with an additional 48.0 mills for debt retirement.

Inventory and Prepaid Items

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

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

Capital Assets and Depreciation

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

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

<u>Description</u>	<u>Useful Life</u>
Land	Not Depreciated
Construction in Progress	Not Depreciated
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	3 - 10 Years
Vehicles	3 - 10 Years

Interfund Transactions

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation and Sick Pay

In accordance with state law, the District allows school employees to accumulate a maximum of ninety days sick leave. Accumulated sick leave is transferable to other school districts. During an illness, an employee continues to receive full pay for each day of accumulated sick leave. If an employee leaves the employment of the District, any unused sick leave is not paid. Because of the non-vesting of sick leave and other uncertainties, no estimate of any potential liability has been made.

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

Accrued Liabilities and Long-term Debt

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

In general, accounts payable and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available resources. Long-term debt paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of net position. Bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Advance refunding costs are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortizations of premiums, discounts, bond issuance costs and deferred advance refunding costs are included in interest expense. Bonds payable are reported net of the applicable bond premiums, discount and deferred advance refunding costs. Bond issuance costs are reported as other assets and are amortized over the term of the related debt.

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

Governmental Fund Balance Classifications

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

Non-spendable

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

Restricted

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balance Classifications (Continued)

Committed

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

Assigned

This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or by an official or other body to which the Board delegates authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned

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

Spending Policy

According to the District spending policy (DFAB) adopted 6/2011, the District would typically use restricted fund balances first, followed by committed resources and assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets and liabilities. 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 asset component as the unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Restricted Sources

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District obtains its employee health and accident insurance through the South Carolina Office of Insurance Services, South Carolina Reserve Fund (the "Fund") which is a public entity risk pool. The District pays premiums to the Fund for its employee health and accident insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

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

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

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

In addition to assets, the financial statements 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the financial statements 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

2. CASH AND INVESTMENTS

Cash

Cash custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding cash custodial risk is to require banks with which the District maintains deposits, to collateralize and, or insure the District's funds.

As of June 30, 2014, the District's cash deposits were as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand Deposits	<u>\$ 1,561,937</u>	<u>\$ 2,078,893</u>

Of the District's bank balance, \$511,838 was covered by FDIC insurance and \$1,567,055 was collateralized by securities held by the pledging bank's trust department or agent in the District's name.

2. CASH AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2014, the District has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
State Treasurer's Investment Pool	\$ 2,606,056	< 90 Days	Not Rated
Wells Fargo Advantage Prime Money Market	<u>3,374,605</u>	Daily	AAA
Total Investments	<u>\$ 5,980,661</u>		

South Carolina Pooled Investment Fund ("SC 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. The Pool is a 2a 7-like pool, which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a & of the Investment Company Act of 1940. 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.

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

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

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

3. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,217,023	\$ -	\$ -	\$ 1,217,023
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	1,217,023	-	-	1,217,023
Capital Assets, Being Depreciated				
Buildings and Improvements	69,053,519	8,000	-	69,061,519
Furniture and Equipment	869,701	199,846	-	1,069,547
Vehicles	712,586	-	-	712,586
Total Capital Assets, Being Depreciated	70,635,806	207,846	-	70,843,652
Less: Accumulated Depreciation For:				
Buildings and Improvements	23,630,811	1,818,814	-	25,449,625
Furniture and Equipment	519,345	123,899	-	643,244
Vehicles	712,586	-	-	712,586
Total Accumulated Depreciation	24,862,742	1,942,713	-	26,805,455
Total Capital Assets, Being Depreciated, Net	45,773,064	(1,734,867)	-	44,038,197
Governmental Activities, Capital Assets, Net	\$ 46,990,087	\$ (1,734,867)	\$ -	\$ 45,255,220

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

Instructional	\$ 1,158,892
Support Services	783,821
Total Depreciation Expense	\$ 1,942,713

4. SHORT-TERM OBLIGATIONS

The following is a summary of short-term debt activity of the District for the year ended June 30, 2014:

	Balance at June 30, 2013	Additions	Deductions	Balance at June 30, 2014
GO Bond, Series 2013A	\$ 898,000	\$ -	\$ 898,000	\$ -
GO Bond, Series 2013B	-	2,491,000	2,491,000	-
GO Bond, Series 2014A	-	870,000	-	870,000
	\$ 898,000	\$ 3,361,000	\$ 3,389,000	\$ 870,000

On September 19, 2013, the District issued \$2,491,000 in SCAGO GO Bonds, Series 2013B to fund fiscal year 2014 payments pursuant to the Installment Purchase and Use Agreement with the SCAGO Educational Facilities Corporation of Union County. At June 30, 2014, these bonds were paid in full, including interest of \$11,348.

4. SHORT-TERM OBLIGATIONS (CONTINUED)

On March 27, 2014, the District issued \$870,000 in SCAGO GO Bonds, Series 2014A to fund fiscal year 2015 payments pursuant to the Installment Purchase and Use Agreement with the SCAGO Educational Facilities Corporation of Union County payable on March 2, 2015. At June 30, 2014, these bonds were still outstanding.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations of the District for the year ended June 30, 2014:

	Amounts Outstanding June 30, 2013	Additions	Deductions	Amounts Outstanding June 30, 2014	Amounts Due in One Year
Bonds Payable:					
EFC Installment Purchase					
Revenue Bonds	\$ 38,635,000	\$ -	\$ 1,285,000	\$ 37,350,000	\$ 1,350,000
Lease Payable	158,559	-	19,271	139,288	-
Loan Payable	17,385	-	8,692	8,693	8,693
	<u>38,810,944</u>	<u>-</u>	<u>1,312,963</u>	<u>37,497,981</u>	<u>1,358,693</u>
Deferred Amounts:					
Bond Premium	476,823	-	27,247	449,576	27,247
Bond Discount	(253,310)	-	(14,475)	(238,835)	(14,475)
	<u>223,513</u>	<u>-</u>	<u>(41,722)</u>	<u>210,741</u>	<u>12,772</u>
Total Bonds Payable	<u>\$ 39,034,457</u>	<u>\$ -</u>	<u>\$ 1,325,735</u>	<u>\$ 37,708,722</u>	<u>\$ 1,371,465</u>
Arbitrage Rebate Payable	79,524	-	-	79,524	-
Long-Term Liabilities	<u>\$ 39,113,981</u>	<u>\$ -</u>	<u>\$ 1,325,735</u>	<u>\$ 37,788,246</u>	<u>\$ 1,371,465</u>

Long-term debt at June 30, 2014 is comprised of the following individual issues:

	EFC Installment Purchase Revenue Bonds	Lease Obligations	Loan Payable	Total
\$44,215,000 2006 Installment purchase revenue bond; principal due in annual installments of \$1,025,000 to \$2,990,000 through December 2031 including interest at rates of 4.00% to 5.00%.	\$ 37,350,000	\$ -	\$ -	\$ 37,350,000
Lease purchase agreement, structured as to qualify as a Qualified Zone Academy Bond (QZAB) for technology equipment; interest at 0%, due on December 30, 2020.	-	139,288	-	139,288
\$34,769 interest free loan payable to the South Carolina Energy Office, due in annual installments of \$8,692 through November 2014.	-	-	8,693	8,693
	<u>\$ 37,350,000</u>	<u>\$ 139,288</u>	<u>\$ 8,693</u>	<u>\$ 37,497,981</u>

5. LONG-TERM OBLIGATIONS (CONTINUED)

Installment Purchase Revenue Bonds

The SCAGO Educational Facilities Corporation for Union County Schools (the Corporation) Installment Purchase Revenue Bonds were issued pursuant to a School Facilities Purchase and Use Agreement and evidence proportionate interests of the owners in certain rental payments to be made by the District under the terms of a Base Lease Agreement between the District and the Corporation dated December 28, 2006. The District purchases the Capital Projects from the Corporation pursuant to the Purchase and Use Agreement, which obligates the District to make semiannual installment payments of the purchase price to the Corporation in amounts calculated to be sufficient to enable the Corporation to pay the principal and interest on the outstanding bonds; amounts budgeted as reserves for the repair and replacement of the facilities and program administrator fees. The District's obligations under the Purchase and Use Agreement are from year to year only and do not constitute a mandatory payment obligation of the District in any fiscal year in which funds are not appropriated by the District to pay the installment payments due in such fiscal year. However, in the event of default, the District would forfeit possession of the facilities for the remainder of the lease term.

The SCAGO Educational Facilities Corporation for Union County Schools bonds are not a debt of the District; however, as the Corporation is blended with the operations of the District, the debt of the Corporation is included with the District's other obligations as required by generally accepted accounting principles.

On December 28, 2006, the Corporation issued \$44,215,000 Installment Purchase Revenue Bonds Series 2006 to finance the cost of acquiring, constructing, renovating, and installing educational facilities (the "Capital Projects") to be sold by the Corporation to the District pursuant to a Purchase and Use Agreement dated December 28, 2006. They are subject to redemption at the Corporation's option beginning in December 2016.

Bond issue costs associated with the Corporation's 2006 bond issue were \$325,272 and were being amortized over the life of the bonds through June 30, 2013. The unamortized bond issuance costs have been included in interest expense in the amount of \$237,178 for the year ended June 30, 2014.

Lease Payable

The District's long-term lease is a Qualified Zone Academy Bond (QZAB). The District received proceeds of \$755,000 on December 30, 2004. This liability is due December 30, 2020. Under the terms of this agreement, the District is required to irrevocably place cash into a trust that will be used solely for the retirement of the QZAB. The District's required sinking fund payments along with the trusts' accumulated earnings ultimately liquidate the liabilities at the QZAB's maturity. As the District makes sinking fund payments and the trust accrues earnings, the QZAB liability is considered in-substance defeased, and the liabilities are removed from the District's books.

The District's required sinking fund payments and accrued earnings defeased at June 30, 2014 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>QZAB</u>
2006	\$ 121,150
2007	121,150
2008	121,150
2009	<u>121,150</u>
	484,600
Trust accumulated earnings as of June 30, 2014	<u>131,112</u>
Debt in-substance defeased as of June 30, 2014	615,712
Original Liability	<u>755,000</u>
Remaining Liability as of June 30, 2014	<u><u>\$ 139,288</u></u>

5. LONG-TERM OBLIGATIONS (CONTINUED)

Loan Payable

Loan payable at June 30, 2014 is comprised of the following individual issue:

\$34,769 interest free loan payable to the South Carolina Energy Office, representing 25% of the total grant received in fiscal 2011 to be paid back from energy savings from the grant award; due in annual installments of \$8,692 through November 2014. \$ 8,693

The annual requirements to amortize all long-term debt outstanding as of June 30, 2014, including interest payments are as follows:

Year Ending June 30,	EFC Installment Purchase Revenue Bonds		Lease Obligations		Loan Payable		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	\$ 1,350,000	\$ 1,707,775	\$ -	\$ -	\$ 8,693	\$ -	\$ 3,066,468
2016	1,420,000	1,638,525	-	-	-	-	3,058,525
2017	1,485,000	1,573,325	-	-	-	-	3,058,325
2018	1,545,000	1,512,725	-	-	-	-	3,057,725
2019	1,615,000	1,441,450	139,288	-	-	-	3,195,738
2020 to 2024	9,405,000	5,885,975	-	-	-	-	15,290,975
2025 to 2029	11,945,000	3,351,763	-	-	-	-	15,296,763
2030 to 2034	8,585,000	593,962	-	-	-	-	9,178,962
	<u>\$ 37,350,000</u>	<u>\$ 17,705,500</u>	<u>\$ 139,288</u>	<u>\$ -</u>	<u>\$ 8,693</u>	<u>\$ -</u>	<u>\$ 55,203,481</u>

Arbitrage is the difference between the yield on an issuer's tax exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury.

The District is required to have an arbitrage rebate calculation performed for the 2006 Installment Purchase Revenue Bonds every five years after the bonds are issued and to rebate any arbitrage earnings in excess of the bond yield to the federal government. As of June 30, 2014, the District has a potential arbitrage rebate of \$79,524

There are a number of limitations and restrictions contained in the various debt instruments. The District is in compliance with all significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended.

6. RETIREMENT PLAN

South Carolina Retirement System Plans

Plan Description

Eligible employees of the District are participants in the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), both of which are cost-sharing, multi-employer defined benefit pension plans administered by the Retirement Services Division of the South Carolina Public Employee Benefit Authority. The system provides retirement and disability benefits, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. Only the South Carolina Public Employee Benefit Authority has the authority to establish and amend benefits. Comprehensive Annual Financial Report containing basic financial statements and required supplementary information for the System are issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Funding and Benefit Policies

SCRS and PORS members are required to contribute 7.50% of their annual covered salaries, and the District is required to contribute at an actuarially determined rate. For the year ended June 30, 2014, these rates were 10.45% and 12.44%. In addition to the above rates, participating employers of the SCRS contribute 0.15% of payroll to provide a group life insurance benefit for their participants; and employers of the PORS contribute 0.20% of payroll to provide a group life insurance benefit and 0.20% of payroll to provide an accidental death benefit for their participants. An additional employer contribution surcharge of 4.92% of covered payroll was added to the contribution rate to State and Public school entities covered by the State Health Insurance Program. This assessment is for the purpose of providing retiree health insurance coverage and is not a part of the actuarially established contribution rates.

The District's contributions (which equaled the required contributions) to SCRS and PORS for the last three fiscal years were as follows:

Year Ended June 30,	SCRS				
	Employee Contributions	Percentage of Covered Payroll	Employer Contributions	Percentage of Covered Payroll	Total Contributions
2014	\$ 1,521,335	7.50%	\$ 3,173,688	15.52%	\$ 4,695,023
2013	1,439,797	6.50%	3,143,140	15.15%	4,582,937
2012	1,335,970	6.50%	2,843,561	13.835%	4,179,531

Year Ended June 30,	PORS				
	Employee Contributions	Percentage of Covered Payroll	Employer Contributions	Percentage of Covered Payroll	Total Contributions
2014	\$ 5,493	7.84%	\$ 12,653	17.76%	\$ 18,146
2013	3,964	7.00%	9,635	16.85%	13,599
2012	3,554	6.50%	8,782	16.06%	12,336

6. RETIREMENT PLAN (CONTINUED)

Other Retirement Plan

The State of South Carolina also provides an optional retirement plan (State ORP). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits as an alternative to the SCRS. Employees may choose between the State ORP plan and the SCRS plan. Both employees and employers are required to contribute to the State ORP. Employees contribute 7.50% and employers contribute 10.45% of salary, of which 5% is directed to an approved investment provider to the employee's accounts and 5.45% to the SCRS. In addition, 4.92% is contributed to provide retiree health and dental insurance and group life insurance for active participants. In addition to the above rates, participating employers contribute 0.15% of payroll to provide a group life insurance benefit for their participants. For the year ended June 30, 2014, the employee and employer contributions to the State ORP were \$30,921 and \$67,942 respectively.

7. POST RETIREMENT BENEFITS

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

8. DEFERRED COMPENSATION PLANS

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

9. INTERFUND TRANSACTIONS

Interfund Receivables and Payables

Interfund balances for the year ended June 30, 2014 consisted of the following:

	Interfund Receivables	Interfund Payables
General Fund	\$ 1,124,765	\$ -
Special Revenue Fund - Special Projects	-	576,317
Special Revenue Fund - EIA	-	123,407
Special Revenue Fund - Food Service	-	438,468
Debt Service Fund	-	3,619
Debt Service Fund - EFC	-	93,355
Capital Projects Fund	-	291,304
Capital Projects Fund - EFC	57,328	-
Pupil Activity Fund	344,377	-
Totals	<u>\$ 1,526,470</u>	<u>\$ 1,526,470</u>

The interfund balances result from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All remaining balances resulted from consolidation of available cash to optimize investments.

9. INTERFUND TRANSACTIONS (CONTINUED)

Interfund Transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Debt Service	\$ 27,963
General Fund	Pupil Activity Fund	149,000
Special Revenue Fund - Special Projects	Special Revenue Fund - EIA	10,693
Special Revenue Fund - Special Projects	General Fund - Special Projects Indirect Cost	152,949
Special Revenue Fund - EIA	General Fund	764,682
Special Revenue Fund - EIA	Special Revenue Fund - Special Projects	74,099
Special Revenue Fund - EIA	Special Revenue Fund - EIA	114,392
Special Revenue Fund - Food Service	General Fund - Food Service Indirect Cost	183,288
Debt Service Fund	Capital Projects Fund	3,389,000
Capital Projects Fund	Debt Service	2,912,125
		<u>\$ 7,778,191</u>

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

10. OPERATING LEASES

The District has entered into operating leases for classroom technology equipment with terms in excess of one year. None of these agreements contain purchase options. The rent expense for the fiscal year ended June 30, 2014 was \$70,681. Future minimum lease payments are as follows:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Total</u>
2015	\$ 93,414
2016	78,306
2017	78,306
2018	58,070
2019	<u>13,511</u>
Total Payments	<u>\$ 321,607</u>

11. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

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

12. SUBSEQUENT EVENTS

Pending Implementation Of GASB Statement 68 On Pensions

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions (Employers) – an amendment of GASB Statement No. 27*, to improve guidance for accounting and reporting on pensions that governments provide to their employees. GASB believes it is important to give users of the financial statements of cost-sharing employers access to better, more transparent financial information. Consequently, under the new standard, the GASB is requiring that cost-sharing governments report a net pension liability, pension expense and pension-related deferred inflows and outflows of resources based on the government's proportionate share of the collective amounts for all the governments participating in the plan. Issued June 2012, this statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. GASB Statement No. 68 will be effective for the Authority, fiscal year ending June 30, 2015. This statement relates to accounting and financial reporting and does not apply to how governments approach the funding of their pension plans. At present, there is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial reports. This statement separates how the accounting and financial reporting is determined from how pensions are funded.

Key changes when GASB Statement No. 68 is adopted by participating governments will include:

- Separating how the accounting and financial reporting is determined from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer's past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the interest rate on a tax-exempt 20 year AA/Aa or higher rated municipal bond index to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.
- Requires a restatement of beginning net position balance equal to the government's proportionate share of the plan's collective net pension liability to reflect this liability as of the beginning of the year.
- The recognition of pension expense based on actuarial calculations in addition to the recognition of the annual required contribution (ARC) obligations to the State's cost-sharing multiple-employer retirement plan.

Once GASB Statement No. 68 is adopted during the year ending June 30, 2015, management expects the financial impact of recognizing the net pension liability on the government's statement of net position will be significant. The government's actual proportionate share of the collective net pension liability that will be used to adjust beginning net position by the recognition of this liability will not be available until the plan's stand-alone audited financial statements are complete.

On September 17, 2014, the District issued General Obligation Bond, Series 2014B, in the amount of \$2,450,000. This issue was to fund fiscal year 2015 payments pursuant to the Installment Purchase and Use Agreement with the SCAGO Educational Facilities Corporation of Union School District. The balance of the funds will be remitted to the District's capital project fund. They were sold at an interest rate of 1.25% with a maturity of March 2, 2015.

Management has evaluated the effects subsequent events would have on the financial statements through the date of the auditor's report, which is the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

**UNION COUNTY SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund			
	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local	\$ 5,659,050	\$ 5,659,050	\$ 5,926,050	\$ 267,000
Federal	19,338,202	19,338,202	19,143,235	(194,967)
Intergovernmental	120,000	120,000	105,980	(14,020)
Total Revenues	<u>\$ 25,117,252</u>	<u>\$ 25,117,252</u>	<u>\$ 25,175,265</u>	<u>\$ 58,013</u>
Expenditures				
Current:				
Instruction	16,321,382	16,321,382	16,260,031	61,351
Support Services	9,644,643	9,644,643	10,503,900	(859,257)
Intergovernmental	5,000	5,000	111,031	(106,031)
Total Expenditures	<u>\$ 25,971,025</u>	<u>\$ 25,971,025</u>	<u>\$ 26,874,962</u>	<u>\$ (903,937)</u>
Excess Revenues Over (Under) Expenditures	<u>(853,773)</u>	<u>(853,773)</u>	<u>(1,699,697)</u>	<u>(845,924)</u>
Other Financing Sources (Uses)				
Transfers from Other Funds	853,773	853,773	923,956	70,183
Total Other Financing Sources (Uses)	<u>853,773</u>	<u>853,773</u>	<u>923,956</u>	<u>70,183</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (775,741)</u>	<u>\$ (775,741)</u>
Fund Balance, Beginning of Year			<u>2,226,044</u>	
Fund Balance, Ending of Year			<u>\$ 1,450,303</u>	

SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except for those required to be accounted for in another fund. All property taxes, intergovernmental revenues, and miscellaneous revenues are recorded in this fund except amounts which are specifically collected to service debt or capacity. Operational expenditures for general education, support services and other departments of the District are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.

**UNION COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1100 Taxes Levied/Assessed by the LEA:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 5,399,050	\$ 5,124,472	\$ (274,578)
1140 Penalties & Interest on Taxes (Independent)	220,000	202,573	(17,427)
1500 Earnings on Investments:			
1510 Interest on Investments	10,000	24,288	14,288
1900 Other Revenue from Local Sources:			
1920 Contributions & Donations Private Sources	-	125	125
1930 Medicaid	-	400,012	400,012
1990 Miscellaneous Local Revenue:			
1994 Receipt of Legal Settlements	-	113	113
1999 Revenue from Other Local Sources	30,000	174,467	144,467
Total Local Sources	5,659,050	5,926,050	267,000
3000 Revenue from State Sources			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	658	658
3160 School Bus Driver Salary (Includes Hazardous Condition Transportation)	215,000	293,362	78,362
3162 Transportation Workers' Compensation	22,000	21,620	(380)
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	3,836,188	3,845,004	8,816
3181 Retiree Insurance (No Carryover Provision)	789,744	873,764	84,020
3199 Other Restricted State Grants	-	703	703
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	644,291	624,232	(20,059)
3312 Primary	1,760,678	1,715,981	(44,697)
3313 Elementary	2,447,426	2,350,649	(96,777)
3314 High School	365,929	595,288	229,359
3315 Trainable Mentally Handicapped	43,906	73,571	29,665
3316 Speech Handicapped (Part-Time Program)	495,155	489,631	(5,524)
3317 Homebound	50,402	56,882	6,480
3320 Part-Time Programs:			
3321 Emotionally Handicapped	40,843	18,839	(22,004)
3322 Educable Mentally Handicapped	101,474	68,665	(32,809)
3323 Learning Disabilities	1,139,748	1,061,696	(78,052)
3324 Hearing Handicapped	26,916	23,866	(3,050)
3325 Visually Handicapped	4,486	-	(4,486)
3326 Orthopedically Handicapped	3,561	14,497	10,936
3327 Vocational	1,879,770	1,578,556	(301,214)
3330 Miscellaneous EFA Programs:			
3331 Autism	107,485	92,332	(15,153)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	1,564,231	1,564,231	-
3820 Homestead Exemption (Tier 2)	903,969	903,969	-
3825 Reimbursement for Property Tax Relief (Tier 3)	2,500,000	2,500,000	-
3827 \$2.5 Millon Tax Bonus	-	-	-
3830 Merchant's Inventory Tax	105,000	102,550	(2,450)
3840 Manufacturers Depreciation Reimbursement	205,000	193,539	(11,461)
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	85,000	79,150	(5,850)
Total State Sources	19,338,202	19,143,235	(194,967)

UNION COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
4000 Revenue from Federal Sources			
4900 Other Federal Sources:			
4990 Other Federal Revenue:			
4992 U.S. Forest Commission Revenue	120,000	105,980	(14,020)
Total Federal Sources	<u>120,000</u>	<u>105,980</u>	<u>(14,020)</u>
Total Revenues All Sources	<u>\$ 25,117,252</u>	<u>\$ 25,175,265</u>	<u>\$ 58,013</u>
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs:			
100 Salaries	1,018,113	1,042,931	(24,818)
200 Employee Benefits	405,493	401,474	4,019
400 Supplies and Materials	18,500	25,301	(6,801)
112 Primary Programs:			
100 Salaries	2,165,030	1,977,525	187,505
200 Employee Benefits	749,900	654,062	95,838
300 Purchased Services	-	1,000	(1,000)
400 Supplies and Materials	22,600	31,461	(8,861)
113 Elementary Programs:			
100 Salaries	4,283,569	4,492,640	(209,071)
200 Employee Benefits	1,565,234	1,564,083	1,151
300 Purchased Services	-	6,285	(6,285)
400 Supplies and Materials	57,400	105,035	(47,635)
114 High School Programs:			
100 Salaries	2,163,348	2,053,901	109,447
200 Employee Benefits	807,031	735,387	71,644
300 Purchased Services	-	68	(68)
400 Supplies and Materials	36,000	35,185	815
600 Other objects	800	702	98
115 Career and Technology Education Programs:			
100 Salaries	646,309	624,249	22,060
200 Employee Benefits	249,155	232,949	16,206
370 Tuition (Purchased Services)	-	1,250	(1,250)
400 Supplies and Materials	42,000	41,075	925
600 Other Objects	300	476	(176)
120 Exceptional Programs			
121 Educable Mentally Handicapped:			
100 Salaries	142,095	87,987	54,108
200 Employee Benefits	57,390	30,952	26,438
122 Trainable Mentally Handicapped:			
100 Salaries	102,513	182,913	(80,400)
200 Employee Benefits	42,231	67,183	(24,952)
124 Visually Handicapped:			
300 Purchased Services	-	1,100	(1,100)
125 Hearing Handicapped:			
100 Salaries	15,931	9,873	6,058
200 Employee Benefits	5,453	3,193	2,260
300 Purchased Services	-	2,153	(2,153)
126 Speech Handicapped:			
100 Salaries	-	42,828	(42,828)
200 Employee Benefits	-	15,890	(15,890)
300 Purchased Services	-	2,502	(2,502)
127 Learning Disabilities:			
100 Salaries	852,864	862,270	(9,406)
200 Employee Benefits	322,764	302,436	20,328
300 Purchased Services	-	2,505	(2,505)

**UNION COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance Favorable (Unfavorable)
128 Emotionally Handicapped:			
100 Salaries	48,541	45,990	2,551
200 Employee Benefits	18,105	16,070	2,035
300 Purchased Services	-	1,179	(1,179)
130 Pre-School Programs			
132 Pre-School Handicapped-Itinerant (5 year olds):			
100 Salaries	68,866	87,345	(18,479)
200 Employee Benefits	23,488	31,449	(7,961)
133 Pre-School Handicapped-Self-Contained (5 year olds):			
100 Salaries	88,312	96,463	(8,151)
200 Employee Benefits	40,968	38,338	2,630
400 Supplies and Materials	-	994	(994)
139 Early Childhood Programs:			
100 Salaries	-	860	(860)
200 Employee Benefits	-	285	(285)
400 Supplies and Materials	-	980	(980)
140 Special Programs			
141 Gifted and Talented - Academic:			
100 Salaries	18,112	18,112	-
200 Employee Benefits	15,202	8,330	6,872
400 Supplies and Materials	-	584	(584)
145 Homebound:			
100 Salaries	45,000	62,413	(17,413)
200 Employee Benefits	10,418	14,460	(4,042)
300 Purchased Services	1,000	75	925
149 Other Special Programs:			
100 Salaries	2,500	1,671	829
200 Employee Benefits	-	387	(387)
160 Other Exceptional Programs			
161 Autism:			
100 Salaries	85,742	85,036	706
200 Employee Benefits	42,907	30,610	12,297
300 Purchased Services	-	21,982	(21,982)
180 Adult/Continuing Educational Programs			
181 Adult Basic Education Programs:			
100 Salaries	31,149	31,149	-
200 Employee Benefits	9,049	11,364	(2,315)
400 Supplies and Materials	-	447	(447)
182 Adult Secondary Education Programs:			
100 Salaries	-	32	(32)
200 Employee Benefits	-	1,469	(1,469)
400 Supplies and Materials	-	10,633	(10,633)
188 Parenting/Family Literacy:			
400 Supplies and Materials	-	500	(500)
Total Instruction	16,321,382	16,260,031	61,351
200 Support Services			
210 Pupil Services			
211 Attendance and Social Work Services:			
300 Purchased Services	-	50	(50)
212 Guidance Services:			
100 Salaries	650,552	635,569	14,983
200 Employee Benefits	235,485	219,384	16,101
400 Supplies and Materials	4,050	3,997	53

**UNION COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance Favorable (Unfavorable)
213 Health Services:			
100 Salaries	25,046	66,442	(41,396)
200 Employee Benefits	31,971	45,135	(13,164)
300 Purchased Services	250	65,727	(65,477)
400 Supplies and Materials	5,525	5,447	78
214 Psychological Services:			
100 Salaries	-	47,880	(47,880)
200 Employee Benefits	-	11,094	(11,094)
300 Purchased Services	-	4,073	(4,073)
217 Career Specialist Services:			
100 Salaries	-	270	(270)
200 Employee Benefits	-	25,062	(25,062)
300 Purchased Services	-	150	(150)
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development:			
100 Salaries	177,905	238,296	(60,391)
200 Employee Benefits	66,178	78,469	(12,291)
300 Purchased Services	18,000	22,926	(4,926)
400 Supplies and Materials	2,600	1,514	1,086
600 Other Objects	200	776	(576)
222 Library and Media Services:			
100 Salaries	402,704	403,089	(385)
200 Employee Benefits	141,625	122,455	19,170
400 Supplies and Materials	68,750	76,279	(7,529)
223 Supervision of Special Programs:			
100 Salaries	-	3,234	(3,234)
200 Employee Benefits	-	1,272	(1,272)
300 Purchased Services	-	3,099	(3,099)
600 Other Objects	-	652	(652)
224 Improvement of Instruction Inservice and Staff Training:			
600 Other Objects	-	3,648	(3,648)
230 General Administration Services			
231 Board of Education:			
200 Employee Benefits	30,000	2,245	27,755
300 Purchased Services	52,000	55,195	(3,195)
318 Audit Services	35,000	29,000	6,000
400 Supplies and Materials	1,000	167	833
600 Other Objects	16,000	15,075	925
232 Office of the Superintendent:			
100 Salaries	170,199	170,179	20
200 Employee Benefits	52,041	54,689	(2,648)
300 Purchased Services	2,250	1,805	445
400 Supplies and Materials	2,500	2,367	133
600 Other Objects	1,250	407	843
233 School Administration:			
100 Salaries	1,291,148	1,408,284	(117,136)
200 Employee Benefits	484,438	492,652	(8,214)
400 Supplies and Materials	21,850	21,369	481
600 Other Objects	1,200	878	322
250 Finance and Operations Services			
251 Student Transportation (Federal/District Mandated):			
300 Purchased Services	-	7,339	(7,339)
252 Fiscal Services:			
100 Salaries	229,456	228,495	961
200 Employee Benefits	85,861	84,181	1,680
300 Purchased Services	5,150	5,358	(208)
400 Supplies and Materials	13,750	11,997	1,753
600 Other Objects	387,600	352,412	35,188

**UNION COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budget	Actual	Variance Favorable (Unfavorable)
254 Operation and Maintenance of Plant:			
100 Salaries	770,045	769,171	874
200 Employee Benefits	319,941	324,260	(4,319)
300 Purchased Services	677,130	732,521	(55,391)
321 Public Utilities (Excludes gas, oil, elec. & other heating fuels)	76,050	99,276	(23,226)
400 Supplies and Materials	162,500	194,320	(31,820)
470 Energy (Include gas, oil, elec. & other heating fuels)	801,500	891,805	(90,305)
255 Student Transportation (State Mandated):			
100 Salaries	494,309	510,714	(16,405)
200 Employee Benefits	121,158	151,123	(29,965)
300 Purchased Services	27,750	19,036	8,714
400 Supplies and Materials	57,500	77,827	(20,327)
256 Food Service:			
100 Salaries	-	160	(160)
200 Employee Benefits	38,960	211,213	(172,253)
257 Internal Services:			
100 Salaries	184,373	180,599	3,774
200 Employee Benefits	68,772	66,630	2,142
300 Purchased Services	127,000	72,762	54,238
400 Supplies and Materials	29,000	23,861	5,139
600 Other Objects	5,350	5,411	(61)
258 Security:			
100 Salaries	56,294	56,294	-
200 Employee Benefits	16,568	16,853	(285)
300 Purchased Services	120,000	126,890	(6,890)
400 Supplies and Materials	4,000	3,316	684
260 Central Support Services			
263 Information Services:			
300 Purchased Services	500	-	500
264 Staff Services:			
300 Purchased Services	4,300	4,473	(173)
266 Technology and Data Processing Services:			
100 Salaries	182,126	180,334	1,792
200 Employee Benefits	66,552	55,684	10,868
300 Purchased Services	80,165	136,568	(56,403)
400 Supplies and Materials	10,500	21,955	(11,455)
500 Capital Outlay	-	78,760	(78,760)
270 Support Services Pupil Activity			
271 Pupil Services Activities:			
100 Salaries (optional)	306,385	309,195	(2,810)
200 Employee Benefits (optional)	69,881	73,872	(3,991)
300 Purchased Services (optional)	12,500	8,209	4,291
400 Supplies and Materials (optional)	7,500	7,189	311
600 Other Objects (optional)	32,500	60,625	(28,125)
660 Pupil Activity	-	2,911	(2,911)
Total Support Services	9,644,643	10,503,900	(859,257)
400 Other Charges:			
410 Intergovernmental Expenditures			
412 Payments to Other Governmental Units			
720 Transits	5,000	1,876	3,124
414 Medicaid Payments to SCDE			
720 Transits	-	109,155	(109,155)
Total Intergovernmental Expenditures	5,000	111,031	(106,031)
Total Expenditures	\$ 25,971,025	\$ 26,874,962	\$ (903,937)

UNION COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	806,473	764,682	(41,791)
5260 Transfer from Food Service Fund (Excludes Indirect Costs)	105,000	183,288	78,288
5280 Transfer from Other Funds Indirect Costs	100,000	152,949	52,949
423-710 Transfer to Debt Service Fund	(8,700)	(27,963)	(19,263)
426-710 Transfer to Pupil Activity Fund	(149,000)	(149,000)	-
Total Other Financing Sources (Uses)	853,773	923,956	70,183
Excess/(Deficiency) of Revenues over Expenditures	\$ -	\$ (775,741)	\$ (775,741)
Fund Balance, Beginning of Year		2,226,044	
Fund Balance, Ending of Year		\$ 1,450,303	

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The School District has the following Special Revenue Funds.

1. The Special Projects Fund consists of multiple special revenue subfunds used to account for all federal, state and local projects and grants except for those subject to EIA.
2. The Education Improvement Act (EIA) Fund was passed in 1984 by the South Carolina State Legislature to upgrade the quality of education in South Carolina. The fund accounts for the proceeds of the additional one percent Sales and Use Tax which is restricted to expenditures for the Education Improvement Act standards. Because of the categorical nature of the funding, the state requires that revenues and expenditures be accounted for in a separate fund. Accordingly, the EIA Fund is reported as a Special Revenue
3. School Food Services Fund's purpose is to provide balanced nutritious meals to the School District's students, some of which are free and reduced meals under the United States Department of Agriculture (USDA) school breakfast and lunch programs

The following schedules for the Special Revenue Funds have been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on the schedules are also mandated by the South Carolina Department of Education.

**UNION COUNTY SCHOOLS
SPECIAL REVENUE - SPECIAL PROJECTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
Revenues								
1000 Revenue from Local Sources								
1900 Other Revenue from Local Sources:								
1990 Miscellaneous Local Revenue:								
1999 Revenue from Other Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,850	\$ 164,850
Total Local Sources	-	-	-	-	-	-	164,850	164,850
2000 Intergovernmental Revenue:								
2300 Payments from Nonprofit Entities (for First Steps)	-	-	-	-	-	121,215	-	121,215
Total Intergovernmental Revenues	-	-	-	-	-	121,215	-	121,215
3000 Revenue from State Sources								
3100 Restricted State Funding:								
3113 12-Month Agriculture Program	-	-	-	-	-	-	12,926	12,926
3118 EEDA Career Specialists	-	-	-	-	-	122,244	-	122,244
3127 Student Health and Fitness - PE Teachers	-	-	-	-	-	31,772	-	31,772
3130 Special Programs:								
3131 Handicapped Transportation	-	-	-	-	-	-	26,334	26,334
3177 Summer Reading Camp	-	-	-	-	-	282	-	282
3193 Education License Plates	-	-	-	-	-	1,173	-	1,173
3199 Other Restricted State Grants	-	-	-	-	-	-	2,033	2,033
3600 Education Lottery								
3607 6-8 Enhancement	-	-	-	-	-	10,693	-	10,693
3610 K-5 Enhancement	-	-	-	-	-	175,899	-	175,899
3620 Digital Instructional Materials	-	-	-	-	-	16,834	-	16,834
Total State Sources	-	-	-	-	-	358,897	41,293	400,190
4000 Revenue from Federal Sources								
4200 Occupational Education:								
4210 Vocational Aid, Title I	-	-	-	65,757	-	-	-	65,757
4300 Elementary and Secondary Education Act of 1965 (ESEA):								
4310 Title I, Basic State Grant Programs (Carryover Provision)	1,195,776	-	-	-	-	-	-	1,195,776
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	-	-	-	-	-	-	83,488	83,488
4351 Improving Teacher Quality (Carryover Provision)	-	-	-	-	-	-	188,485	188,485
4400 Adult Education:								
4410 Basic, Adult Education	-	-	-	-	50,996	-	-	50,996
4500 Programs for Children with Disabilities								
4510 Individuals With Disabilities Education Act (IDEA) (Carryover Provision)	-	1,177,384	-	-	-	-	-	1,177,384
4520 Preschool Grants (Carryover Provision)	-	-	54,608	-	-	-	-	54,608

UNION COUNTY SCHOOLS
SPECIAL REVENUE - SPECIAL PROJECTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
4900 Other Federal Sources:	-	-	-	-	-	-	153,072	153,072
4990 Other Federal Revenue:								
4999 Revenue from Other Federal Sources	1,195,776	1,177,384	54,608	65,757	50,996	-	425,045	2,969,566
Total Federal Sources	\$ 1,195,776	\$ 1,177,384	\$ 54,608	\$ 65,757	\$ 50,996	\$ 480,112	\$ 631,188	\$ 3,655,821
Total Revenues All Sources								
Expenditures								
100 Instruction								
110 General Instruction								
111 Kindergarten Programs:								
400 Supplies and Materials	5,714	-	-	-	-	-	-	5,714
112 Primary Programs:								
100 Salaries	59,373	-	-	-	54,167	-	140,752	254,292
200 Employee Benefits	35,030	-	-	-	16,558	-	54,143	105,731
300 Purchased Services	-	-	-	-	-	-	53	53
400 Supplies and Materials	111,694	-	-	-	282	-	501	112,477
113 Elementary Programs:								
100 Salaries	-	-	-	-	-	159,732	-	159,732
200 Employee Benefits	-	-	-	-	-	51,313	-	51,313
300 Purchased Services	-	-	-	-	-	-	3,958	3,958
400 Supplies and Materials	83,494	-	-	-	1,173	-	42,668	127,335
114 High School Programs:								
100 Salaries	-	-	-	-	-	-	57,556	57,556
400 Supplies and Materials	-	-	-	-	-	-	112,585	112,585
115 Career and Technology Education Programs:								
100 Salaries	-	-	-	-	-	-	10,515	10,515
200 Employee Benefits	-	-	-	-	-	-	2,295	2,295
370 Tuition (Purchased Services)	-	-	-	-	-	-	13,097	13,097
400 Supplies and Materials	-	-	-	23,046	-	-	2,223	25,269
120 Exceptional Programs								
121 Educable Mentally Handicapped:								
100 Salaries	-	20,480	-	-	-	-	-	20,480
200 Employee Benefits	-	9,712	-	-	-	-	-	9,712
300 Purchased Services	-	43	-	-	-	-	-	43
400 Supplies and Materials	-	6,792	-	-	-	-	-	6,792
122 Trainable Mentally Handicapped:								
100 Salaries	-	26,582	-	-	-	-	-	26,582
200 Employee Benefits	-	11,255	-	-	-	-	-	11,255
400 Supplies and Materials	-	4,068	-	-	-	-	-	4,101

UNION COUNTY SCHOOLS
SPECIAL REVENUE - SPECIAL PROJECTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
123 Orthopedically Handicapped:								
400 Supplies and Materials	-	420	-	-	-	-	-	420
125 Hearing Handicapped:								
300 Purchased Services	-	477	-	-	-	-	-	477
126 Speech Handicapped:								
100 Salaries	-	202,041	-	-	-	-	-	202,041
200 Employee Benefits	-	64,561	-	-	-	-	-	64,561
300 Purchased Services	-	752	-	-	-	-	-	752
400 Supplies and Materials	-	2,935	-	-	-	-	-	2,935
127 Learning Disabilities:								
100 Salaries	-	181,055	-	-	-	-	-	181,055
200 Employee Benefits	-	67,696	-	-	-	-	-	67,696
300 Purchased Services	-	2,005	-	-	-	-	-	2,005
400 Supplies and Materials	-	12,530	-	-	-	-	-	12,530
128 Emotionally Handicapped:								
100 Salaries	-	12,155	-	-	-	-	-	12,155
200 Employee Benefits	-	4,087	-	-	-	-	-	4,087
130 Pre-School Programs								
133 Pre-School Handicapped-Self-Contained (5 year olds):								
100 Salaries	-	10,886	33,693	-	-	-	-	44,579
200 Employee Benefits	-	6,727	16,934	-	-	-	-	23,661
139 Early Childhood Programs:								
100 Salaries	270,562	-	-	-	-	43,199	-	313,761
200 Employee Benefits	106,661	-	-	-	-	16,635	-	123,296
300 Purchased Services	-	-	-	-	-	2,978	-	2,978
400 Supplies and Materials	-	-	-	-	-	2,735	-	2,735
600 Other Objects	-	-	-	-	-	245	-	245
140 Special Programs								
141 Gifted and Talented - Academic:								
100 Salaries	2,300	-	-	-	-	-	-	2,300
200 Employee Benefits	533	-	-	-	-	-	-	533
400 Supplies and Materials	297	-	-	-	-	-	-	297
149 Other Special Programs:								
100 Salaries	-	8,321	-	-	-	-	-	8,321
160 Other Exceptional Programs								
161 Autism:								
100 Salaries	-	18,453	-	-	-	-	-	18,453
200 Employee Benefits	-	8,417	-	-	-	-	-	8,417
300 Purchased Services	-	2,000	-	-	-	-	-	2,000
400 Supplies and Materials	-	389	-	-	-	-	-	389

UNION COUNTY SCHOOLS
SPECIAL REVENUE - SPECIAL PROJECTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
170 Summer School Program								
175 Instructional Programs Beyond Regular School Day:								
100 Salaries	18,025	-	-	-	-	-	3,780	21,805
200 Employee Benefits	4,177	-	-	-	-	-	876	5,053
400 Supplies and Materials	938	-	-	-	-	-	718	1,656
180 Adult/Continuing Educational Programs								
181 Adult Basic Education Programs:								
100 Salaries	-	-	-	-	21,564	-	-	21,564
200 Employee Benefits	-	-	-	-	7,620	-	-	7,620
182 Adult Secondary Education Programs:								
100 Salaries	-	-	-	-	15,453	-	-	15,453
200 Employee Benefits	-	-	-	-	4,094	-	-	4,094
400 Supplies and Materials	-	-	-	-	-	-	2,000	2,000
188 Parenting/Family Literacy:								
100 Salaries	17,630	-	-	-	-	45,000	36,929	99,559
200 Employee Benefits	4,085	-	-	-	-	10,424	8,053	22,562
300 Purchased Services	956	-	-	-	-	-	956	956
400 Supplies and Materials	15,761	-	-	-	-	-	2,716	18,477
Total Instruction	737,230	684,839	50,627	23,046	48,731	404,441	495,451	2,444,365
200 Support Services								
210 Pupil Services								
212 Guidance Services:								
300 Purchased Services	-	1,606	-	-	-	-	-	1,606
213 Health Services:								
100 Salaries	-	49,756	-	-	-	-	-	49,756
200 Employee Benefits	-	21,894	-	-	-	-	-	21,894
300 Purchased Services	-	122	-	-	-	-	-	122
400 Supplies and Materials	-	1,571	-	-	-	-	-	1,571
214 Psychological Services:								
100 Salaries	-	118,662	-	-	-	-	-	118,662
200 Employee Benefits	-	31,309	-	-	-	-	-	31,309
300 Purchased Services	-	1,005	-	-	-	-	-	1,005
400 Supplies and Materials	-	6,898	-	-	-	-	-	6,898
216 Vocational Placement Services:								
100 Salaries	-	-	-	20,685	-	-	-	20,685
200 Employee Benefits	-	-	-	11,772	-	-	-	11,772
217 Career Specialist Services:								
100 Salaries	-	-	-	-	-	107,195	-	107,195
200 Employee Benefits	-	-	-	-	-	15,049	-	15,049

**UNION COUNTY SCHOOLS
SPECIAL REVENUE - SPECIAL PROJECTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
220 Instructional Staff Services								
221 Improvement of Instruction Curriculum Development:								
100 Salaries	177,151	-	-	-	-	-	-	177,151
200 Employee Benefits	58,120	-	-	-	-	-	-	58,120
300 Purchased Services	6,500	-	-	3,842	-	-	4,194	14,536
400 Supplies and Materials	52,465	-	-	-	-	-	1,774	54,239
223 Supervision of Special Programs:								
100 Salaries	54,927	113,987	-	-	-	-	51,137	220,051
200 Employee Benefits	18,613	52,767	-	-	-	-	19,861	91,241
300 Purchased Services	823	5,747	-	-	-	-	508	7,078
400 Supplies and Materials	12,091	5,871	-	-	-	-	294	18,256
224 Improvement of Instruction Inservice and Staff Training:								
300 Purchased Services	1,565	-	-	3,281	-	-	2,906	7,752
230 General Administration Services								
233 School Administration:								
100 Salaries	-	-	-	-	-	-	5,618	5,618
200 Employee Benefits	-	-	-	-	-	-	2,065	2,065
250 Finance and Operations Services								
251 Student Transportation (Federal/District Mandated):								
300 Purchased Services	-	5,000	-	-	-	-	-	5,000
254 Operation and Maintenance of Plant:								
300 Purchased Services	9,069	-	-	-	-	-	-	9,069
255 Student Transportation (State Mandated):								
100 Salaries	-	-	-	-	-	-	4,404	4,404
200 Employee Benefits	-	-	-	-	-	-	699	699
300 Purchased Services	-	-	-	-	-	-	38,880	38,880
260 Central Support Services								
266 Technology and Data Processing Services:								
300 Purchased Services	-	-	-	-	-	16,833	-	16,833
270 Support Services Pupil Activity								
271 Pupil Services Activities:								
100 Salaries (optional)	-	-	-	-	-	-	492	492
200 Employee Benefits (optional)	-	-	-	-	-	-	80	80
300 Purchased Services (optional)	-	-	-	-	-	-	1,239	1,239
660 Pupil Activity	-	-	-	-	-	-	1,663	1,663
Total Support Services	391,324	416,195	-	39,580	-	139,077	135,814	1,121,990
Total Expenditures	\$ 1,128,554	\$ 1,101,034	\$ 50,627	\$ 62,626	\$ 48,731	\$ 543,518	\$ 631,265	\$ 3,566,355

UNION COUNTY SCHOOLS
 SPECIAL REVENUE - SPECIAL PROJECTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2014

	TITLE I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	PRESCHOOL HANDICAPPED (CG Projects) (205/206)	CATE (VA Projects) (207/208)	ADULT EDUCATION (EA Projects)	OTHER DESIGNATED RESTRICTED STATE GRANTS (900s)	OTHER SPECIAL REVENUE PROGRAMS (200s/800s)	TOTAL
-	-	-	-	-	-	74,099	-	74,099
-	-	-	-	-	-	(10,693)	-	(10,693)
(67,222)	(76,350)	(3,981)	(3,131)	(2,265)	-	-	-	(152,949)
(67,222)	(76,350)	(3,981)	(3,131)	(2,265)	63,406	-	-	(89,543)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (77)	\$ (77)
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (77)	\$ (77)

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5230 Transfer from Special Revenue EIA Fund
 422-710 Transfer to Special Revenue EIA Fund
 431-791 Special Revenue Fund Indirect Costs

Total Other Financing Sources (Uses)

Excess/Deficiency of Revenues over Expenditures

Fund Balance, Beginning of Year

Fund Balance, Ending of Year

UNION COUNTY SCHOOLS
SPECIAL REVENUE - SPECIAL PROJECTS
SUMMARY SCHEDULE OF DESIGNATED STATE RESTRICTED GRANTS
FOR THE YEAR ENDED JUNE 30, 2014

District Subfund Code	District Revenue Code	Program	Revenues		Expenditures		Interfund Transfers		Other Fund Transfers		Unearned Revenue
							In/(Out)	In/(Out)	In/(Out)	In/(Out)	
919	3193	Education License Plates	\$ 1,173	\$	1,173	\$	-	\$	-	\$	945
926	3177	Summer Reading Camp	282		282		-		-		8,190
928	3118	EEDA Career Specialists	122,244		122,244		-		-		-
937	3127	Student Health and Fitness - PE Teachers	31,772		31,772		-		-		-
960	3610	Education Lottery - K-5 Enhancement	175,899		249,998		-		74,099		-
965	3620	Digital Instruction Materials	16,834		16,834		-		-		6,416
967	3607	Education Lottery - 6-8 Enhancement	10,693		-		-		(10,693)		164
			<u>\$ 358,897</u>	<u>\$</u>	<u>422,303</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>63,406</u>	<u>\$</u>	<u>15,715</u>

**UNION COUNTY SCHOOLS
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

3000 Revenue from State Sources

3500 Education Improvement Act:	
3502 ADEPT	\$ 3,326
3505 Technology Support	4,317
3509 Arts in Education	4,028
3511 Professional Development	29,501
3525 Career and Technology Education Equipment	52,062
3526 Refurbishment of K-8 Science Kits	19,589
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	142,538
3533 Teacher of the Year Awards	1,077
3538 Students At Risk of School Failure	936,291
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	145,106
3544 High Achieving Students	96,637
3550 Teacher Salary Increase (No Carryover Provision)	674,941
3555 School Employer Contributions (No Carryover Provision)	89,741
3556 Adult Education	192,918
3558 Reading	19,249
3577 Teacher Supplies (No Carryover Provision)	82,500
3578 High Schools That Work/Making Middle Grades Work	9,092
3581 Student Health and Fitness - Nurses	154,633
3585 Aid to Districts - Special Education	16,673
3592 Work-Based Learning	82,219
3594 EEDA Supplemental Programs	20,365
3597 Aid to Districts	197,651
	<hr/>
Total State Sources	2,974,454
	<hr/>
Total Revenues All Sources	\$ 2,974,454
	<hr/> <hr/>

Expenditures

100 Instruction

110 General Instruction

111 Kindergarten Programs:	
100 Salaries	7,500
200 Employee Benefits	1,707
400 Supplies and Materials	5,500
112 Primary Programs:	
100 Salaries	37,500
200 Employee Benefits	8,608
300 Purchased Services	4,958
400 Supplies and Materials	31,242
113 Elementary Programs:	
100 Salaries	657,920
200 Employee Benefits	221,250
300 Purchased Services	44,000
400 Supplies and Materials	68,956
114 High School Programs:	
100 Salaries	79,058
200 Employee Benefits	23,305
300 Purchased Services	71,863
400 Supplies and Materials	18,490

**UNION COUNTY SCHOOLS
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

115 Career and Technology Education Programs:	
400 Supplies and Materials	56,187
120 Exceptional Programs	
121 Educable Mentally Handicapped:	
100 Salaries	13,104
200 Employee Benefits	6,205
400 Supplies and Materials	1,650
122 Trainable Mentally Handicapped:	
100 Salaries	28,277
200 Employee Benefits	15,801
400 Supplies and Materials	275
126 Speech Handicapped:	
400 Supplies and Materials	1,375
127 Learning Disabilities:	
100 Salaries	35,451
200 Employee Benefits	24,335
400 Supplies and Materials	3,850
128 Emotionally Handicapped:	
100 Salaries	430
200 Employee Benefits	385
130 Pre-School Programs	
131 Pre-School Handicapped-Speech (5 year olds):	
400 Supplies and Materials	275
132 Pre-School Handicapped-Itinerant (5 year olds):	
100 Salaries	5,784
200 Employee Benefits	1,393
133 Pre-School Handicapped-Self-Contained (5 year olds):	
100 Salaries	5,554
200 Employee Benefits	4,042
137 Pre-School Handicapped-Self-Contained (3 & 4 year olds):	
400 Supplies and Materials	275
139 Early Childhood Programs:	
400 Supplies and Materials	825
140 Special Programs	
141 Gifted and Talented - Academic:	
100 Salaries	73,506
200 Employee Benefits	27,014
400 Supplies and Materials	1,382
148 Gifted and Talented - Artistic:	
100 Salaries	7,000
200 Employee Benefits	1,585
160 Other Exceptional Programs	
161 Autism:	
100 Salaries	26,058
200 Employee Benefits	13,310

**UNION COUNTY SCHOOLS
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

170 Summer School Program		
175 Instructional Programs Beyond Regular School Day:		
100 Salaries		2,613
200 Employee Benefits		605
180 Adult/Continuing Educational Programs		
181 Adult Basic Education Programs:		
400 Supplies and Materials		1,561
182 Adult Secondary Education Programs:		
100 Salaries		64,529
200 Employee Benefits		13,214
400 Supplies and Materials		1,833
		<u>1,833</u>
Total Instruction		<u>1,721,540</u>
200 Support Services		
210 Pupil Services		
212 Guidance Services:		
100 Salaries		17,637
400 Supplies and Materials		3,575
213 Health Services:		
100 Salaries		122,768
200 Employee Benefits		31,865
220 Instructional Staff Services		
221 Improvement of Instruction Curriculum Development:		
100 Salaries		45,299
200 Employee Benefits		14,526
300 Purchased Services		12,609
400 Supplies and Materials		4,702
222 Library and Media Services:		
400 Supplies and Materials		1,650
223 Supervision of Special Programs:		
100 Salaries		85,884
200 Employee Benefits		22,946
300 Purchased Services		2,022
400 Supplies and Materials		929
224 Improvement of Instruction Inservice and Staff Training:		
100 Salaries		2,700
200 Employee Benefits		626
300 Purchased Services		4,378
230 General Administration Services		
233 School Administration:		
100 Salaries		33,164
200 Employee Benefits		12,031
400 Supplies and Materials		431
260 Central Support Services		
266 Technology and Data Processing Services:		
400 Supplies and Materials		4,317

**UNION COUNTY SCHOOLS
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

270 Support Services Pupil Activity	
271 Pupil Services Activities:	
660 Pupil Activity	767
Total Support Services	424,826
Total Expenditures	\$ 2,146,366
Other Financing Sources (Uses)	
Interfund Transfers, From (To) Other Funds:	
5220 Transfer from Special Revenue Fund (Excludes Indirect Cost)	10,693
5230 Transfer from Special Revenue EIA Fund	114,392
420-710 Transfer to General Fund (Exclude Indirect Costs)	(764,682)
421-710 Transfer to Special Revenue Fund	(74,099)
422-710 Transfer to Special Revenue EIA Fund	(114,392)
Total Other Financing Sources (Uses)	(828,088)
Excess/Deficiency of Revenues over Expenditures	\$ -
Fund Balance, Beginning of Year	-
Fund Balance, Ending of Year	\$ -

UNION COUNTY SCHOOLS
SPECIAL REVENUE - EDUCATION IMPROVEMENT ACT
SUMMARY SCHEDULE BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2014

Program	Revenues	Expenditures	Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 3,326	\$ 3,326	-	-	\$ 3,439
3505 Technology Support	4,317	4,317	-	-	4,640
3509 Arts in Education	4,028	4,028	-	-	30
3511 Professional Development	29,501	5,365	(24,136)	-	1,692
3518 Formative Assessment	-	-	-	-	6,676
3525 Career and Technology Education Equipment	52,062	52,062	-	-	6,814
3526 Refurbishment of K-8 Science Kits	19,589	19,589	-	-	9,528
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	142,538	142,538	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Students At Risk of School Failure	936,291	967,327	24,136	6,900	-
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	145,106	-	(80,256)	(64,850)	-
3544 High Achieving Students	96,637	110,430	10,000	3,793	-
3550 Teacher Salary Increase (No Carryover Provision)	674,941	-	-	(674,941)	-
3555 School Employer Contributions (No Carryover Provision)	89,741	-	-	(89,741)	7,188
3556 Adult Education	192,918	192,918	-	-	-
3558 Reading	19,249	-	(10,000)	(9,249)	-
3577 Teacher Supplies (No Carryover Provision)	82,500	82,500	-	-	-
3578 High Schools That Work/Making Middle Grades Work	9,092	9,092	-	-	1,041
3581 Student Health and Fitness - Nurses	154,633	154,633	-	-	-
3585 Aid to Districts - Special Education	16,673	16,673	-	-	-
3592 Work-Based Learning	82,219	82,219	-	-	30,347
3594 EEDA Supplemental Programs	20,365	20,365	-	-	26,142
3597 Aid to Districts	197,651	277,907	80,256	-	-
Total	\$ 2,974,454	\$ 2,146,366	-	\$ (828,088)	\$ 97,537

**UNION COUNTY SCHOOLS
SPECIAL REVENUE - FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

1000 Revenue from Local Sources

1500 Earnings on Investments:		
1510 Interest on Investments	\$	771
1600 Food Service:		
1610 Lunch Sales to Pupils		160,304
1620 Breakfast Sales to Pupils		18
1630 Special Sales to Pupils		27,053
1640 Lunch Sales to Adults		42,403
1650 Breakfast Sales to Adults		6
1660 Special Sales to Adults		5,043
1900 Other Revenue from Local Sources:		
1990 Miscellaneous Local Revenue:		
1999 Revenue from Other Local Sources		<u>220</u>
Total Local Sources		<u><u>235,818</u></u>

3000 Revenue from State Sources

3100 Restricted State Funding:		
3140 School Lunch		-
3142 Program Aid		<u>165</u>
Total State Sources		<u><u>165</u></u>

4000 Revenue from Federal Sources

4800 USDA Reimbursement:		
4810 School Lunch and After School Snacks Program		1,146,638
4830 School Breakfast Program		425,222
4900 Other Federal Sources:		
4990 Other Federal Revenue:		
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)		<u>107,588</u>
Total Federal Sources		<u><u>1,679,448</u></u>

Total Revenues All Sources

\$ 1,915,431

Expenditures

200 Support Services

250 Finance and Operations Services

256 Food Service:		
100 Salaries		674,684
200 Employee Benefits		72,402
300 Purchased Services (Excludes gas, oil, electricity, and other heating fuels.)		51,580
400 Supplies and Materials (Includes gas, oil, electricity, and other heating fuels.)		808,455
500 Capital Outlay		75,508
600 Other Objects		<u>8,298</u>

Total Support Services

1,690,927

Total Expenditures

\$ 1,690,927

UNION COUNTY SCHOOLS
SPECIAL REVENUE - FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

432-791 Food Service Fund Indirect Costs	(183,288)
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Total Other Financing Sources (Uses)	(183,288)
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Excess/Deficiency of Revenues over Expenditures	\$ 41,216
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Fund Balance, Beginning of Year	343,346
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Fund Balance, Ending of Year	\$ 384,562
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DEBT SERVICE FUND

The Debt Service Funds account for the accumulation of resources for, and the payment of the District's general long-term debt principal and interest.. The School District has the following Debt Service Funds:

1. The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest, and related costs. The resources of this fund are generated by a tax levy based upon property values.
2. The Educational Facilities Corp Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal, interest, and related costs of the Educational Facilities Corporation for Union County School District.

The following individual fund statements and schedules have been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on various statements are also mandated by the South Carolina Department of Education.

**UNION COUNTY SCHOOLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

1000 Revenue from Local Sources

1100 Taxes Levied/Assessed by the LEA:	
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 2,768,659
1140 Penalties & Interest on Taxes (Independent)	146,225
	<u>2,914,884</u>

Total Local Sources

2,914,884

3000 Revenue from State Sources

3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	283,936
3830 Merchant's Inventory Tax	17,092
3840 Manufacturers Depreciation Reimbursement	77,480
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	23,138
	<u>401,646</u>

Total State Sources

401,646

Total Revenues All Sources

\$ 3,316,530

Expenditures

500 Debt Service

610 Redemption of Principal	27,963
620 Interest	23,957
	<u>51,920</u>

Total Debt Service

51,920

Total Expenditures

\$ 51,920

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)	27,963
424-710 Transfer to School Building Fund Capital Projects Fund	(3,389,000)
	<u>(3,361,037)</u>

Total Other Financing Sources (Uses)

(3,361,037)

Excess/Deficiency of Revenues over Expenditures

\$ (96,427)

Fund Balance, Beginning of Year

1,113,168

Fund Balance, Ending of Year

\$ 1,016,741

**UNION COUNTY SCHOOLS
DEBT SERVICE FUND - EDUCATIONAL FACILITIES CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

1000 Revenue from Local Sources

1500 Earnings on Investments:
1510 Interest on Investments

\$ 160,977

Total Local Sources

160,977

Total Revenues All Sources

\$ 160,977

Expenditures

500 Debt Service

395 Other Professional and Technical Services
610 Redemption of Principal
620 Interest

4,000
1,285,000
1,773,650

Total Debt Service

3,062,650

Total Expenditures

\$ 3,062,650

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5250 Transfer from School Building Fund Capital Projects Fund

2,912,125

Total Other Financing Sources (Uses)

2,912,125

Excess/Deficiency of Revenues over Expenditures

\$ 10,452

Fund Balance, Beginning of Year

3,261,989

Fund Balance, Ending of Year

\$ 3,272,441

CAPITAL PROJECTS FUND

The Capital Projects Funds, also referred to as the "School Building Fund", are used to record proceeds from the sale of long-term general obligation bonds and other revenues used to acquire or construct major capital facilities (other than those of proprietary and trust funds). The School District has the following Capital Projects Funds:

1. The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities.
2. The Educational Facilities Corp Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities for the Educational Facilities Corporation for Union County School District.

The following individual fund statements and schedules have been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on various statements are also mandated by the South Carolina Department of Education.

**UNION COUNTY SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

1000 Revenue from Local Sources

1900 Other Revenue from Local Sources:

1990 Miscellaneous Local Revenue:

1999 Revenue from Other Local Sources

\$ 38,799

Total Local Sources

38,799

Total Revenues All Sources

\$ 38,799

Expenditures

200 Support Services

250 Finance and Operations Services

253 Facilities Acquisition and Construction:

300 Purchased Services

41,139

400 Supplies and Materials

18,613

500 Capital Outlay

520 Construction Services

7,632

Total Support Services

67,384

500 Debt Service

690 Other Objects (Includes Fees For Servicing Bonds)

19,098

Total Debt Service

19,098

Total Expenditures

\$ 86,482

Other Financing Sources (Uses)

5110 Premium on Bonds Sold

16,544

Interfund Transfers, From (To) Other Funds:

5240 Transfer from Debt Service Fund

3,389,000

423-710 Transfer to Debt Service Fund

(2,912,125)

Total Other Financing Sources (Uses)

493,419

Excess/Deficiency of Revenues over Expenditures

\$ 445,736

Fund Balance, Beginning of Year

(1,159,327)

Fund Balance, Ending of Year

\$ (713,591)

**UNION COUNTY SCHOOLS
CAPITAL PROJECTS FUND - EDUCATIONAL FACILITIES CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014**

Revenues

1000 Revenue from Local Sources

1500 Earnings on Investments:

1510 Interest on Investments

\$ 1

Total Local Sources

\$ 1

Total Revenues All Sources

\$ 1

Expenditures

200 Support Services

250 Finance and Operations Services

253 Facilities Acquisition and Construction:

600 Other Objects

6,137

Total Support Services

6,137

Total Expenditures

\$ 6,137

Excess/Deficiency of Revenues over Expenditures

\$ (6,136)

Fund Balance, Beginning of Year

84,111

Fund Balance, Ending of Year

\$ 77,975

FIDUCIARY FUND

The Agency Fund accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are purely custodial and do not involve measurement of results and operations.

The Pupil Activity Fund, an agency fund, is used to record the receipts and disbursements of monies from various student activities organizations. These organizations exist with the explicit approval of the Board of Education. The approval may be revoked. The fund accounting reflects the School District's agency relationship with student activities organizations.

The following individual fund statements and schedules have been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on various statements are also mandated by the South Carolina Department of Education.

**UNION COUNTY SCHOOLS
 FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS DUE TO PUPIL ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014**

Receipts

1000 Receipts from Local Sources

1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,000
1700 Pupil Activities:	
1710 Admissions	155,977
1720 Bookstore Sales	238,177
1730 Pupil Organization Membership Dues and Fees	12,164
1740 Student Fees	38,854
1900 Other Receipts from Local Sources:	
1920 Contributions & Donations Private Sources	20,941
1990 Miscellaneous Local Receipts:	
1999 Receipts from Other Local Sources	<u>419,377</u>

Total Local Sources 886,490

Total Receipts All Sources \$ 886,490

Disbursements

100 Instruction

190 Instructional Pupil Activity:	
300 Purchased Services (optional)	13,529
400 Supplies and Materials (optional)	9,476
600 Other Objects	11,669

Total Instruction 34,674

200 Support Services

270 Support Services Pupil Activity	
271 Pupil Services Activities:	
300 Purchased Services (optional)	367,523
400 Supplies and Materials (optional)	237,412
500 Capital Outlay (optional)	13,992
600 Other Objects (optional)	<u>373,963</u>

Total Support Services 992,890

Total Disbursements \$ 1,027,564

**UNION COUNTY SCHOOLS
 FIDUCIARY FUND - PUPIL ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN AMOUNTS DUE TO PUPIL ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014**

Other Financing Sources (Uses)

Interfund Transfers, From (To) Other Funds:

5210 Transfer from General Fund (Exclude Indirect Costs)	149,000
--	---------

Total Other Financing Sources (Uses)	149,000
---	----------------

Excess/Deficiency of Receipts over Disbursements	\$ 7,926
---	-----------------

Due to Pupil Activities, Beginning of Year	337,489
---	----------------

Due to Pupil Activities, Ending of Year	\$ 345,415
--	-------------------

SUPPLEMENTARY SCHEDULES
REQUIRED BY THE
SOUTH CAROLINA STATE
DEPARTMENT OF EDUCATION

**UNION COUNTY SCHOOLS
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/ FEDERAL GOVERNMENT
 JUNE 30, 2014**

Program	Project/Grant Number	Revenue & Subfund Code	Description	Amount Due to SDE or Federal Government	Status of Amounts Due To Grantors
Formative Assessment	N/A	318 / 3518	FY 2013 Unspent Funds	\$ 2,913	Recouped
Teacher Supply	N/A	377 / 3577	Unspent Funds	2,474	Recouped
				<u>\$ 5,387</u>	

**UNION COUNTY SCHOOLS
LOCATION RECONCILIATION SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
003	Union High School	High School	School	\$ 6,493,966
004	Union Vocational School	Other School	School	1,374,134
005	Sims Middle School	Middle School	School	5,336,395
006	Jonesville Elementary/Middle School	Elementary/Middle School	School	3,543,578
008	Buffalo Elementary School	Elementary School	School	4,212,012
009	Lockhart Elementary/Middle School	Elementary/Middle School	School	1,939,276
011	Foster Park Elementary School	Elementary School	School	3,510,709
014	Monarch Elementary School	Elementary School	School	3,125,834
020	Adult Education	Non-School	Central	380,430
021	Achievement Academy	Non-School	Central	121,427
031	District Wide	Non-School	Central	16,070,505
036	Food Service	Non-School	Central	183,288
Total Expenditures/Disbursements for All Funds				\$ 46,291,554

Above expenditures are reconciled to the District's Audit statements as follows:

General Fund (Subfund 100s)	\$ 27,051,925
Special Revenue Fund - Special Projects (Subfund 200s, 800s, 900s)	3,719,997
Special Revenue Fund - EIA Fund (Subfund 300s)	3,099,539
Special Revenue Fund - Food Service (Subfund 600s)	1,874,215
Debt Service Fund (Subfund 400s)	3,440,920
Debt Service Fund - EFC (Subfund 405s)	3,062,650
Capital Projects Fund (Subfund 500s)	2,998,607
Capital Projects Fund - EFC (Subfund 505s)	6,137
Agency Fund - Pupil Activity (Subfund 700s)	1,027,564

Total Expenditures/Disbursements for All Funds **\$ 46,281,554**

**UNION COUNTY SCHOOLS
SPECIAL REVENUE - SPECIAL PROJECTS
SUBFUND CODE LIST
FOR THE YEAR ENDED JUNE 30, 2014**

District Subfund Code	Other Special Revenue Programs Program Name	District Subfund Code	Other Restricted State Grants
202	MEDICAID	919	APPLE TAGS
218	TITLE VI CARRYOVER FROM 12-13	926	SUMMER READING CAMP
237	TITLE I SCHOOL IMPROVEMENT	928	CAREER SPECIALIST
241	TITLE VI ESEA	930	IDEA SPECIAL ALLOCATION
251	RURAL & LOW INCOME SCHOOL PROGRAM	933	FORMATIVE ASSESSMENT
253	E2T2	934	EXCELLENCE IN MIDDLE SCHOOL
263	CRSD MODERN RED SCHOOLHOUSE	936	STUDENT HEALTH & FIT NURSES
267	IMPROVING TEACHER QUALITY	937	STUDENT HEALTH/FITNESS
282	ROTC	938	HSTW/MMGW
811	PROF MENTALLY DISABLED	955	SNAP-ADULT ED.
812	AGRICULTURE	960	K-5 ENHANCEMENT
813	PPG LOCKHART	965	DIGITAL INSTR. MATERIALS PROVISIO 1.82
814	ADULT ED COMPUTER -BASED TESTING CTR	967	6-8 MIDDLE SCHOOL INITIATIVE
820	WALMART GRANT	990	FIRST STEPS
821	HANDICAP TRANSPORTATION		
829	SMALLER LEARNING COMMUNITIES		
830	THE KEY TO FRIENDSHIPS		
831	DOLLAR GENERAL LIT FOUNDATION		
836	DOLLAR GENERAL EMS		
841	SPARTANBURG COMM. WELDING		
846	2011-12 WELDING GRANT-SCC	243	ADULT FEDERAL
847	WELDING SCC GRANT		
851	UCAA BACK TO SCHOOL		
857	BOEING LEAD THE WAY GRANT-SMS		
991	SAVE THE CHILDREN		
992	SAVE-THE-CHILDREN FPES		

Adult Education

SINGLE AUDIT SECTION

The following information is related to the annual single audit including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on internal control and compliance with applicable laws and regulations.

C.C. McGregor, CPA
1906–1968

PARTNERS

W.C. Stevenson, CPA
B.T. Kight, CPA
G.D. Skipper, CPA
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F.C. Gillam, CPA
M.L. Goode, CPA

INDEPENDENT AUDITORS' 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

Honorable Chairman and Members of
The Board of Trustees of Union County Schools
Union, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Union County Schools, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Union County Schools' basic financial statements and have issued our report thereon dated November 24, 2014.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. **(2014-001 and 2014-002)**

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. There were no significant deficiencies noted in the current audit.

Compliance and Other Matters

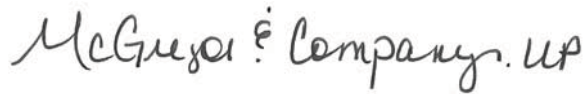
As part of obtaining reasonable assurance about whether Union County Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Union County Schools' Response to Findings

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

Purpose of this Report

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



Columbia, South Carolina
November 24, 2014

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1906-1968

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

Honorable Chairman and Members of
The Board of Trustees of Union County Schools
Union, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Union County Schools' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Union County Schools' major federal programs for the year ended June 30, 2014. Union County Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Union County Schools 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, 2014.

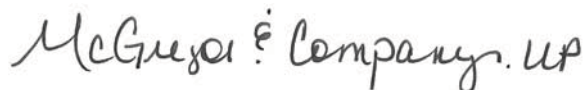
Report on Internal Control over Compliance

Management of Union County Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Union County Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Union County Schools' internal control over compliance.

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

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

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



Columbia, South Carolina
November 24, 2014

**UNION COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

LEA Subfund Code	Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Total Expenditures
U.S. Department of Education				
Pass-Through S.C. Department of Education				
201	* Title I Grants to Local Educational Agencies	84.010	14BA087	\$ 1,195,776
203	Special Education - Grants to States	84.027	14CA087-01	1,020,714
203	Special Education - Grants to States	84.027	14CA087-01	156,670
205	Special Education - Preschool Grants	84.173	14CG087-01	54,608
207	Career and Technical Education - Basic Grants to States	84.048	14VA087	65,757
218	Rural Education	84.358B	13BS087	65,675
243	Adult Education - Basic Grants to States	84.002	14EA087	46,979
243	Adult Education - Basic Grants to States	84.002	13EA087-03	4,017
251	Rural Education	84.358X	14BS087	17,813
263	Improving Teacher Quality State Grants	84.367	13BS087	3,511
267	Improving Teacher Quality State Grants	84.367	14TQ087-01	184,974
Total Pass-Through S.C. Department of Education				<u>2,816,494</u>
Pass-Through Orangeburg School District				
829	Fund for the Improvement of Education	84.215L	N/A	<u>95,516</u>
Total U.S. Department of Education				<u>2,912,010</u>
U.S. Department of Agriculture - Food and Nutrition Services				
Pass-Through S.C. Department of Education				
Food Distribution Cluster:				
600	Commodity Supplemental Food Program	10.565	N/A	107,588
Child Nutrition Cluster:				
600	* School Breakfast Program	10.553	N/A	425,222
600	* School Lunch Program	10.555	N/A	<u>1,146,638</u>
Total U.S. Department of Agriculture - Food and Nutrition Services				<u>1,679,448</u>
U.S. Department of Agriculture - Forest Services				
Pass-Through S.C. Forestry Commission				
100	Cooperative Forestry Assistance	10.664	N/A	<u>105,980</u>
Total U.S. Department of Agriculture - Forest Services				<u>105,980</u>
U.S. Department of Defense				
Direct Program				
282	ROTC	12.000	N/A	<u>57,556</u>
Total U.S. Department of Defense				<u>57,556</u>
Total Federal Awards Expended				<u>\$ 4,754,994</u>

**Denotes Major Program

**UNION COUNTY SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Union County Schools and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in preparation for the basic financial statements.

**UNION COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Part I Summary of Auditors' Results:

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? X Yes No

Significant Deficiencies Identified That Are Not
Considered To Be Material Weaknesses Yes X None Reported

Noncompliance Material to Financial Statements Noted Yes X No

Federal Awards

Internal Control Over Major Federal Programs:

Material Weakness(es) Identified? Yes X No

Significant Deficiencies Identified That Are Not
Considered To Be Material Weaknesses Yes X None Reported

Type of Auditors' Report Issued on Compliance for Major
Federal Programs: Unmodified

Programs Tested as Major Programs:

<u>Program:</u>	<u>CFDA #:</u>
Title I, Part A Cluster	84.010
Food Service Cluster	10.553, 10.555

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualify as Low-Risk Auditee? Yes X No

Any Audit Findings Disclosed That are Required To Be
Reported in Accordance With Section 510(a) of OMB
Circular A-133 Yes X No

**UNION COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

Part II Findings Related to the Financial Statements

FINDING 2014-001 (Internal Control – Material Weakness)

Criteria - Sound internal control over financial reporting requires that there be in place adequate controls over the selection and application of accounting principles that are in conformity with Government Auditing Standards.

Condition/Effect - The District's unadjusted financial statements reported material misstatements in certain receivable and liability accounts for the period under audit. These misstatements were not prevented or detected by the District's internal control over financial reporting and were not corrected by the District prior to the financial statements being presented for audit.

Cause – The District's internal controls failed to detect material errors in posting information related to tax collections and payroll related liabilities.

Questioned Costs - None

Recommendation - The District should have procedures in place to assure the proper recording of receivables and liabilities.

FINDING 2014-002 (Internal Control – Material Weakness)

Criteria - Sound internal control over financial reporting requires that there be in place adequate controls over the selection and application of accounting principles that are in conformity with Government Auditing Standards.

Condition/Effect - The District's unadjusted financial statements reported material misstatements in certain cash and investment accounts for the period under audit. These misstatements were not prevented or detected by the District's internal control over financial reporting and were not corrected by the District prior to the financial statements being presented for audit.

Cause – The District's internal controls failed to detect material errors in posting cash items at or near year end.

Questioned Costs - None

Recommendation - The District should have procedures in place to assure the proper recording of cash and investment transactions at year end.

Findings Related to Federal Awards

None

**UNION COUNTY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR FISCAL YEAR ENDED JUNE 30, 2014**

2013-1

Condition/Effect - The District's unadjusted financial statements reported material misstatements in certain receivable and liability accounts for the period under audit.

Condition/Effect – This condition was found during the current year audit testing.

2013-2

Condition/Effect – Of the four (4) drivers tested as a first time driver (new-hire), two (2) did not complete the proper testing for controlled substances.

Current Status – This condition was not found during the current year audit testing.

**UNION COUNTY SCHOOLS
CORRECTIVE ACTION PLAN
FOR FISCAL YEAR ENDED JUNE 30, 2014**

Finding 2014-01

Failure to detect errors in posting information related to tax collection receivables and health insurance payroll liabilities.

Prior years' account review process had placed major emphasis on revenue, expenditure, and cash activities. Dormant balance sheet amounts were not cleared up during the accounting software conversion. These accounts have been identified and additional balance sheet reconciliations are implemented to detect these errors.

Finding 2014-02

Failure to detect errors in posting cash items at or near year end

This is an isolated event due to administrative oversights during the first year of the accounting software conversion and employee turnover. Procedures have been corrected and/or re-established to ensure timely postings.