

COMPREHENSIVE ANNUAL FINANCIAL REPORT



ONE District
Team
Mission

**The School District of Newberry
County**

Newberry, South Carolina

Fiscal Year Ended June 30, 2014

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

Prepared by the Office of Finance

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

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NEWBERRY, SOUTH CAROLINA**

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NEWBERRY, SOUTH CAROLINA**

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**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
SOUTH CAROLINA**

JUNE 30, 2014

PRINCIPAL OFFICIALS

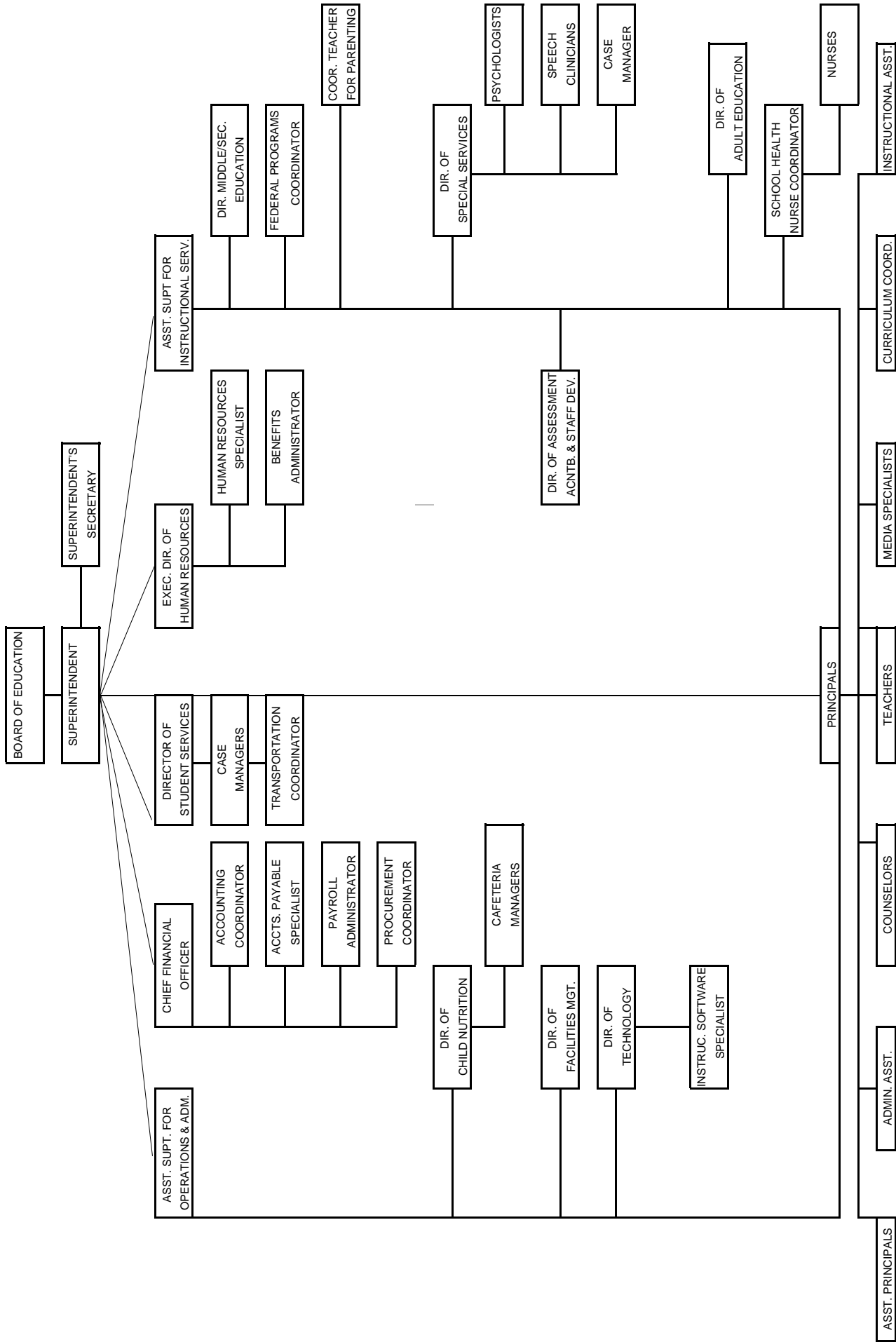
Board of Education

Mr. Jody Hamm, Chairperson
Mr. Lee B. Attaway, Vice-Chairman
Mr. Clyde Hill, Secretary
Mr. Ike Bledsoe, Member
Mr. Hugh Gray, Jr., Member
Mrs. Lucy Anne Meetze, Member
Mrs. Jessie Reeder, Member

Administrative Cabinet

Mr. Bennie Bennett, Superintendent
Dr. Cynthia Downs, Assistant Superintendent for Instructional Services
Mr. James Suber, Assistant Superintendent for Operations & Administration
Mrs. Pamela Arrington, Executive Director of Human Resources
Dr. Timothy Hunter, Director of Student Services
Mrs. Susan Dowd, Chief Financial Officer

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
ORGANIZATIONAL CHART





November 20, 2014

**BOARD OF TRUSTEES AND CITIZENS
THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

State law requires that all school districts publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of The School District of Newberry County (the District) for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of The School District of Newberry County has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, The School District of Newberry County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The School District of Newberry County's financial statements have been audited by Greene, Finney, and Horton, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that The School District of Newberry County's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of The School District of Newberry County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the single audit section of this comprehensive annual financial report.

Generally Accepted Accounting Principles (GAAP) of the United States of America requires that the School District's management provide a narrative introduction, overview, and Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of our independent auditors.

GENERAL INFORMATION ABOUT THE DISTRICT

The School District of Newberry County carries on a tradition of education dating back nearly to the county's founding in 1798. Since the 1800's, education has been a priority of the citizens of Newberry County, through public and private schools, the most prominent being Newberry College, founded in 1856. The County's public school district was consolidated on February 27, 1952, from seven existing school districts. Newberry County has 13 public schools today.

The District is coterminous with Newberry County, which is located in the western portion of the State of South Carolina and has a land area of 630 square miles. Approximately 54,000 acres located in the northeastern portion of the County are within the Sumter National Forest. It is one of the oldest counties in the State, having been created by the division of the old Ninety Six District in 1798. Newberry County is bounded on the north by Union County, on the east by Fairfield and Richland Counties, on the south by Lexington and Saluda Counties and on the west by Greenwood and Laurens Counties.

A seven member Board of Trustees elected by the voters in single-member Districts establishes programs and policies of The School District of Newberry County. Board members are elected to four-year terms. Regular Board meetings are held on the fourth Monday of each month and are open to the public. The day-to-day administration of the District is the responsibility of the Superintendent, who is appointed by the Board of Trustees.

The School District of Newberry County Board of Education (Board) is the basic level of government, which has financial accountability, and control over all activities related to the public school education in the county of Newberry. The Board receives funding from local, state, and federal government sources and must comply with the mandated requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes up to four mills over the prior year's millage plus inflation, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no discretely presented component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

The School District provides a broad spectrum of elementary and secondary programs to meet the needs of its diverse estimated student population of 5,846 students. These programs complement each other to provide a total program that is both comprehensive and highly cost-effective. The School District has an active District Design Team that has laid out a plan for teacher planning and implementation over the next three years.

Child development classes provide preschool education experiences for those four-year old children who need an intervention program to prepare them for school. The School District also has full day programs for four-year olds in four elementary schools. The School District offers a Montessori program for preschool children aged three through five, lower elementary for grades one through three and upper elementary for grades four and five in three elementary schools. The School District has a "Welcome First Baby" program that offers parents' home visits. The Parenting and Family Literacy program has joint efforts with 11 other local agencies, and includes an Early Intervention Education Center. The Parenting and Family Literacy Program provides a monthly newsletter in English and Spanish with valuable tips and information for parents of young children. Through community collaboration of the First Steps initiative, the School District has expanded services to the families of preschool children in an effort to ensure school readiness and successful school experiences throughout the County.

A balanced, literacy approach to reading instruction is provided to elementary students, which is boosting reading scores in grades 3-8. A district literacy plan was developed by practitioners and shared with the entire district. Academic advancement and enrichment are provided for academically gifted and talented students in grades 3-5 through "pullout classes" where thematic units of instruction are presented primarily through the social studies area from a newly developed curriculum specifically designed for these students. Art, music, health and physical education teachers assigned to the schools also provide standards-based instruction. Media specialists help teachers expand classroom learning opportunities. In addition, all elementary schools are served by full time curriculum coordinators that assist teachers through mentoring, instructional coaching, professional development and resource acquisition.

The curriculum of the middle school is driven by State standards for English, language arts, mathematics, science and social studies. At the same time, course offerings to students are expanded to include instrumental and choral music, art, physical education, comprehensive health, and special interest classes in exploratory subjects. Accelerated programs for academically talented students such as English I, Algebra I, keyboarding and geometry courses are offered to students who qualify.

The high school curriculum accommodates a range of student needs and interests, challenging not only the student who will matriculate in post-secondary institutions, but also providing career skills for those completing their formal education.

Courses in English, foreign languages, mathematics, social studies, science, physical education, comprehensive health, and career and technology offer students a wide choice of educational experiences. Advanced placement, honors classes, and dual enrollment courses are offered in English, calculus, history, computer science, chemistry, career and technology, and biology. All high schools offer SAT/ACT preparation classes for all students.

In addition to the regular curriculum offerings in the fine and performing arts, additional opportunities are provided for artistically talented students in band, chorus, vocal performance, drama and visual arts. Students are also provided opportunities to attend programs at the Newberry Opera House.

Special Education programs are provided for all students who need them, regardless of the disabling condition, with special transportation provided where needed. Resource, inclusion, and self-contained models are utilized across the School District. The School District has an employability diploma program designed to ensure that our students with disabilities will leave high school with the skills necessary for successful employment and citizenship. Middle and high schools also offer transition services, which provide an interface between school and work for students needing these services. Homebound instruction is provided for students when needed.

The School District funds the Newberry Adult Education Program to provide educational services to uneducated or undereducated adults in the County. The program offers: 1) courses to obtain a State High School diploma; 2) GED preparation classes; 3) courses in adult basic education for improvement in reading, writing and math skills; 4) classes for non-English speaking persons to learn to read and write the English Language; 5) and workplace training programs. The Newberry Adult Education Program graduated 34 adults with either a State High School diploma or GED in the 2013-14 school year. The program has received awards from the State Department of Education for its successful rate of students passing the GED. The program collaborates with other agencies in the county such as the Department of Social Services, Vocational Rehabilitation, Employment Security Commission, First Steps and many others to serve undereducated adults throughout the County. The program offers day and night classes in the City of Newberry and night classes in the Town of Whitmire.

Students at all levels are exposed to technology, as a way to prepare for the future. Important skills being taught are keyboarding and computer literacy, as well as ways to access information in an automated library. More than 960 high school students are enrolled at the Newberry County Career Center. Students may receive credit in exploratory technology courses or may specialize in multiple course sequences in Business Education and Marketing Education, as well as courses in Computer-Aided Drafting, Agriculture, Project Lead the Way (pre-engineering), and Health Occupations. Dual credit courses are available through Piedmont Technical College for college preparatory and career and technology education students.

The District has a Work-Based Learning/Transition program. With help from industries who have agreed to support the program with shadowing, mentoring and internships, the Work-based Learning/Transition program has been very successful.

The School District of Newberry County Board of Education approved and submitted to the South Carolina State Department of Education their District Strategic Plan in April 2013. The plan was designed with the input of over 70 stakeholders, to guide teachers and school administrators in their day-to-day interaction with students. Many of the previously mentioned programs are a direct result of the District's goal of meeting the expectations of each performance goal. That plan expires 2018 and we will be developing a new strategic plan.

The District pursued and was successful in achieving national accreditation through AdvancEd (a part of the Southern Association of Colleges and Schools) for the second time. As of December 2013, all schools and the Career Center have been accredited by this nationally recognized accreditation entity for the next five years. All middle and high schools are affiliated with the Southern Regional Education Board as High Schools That Work and Making Middle Grades Work sites.

The School District of Newberry County achieved many educational successes during the 2013-14 school year, and certainly of great importance to the district and our community is that the under the federal accountability system all of our schools received a letter grade of C or above, and the district received a C rating. The School District continued its absolute rating of Excellent and its growth rating was Good.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which The School District of Newberry County operates.

Local Economy. The City of Newberry is the largest incorporated municipality located within Newberry County. There are eight smaller municipalities for a total population of 37,521, according to the 2013 census data. The County's land is about 79% forested. The delivered value of privately-owned timber in the County in 2011 was \$29,793,117, which ranked the County 7th among the State's 46 counties, according to the U.S. Forest Service 2011 Timber Products Output Survey and the S.C. Forestry Commission. Approximately 54.00 acres located in the northeastern portion of the County are within the Sumter National Forest.

Agriculture is the oldest and most basic industry in the County. The importance of agriculture to the County is best illustrated by the fact that, according to 2012 figures (the latest data available), the County ranked 7th in the State in cash receipts from crops and livestock marketing, with agricultural income totaling \$101,490,000 annually. According to the 2012 Census of Agriculture, approximately 104,493 acres in the County are conducive to agricultural pursuits. The largest crops in the County are corn, hay, oats, soybeans and wheat.

In January 2013, Kiswire, Inc., a maker of steel cord for the tire industry, announced plans to expand its manufacturing operations in the County. Their investment of \$15 million is expected to create more than 30 jobs in the County. The recent growth of South Carolina's tire industry was a main factor leading to the expansion according to company officials. The grand opening of the company's second plant in the County occurred on January 8, 2014.

In March 2010, Caterpillar's Electric Power Division announced plans to increase operations at its facility in Newberry County. The company expects employment at the Newberry facility to increase by about 500 people as a result of the capacity expansion project. Caterpillar is making a multi-year, significant capital investment in support of the Newberry expansion plan. Caterpillar's Electric Power Division includes global design, packaging and marketing responsibilities for Caterpillar electric power generation products, including U.S. locations in South Carolina, Illinois, Indiana and Georgia and international locations in Northern Ireland, India, China and Brazil. The Electric Power Division includes products branded with the FG Wilson, Olympian and Caterpillar names. The Newberry facility currently produces a full range of diesel gensets under 200 kW for the North American market. It also produces a limited range of products in the 250 KW to 700KW range. The expansion plan would increase genset production in the 250-1250 kW range primarily for North American customers. These gensets are typically used as backup power for smaller retail operations, homes, farms and in municipal applications.

Unemployment in the county at June 2014 was 5.2%, a decrease of 2.9% from June 2013. There is some out-migration of labor, as the county adjoins Richland and Lexington counties. In-migration has been noted also, as residents seeking lower home costs and taxes have taken a look at Newberry County.

Commuting is accomplished along I-26, which runs the length of Newberry County. Major roads are U.S. Highways 76, 34, 219 and 121, with numerous state highways. Industries use rail services by all general carload freight lines. The Newberry Airport is two miles north of the city, and there are two airports with commercial service within 60 miles of Newberry.

An extensive renovation of the Newberry Opera House built in 1882 was completed in 1998. During the 1998-99 inaugural season, the Opera House hosted many different attractions including Broadway shows, dance companies, country music stars, operas and many cultural events. A new 78-room hotel located near the Opera House, The Hampton Inn, opened in March of 2002. The Opera House continues to host community events, festivals, and shows.

Newberry College's 90-acre campus is located in the City of Newberry, and is a fully accredited four-year, coeducational college of liberal arts and sciences, offering degrees in Bachelor of Arts, Bachelor of Music, Bachelor of Music Education and Bachelor of Science. The College houses the only undergraduate forensic chemistry program in the State. Founded in 1856, Newberry College is supported by the South Carolina, Southeastern, and Florida/Bahamas and Caribbean Synods of the Evangelical Lutheran Church in America. The college had a Fall 2013 enrollment of 1,039 students.

Piedmont Technical College (PTC) is a public two-year technical college headquartered in Greenwood, approximately 37 miles from Newberry. In January 2013, PTC opened a 53,000 square-foot satellite campus in Newberry, which includes a library, a student canteen, two biology labs, four PEN rooms, two computer labs, 15 classrooms, a patient care technology lab and classroom and a veterinary technology wing. Founded in 1966, PTC has locations in each of the seven counties they serve – Abbeville, Edgefield, Greenwood, Laurens, McCormick, Newberry and Saluda.

PTC provides educational opportunities for students to acquire the knowledge and skills for employment in engineering technology, industrial technology, agriculture, business, health and public service. PTC offers university transfer; associate degrees, diplomas and certificates in technical and occupational areas; developmental education programs; student development programs providing academic, career and individual support; and custom-designed Continuing Education programs which provide training for business and industry. PTC had a Fall 2013 enrollment of 6,171 students.

The county continues to have one of the highest per capita percentages of senior citizens among South Carolina counties. Services for senior citizens are provided through the Newberry County Council on Aging and the Dave C. Waldrop Senior Citizens Center. Two nursing homes serve Newberry. One of the facilities has an Alzheimer's unit and an assisted living center called Springfield Place, which recently expanded to add additional apartment units and homes.

Hospital facilities within the County include the 90-bed acute and 12 bed subacute Newberry County Memorial Hospital (NCMH) which was constructed in 1976. A \$13.425 million renovation and expansion project was completed in 2002. The first floor was completely changed making it a patient-friendly outpatient services mall. A satellite office was opened in the Town of Little Mountain in 2003 and the New Beginnings birthing unit was expanded and renovated in 2005. In 2006, the Penny Sales Infrastructure Tax allowed NCMH to add a new and larger laboratory area, surgical dressing rooms, pediatric rooms, and obstetrical operating room in New Beginnings and an expanded chemotherapy area. Completed in 2008, the Atrium Center includes a new and expanded Wellness and Rehabilitation Center, a 1.5 teslar MRI and five physician offices. In 2008, full oncology services became available locally with the opening of Newberry Oncology Associates. There are two privately-owned nursing facilities located in the County.

Many of the counties' retirees are teachers, and they have a local association. Volunteers from the senior citizens and retirees' population assist with mentoring and Lunch Pals programs in many schools. Law enforcement officers regularly visit the schools for lunch, to provide a link between the community and the students. The officers work in conjunction with six School Resource Officers, employed by the Newberry County Sheriff's Office. Business personnel and student athletes from Newberry College also serve as Lunch Pals.

Long-term financial planning. In FY 2007-2008, the Board of Trustees approved a fund balance policy stating that the District must maintain not less than 10% of the annual general fund operating budget as a fund balance from one year to the next. The District has maintained that balance for the 2014 fiscal year at a rate of 25% of 2015 budgeted expenditures.

As of June 30, 2012, the District completed construction and renovations for all projects that were a part of the 2005 capital needs program. The District now accommodates all students in permanent facilities, with a reasonable margin for future growth. The District plans are to continue monitoring growth through demographic studies to continue to maintain its Capital Needs Improvement Plan. This plan is reviewed and updated annually. Projects which will enhance the instructional program are completed as revenue permits. Input is provided from various sources as we review our capital needs. Capital projects completed during the 2014 fiscal year include renovations and additions at the Newberry County Career Center and a new administrative office.

The Energy Conservation program has been in place since 2004 and has averaged a total of \$2,500,000 in cost savings since that time. The Energy Conservation Program is closely reviewed to identify potential problems with energy usage and system malfunctions. In May of 2013 the School District of Newberry was awarded the Energy Milestone Achievement Award by the South Carolina Energy Office. This award recognized our Energy Conservation Plan and the fact that our school district has reduced energy consumption by a total of 20% as compared with FY 2000 levels.

MAJOR INITIATIVES

The School District of Newberry County seeks to provide opportunities for successful lifelong learning through the implementation of a comprehensive plan to acquire and integrate technology, access and utilize information effectively, extend the learning environment for all and prepare productive citizens for our community and a global society. To be able to fully accomplish this goal, The District has in place a plan of action that addresses the five Technology Dimensions as laid out by the SC Educational Technology Plan.

The five Technology Dimensions are as follows:

- Technology Dimension 1: Learners and Their Environment**
- Technology Dimension 2: Professional Capacity**
- Technology Dimension 3: Instructional Capacity**
- Technology Dimension 4: Community Connections**
- Technology Dimension 5: Support Capacity**

Learners and Their Environment; Students, teachers and staff must have access to the technology. Once the technology is available, there are three simultaneous areas for further implementation.

Professional, Instructional, and Support Capacity; There is the need for appropriate use of the technology in curriculum and instruction. This will be accomplished through training, and support.

Community Connections; As the resources of the school grow, and families become more adept at using technology, there is the need to open the school resources to home use.

Support Capacity; As the technology becomes more important in the learning, teaching, and operating function of the school, there is an urgent need to keep the systems (hardware and software) in top operating condition. Maintenance, repair and consistent funding for upgrades become a critical part of the process at this point.

These five dimensions form the basis for the district technology plan. This plan is not definitive, but simply a guide; a guide that can lead The School District of Newberry County into the next decade and beyond.

During the 2013-14 school year, continued progress was made in the technology arena. Schools and teachers increased their use and creation of classroom websites. Infrastructure upgrades continue to take place to help maintain our network in top operating condition. A new firewall system was purchased was to handle the internet bandwidth from 100mb to 200mg. Wireless access points were installed in the majority of our schools with a ratio of 1 access point to every 3 classrooms. The District has also contracted with School In Sites to provide webhosting throughout the District. The District converted to Microsoft Office 365 for email for both staff and high school students. During the summer of 2014, middle school lab and media center computers were replaced; middle school teachers received Dell Venue tablets to use in the classroom; each high school and middle school received two laptops carts with Dell touch screen Windows 8.1 laptops. School administrative computers were replaced.

BUDGETARY CONTROLS

Activities of the General Fund are included in the appropriated budget. The Special Revenue Fund is comprised of individual budgets based on contractual agreements or grants. The Debt Service Fund, the Enterprise Fund, and the Capital Projects Fund are not formally budgeted. The District also has a blended component unit: Newberry Investing in Children's Education (N.I.C.E.). Budgetary controls are used to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Object and activity within each individual fund account through an encumbrance accounting system establish the level of budgetary control at which expenditures should not exceed the appropriated amount. Estimated purchase amounts establish the encumbrance prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun at the object level, are not released until additional appropriations are made available. The Chief Financial Officer is authorized to administer the budget and may approve the transfer of appropriated funds within and between the departments/programs as necessary to achieve the goals of the budget. All transfers made within the general fund are reported to the Board. Also, when necessary, the board may approve the hiring of additional personnel during the year in order to accommodate student counts in certain areas or may approve capital purchases as deemed necessary with the available general fund balance. When this happens, the budget is not amended to reflect the additional expenditures. For these reasons, there may be instances where budgeted figures will be less than actual expenditures.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility of sound financial management.

CERTIFICATE OF ACHIEVEMENT/EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting and The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. These Certificates are prestigious national awards recognizing conformance with the highest standards for preparation of state and local government financial reports.


In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

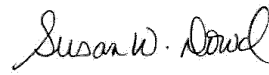
A Certificate of Achievement/Excellence is valid for a period of one year only. A Certificate of Achievement for Excellence in Financial Reporting was awarded by GFOA and a Certificate of Excellence in Financial Reporting was awarded by ASBO to The School District of Newberry County for its seventeenth comprehensive annual financial report for fiscal year ended June 30, 2014. We believe our current report continues to conform to the Certificate of Achievement/Excellence program requirements, and we are submitting it to GFOA and ASBO.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the Office of Finance. We would like to express our appreciation to all members of the Office of Finance who assisted in the timely closing of the District's financial records and the preparation of this report. We thank them along with the other District departments for their assistance in the presentation and preparation of data for this report.

Respectfully submitted,


Bennie Bennett
Superintendent


Susan W. Dowd
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**The School District of Newberry County
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

The School District of Newberry County

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Terrie S. Simmons".

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

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Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The School District of Newberry County
Newberry, 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 The School District of Newberry County, South Carolina (the "School District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 School District of Newberry County, South Carolina, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Pending Implementation of Governmental Accounting Standards Board Statement on Pensions

As discussed in Note IV.E, the Governmental Accounting Standards Board issued in June 2012 Statement No. 68, “*Accounting and Financial Reporting for Pensions*” (“Statement”). This Statement, which will be adopted by the School District for the fiscal year ended June 30, 2015, will require the School District to report a net pension liability on its applicable financial statements for its participation in the South Carolina Retirement System (“Plan”). Based on recent information provided by the South Carolina Public Employee Benefit Authority, it is anticipated that the School District’s share of the net pension liability associated with the Plan will decrease the School District’s beginning net position by approximately \$70,823,000. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District’s basic financial statements. The supplementary information, the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the introductory section, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information 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 supplementary information 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 section and the statistical section 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 20, 2014 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 20, 2014

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**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

This discussion and analysis of The School District of Newberry County's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2014 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$68.2 million. Of this amount, \$12.5 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total net position decreased by \$1.4 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$28.1 million, a decrease of \$3.5 million from the prior year fund balance. The General Fund increased \$0.2 million. Approximately 40% of the total amount, or \$11.3 million, is unassigned and available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11.7 million, which was approximately 26% of total General Fund expenditures. The total fund balance for the General Fund was \$12.1 million, which includes \$0.4 million assigned for fiscal year 2015's budgeted shortfall.
- During the 2014 fiscal year, the School District's governmental fund revenues were \$66.9 million, compared to \$65.9 million in the prior year. This increase is primarily due to higher revenues from the State of South Carolina and higher property taxes. The School District's governmental fund expenditures were \$70.4 million, compared to \$68.0 million in the prior year.
- NICE was established in 2005 as a nonprofit corporation and was organized primarily to construct and renovate school facilities for the use of the School District and to encourage and promote public education. Although NICE is a legally separate entity, it is controlled by the School District as all members of its board are appointed by the School District. Accordingly, NICE is reflected as a blended component unit of the School District and the financial information of NICE is reflected in individual debt service and capital project funds in the financial statements.
- The School District's total capital assets increased by \$1.1 million (1%) during the current fiscal year to \$117.0 million, as additions of \$4.9 million were partially offset by depreciation expense of \$3.6 million and disposals of \$0.2 million.
- The School District's total outstanding debt decreased from \$78.5 million at June 30, 2013 to \$76.6 million at June 30, 2014.
- The School District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB #65" or "Statement") in 2014. GASB #65 establishes accounting and financial reporting standards that require reclassification, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement supplements and extends the reach of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was adopted by the School District in 2013. The School District's only former financial statement item that was affected by the implementation of GASB #65 was its deferred revenue liability (for unavailable – property taxes) in its statements of financial position. Under this Statement, deferred revenue that is not available or deferred revenue that is received by a government but is applicable to a future year should no longer be shown as a liability but will be reclassified and shown as a component of deferred inflows of resources.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. The financial statements include two kinds of statements that present different views of the School District. The first two statements are *government-wide financial statements* that provide a broad overview of the School 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 School District's assets, deferred outflows (if any), liabilities, and deferred inflows (if any), with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the School 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 School District include instruction, supporting services, community services, intergovernmental and interest and fiscal charges. The School District does not report any business-type activities.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School 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 School 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 School 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 School District maintains six individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenue Fund, Special Revenue – Education Improvement Act ("EIA") Fund, Special Revenue – Food Service Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. In addition, NICE's Capital Projects Fund and Debt Service Fund are also major funds and therefore shown in separate columns.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 statements because the resources of those funds are not available to support the School District’s own programs. The School District is the trustee, or fiduciary, for the pupil activities of the schools and accounts for these activities 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.

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

The School District has a legally adopted budget only for its General Fund. A budgetary comparison schedule for this fund has been provided in the required supplementary information to demonstrate compliance with its budget.

The government-wide financial statements, the fund financial statements, the notes to the financial statements, and other information can be found as listed in the table of contents.

Major Features of the School District’s Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Fiduciary Fund
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary	Instances in which the School District is the trustee/agent for someone else’s resources
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> ▪ Statement of Fiduciary Assets and Liabilities
Accounting and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting
Type of Balance Sheet Information	All balance sheet types - both financial and capital, and short-term and long-term	Only assets and deferred outflows of resources (if any) that are expected to be used and liabilities and deferred inflows of resources (if any) that come due during the year or soon thereafter. No capital assets included	All balance sheet types, both short-term and long-term
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

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$68.2 million and \$69.6 million at the close of the current and prior fiscal year.

The following table provides a summary of the School District's net position as of June 30, 2014 compared to June 30, 2013:

Net Position - Governmental Activities

	<u>2014</u>	<u>2013</u>
Assets		
Current and Other Assets	\$ 36,347,515	\$ 40,562,451
Capital Assets (Net)	116,991,339	115,873,330
Total Assets	<u>153,338,854</u>	<u>156,435,781</u>
Liabilities		
Other Liabilities	8,077,819	7,779,399
Long Term Liabilities	77,071,952	79,071,588
Total Liabilities	<u>85,149,771</u>	<u>86,850,987</u>
Net Position		
Net Investment in Capital Assets	51,822,272	49,626,844
Restricted	3,839,204	7,345,835
Unrestricted	12,527,607	12,612,115
Total Net Position	<u>\$ 68,189,083</u>	<u>\$ 69,584,794</u>

Current and other assets decreased \$4.2 million primarily due to an decrease in cash for debt service payments and capital outlay expenditures; this was partially offset by an increase in capital assets of \$1.1 million. Long term liabilities decreased \$2.0 million due primarily to principal payments on outstanding indebtedness.

The School District's government-wide net position decreased approximately \$1.3 million (2%) during 2014. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was \$12.5 million at June 30, 2014, a decrease of \$0.1 million.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Analysis (Continued)

The following table shows the changes in net position for fiscal year 2014 compared to 2013:

Changes in Net Position - Governmental Activities

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 1,477,863	\$ 2,220,953
Operating Grants	31,949,497	31,101,661
General Revenues:		
Taxes	22,772,193	22,127,545
State Revenue in Lieu of Taxes	9,581,301	9,336,789
Other	909,649	948,698
Total Revenues	<u>66,690,503</u>	<u>65,735,646</u>
Program Activities		
Instruction	33,994,208	33,684,925
Support Services	29,373,394	26,661,529
Community Services	6,179	4,275
Interest and Other Charges	4,712,433	4,037,128
Total Expenses	<u>68,086,214</u>	<u>64,387,857</u>
Change in Net Position	(1,395,711)	1,347,789
Net Position, Beginning of Year	<u>69,584,794</u>	<u>68,237,005</u>
Net Position, End of Year	<u>\$ 68,189,083</u>	<u>\$ 69,584,794</u>

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

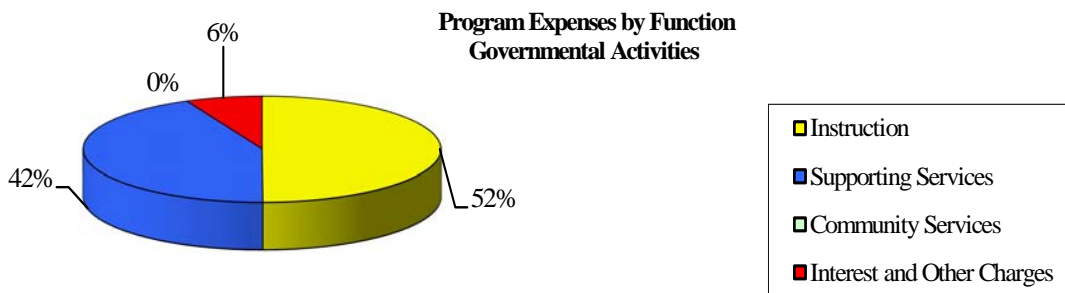
YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Analysis (Continued)

Governmental Activities: Net position for Governmental Activities decreased \$1.4 million from the previous year, compared to an increase of \$1.3 million in 2013. Key elements are as follows:

- Total revenues increased \$1.0 million (2%), which is primarily attributed to higher operating grant revenues from the State of South Carolina.
- Total expenses increased \$3.7 million (6%), which is primarily attributed to higher instruction expenses of approximately \$0.3 million and higher support service expenses of approximately \$2.7 million and higher interest expenses of \$0.7 million. The increase is due to higher expenditures in all categories: salaries, benefits, purchased services, and supplies and materials.



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds

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

For the year ended June 30, 2014, the School District's governmental funds reported a *combined* fund balance of \$28.1 million, compared to \$31.6 million for the prior year. The decrease of \$3.5 million is primarily attributable to expenditures in the Capital Projects Fund (net decrease of \$2.4 million) and the utilization of \$0.6 million in excess NICE Capital Project funds for debt service as well as decrease in the District Debt Service fund of \$0.5 million as expenditures exceeded revenues; partially offset by \$0.2 million increase to the General Fund. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2014, the School District's unassigned fund balance was \$11.3 million, which includes \$11.7 million in the General Fund and a negative unassigned amount of \$0.4 million in the Debt Service District fund. \$0.4 million is assigned for fiscal year 2015's budgeted shortfall. The Special Revenue Funds, which includes \$2.1 million for Food Services) had a fund balance of \$2.6 million. The remainder of fund balance for governmental funds, approximately \$13.8 million, is restricted primarily for Capital Projects for the School District's building plans (\$5.8 million) and Debt Service (\$8.0 million).

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$11.7 million, and the total fund balance was \$12.1 million. The fund balance for the School District's General Fund increased by \$0.2 million, or approximately 2.0%, during the current fiscal year, compared to an increase of \$1.1 million in the prior year. The current year increase is due to higher than anticipated state revenues.

The Debt Service Funds are used to account for the accumulation of funds for debt retirement. The fund balance for the School District's Debt Service Fund was a negative balance of \$0.4million at June 30, 2014, a decrease of \$0.5 million due to debt service payments. In addition, the School District issued a short-term General Obligation Bond for \$1.8 million in May 2014; this debt is still outstanding at June 30, 2014. As this debt is scheduled to be repaid in February 2015, which is less than one year after its issuance, it is reflected on the Debt Service Fund's balance sheet as a short-term obligation, as required by generally accepted accounting principles. The fund balance for the NICE Debt Service Fund did not change, remaining at \$8.0 million, as required principal and interest payments on outstanding debt were offset by a transfers from the District's Debt Service Fund and the NICE Capital Projects Fund and interest earned on restricted cash.

Two Capital Projects funds are utilized as well to segregate NICE capital project expenditures from School District capital project expenditures. The School District's Capital Projects Fund was \$5.9 million at the end of the year, with a decrease of \$2.4 million as transfers from other funds of \$2.8 million were exceeded by expenditures of \$5.3 million. The NICE Capital Projects Fund decreased \$0.6 million from the prior year to \$0.0 million. The NICE capital program was basically completed during fiscal 2012, and the School District used the remaining funds to repay outstanding principal on the NICE Installment Purchase Revenue Bonds, as permitted by the bond documents. During fiscal 2014, the NICE Capital Projects Fund transferred \$0.6 million to the NICE Debt Service Fund.

General Fund Budgetary Highlights

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the 2014 fiscal year, there were no amendments to the School District's General Fund expenditure or revenue budgets. Actual revenues came in higher than budget by \$1.5 million, due to higher amounts received from the State of South Carolina, combined with higher property tax revenues. Actual expenditures were more than budget by \$0.8 million due to higher than anticipated expenditures in instruction and capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the School District had \$117.0 million invested in capital assets, net of depreciation.

The total increase in the School District's investment in capital assets was \$1.14 million, or 1%, as additions of \$4.9 million exceeded depreciation of \$3.6 million and net disposals of \$0.2 million. Major capital asset additions during the current fiscal year included:

- Upgrades and renovations at Newberry Career Center
- Construction of the new District Office

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The following table shows the capital asset balances as of June 30, 2014 compared to June 30, 2013:

	2014	2013
Capital Assets		
Land	\$ 2,101,497	\$ 2,101,497
Construction in Progress	735,240	1,174,458
Buildings, Improvements, and Equipment	156,855,835	152,491,684
Less Accumulated Depreciation	(42,701,233)	(39,894,309)
Capital Assets, Net	<u>\$ 116,991,339</u>	<u>\$ 115,873,330</u>

More detailed information about the School District's capital assets can be found in Note III in the Notes to the Financial Statements.

Debt Administration

The School District (including its blended component unit – NICE) had \$74.8 million in Installment Purchase Revenue Bonds (“IPR”) outstanding as shown in the table below. The IPR bonds were issued in October 2006 to finance the costs of acquiring, constructing, renovating, and installing education facilities to be sold by NICE to the School District pursuant to a School Facilities Purchase and Occupancy Agreement. The School District issued a \$1.8 million short-term General Obligation Bond in May 2013; this indebtedness was repaid in March 2014. The School District also issued a \$1.8 million short-term General Obligation Bond in May 2014; this indebtedness is scheduled to be repaid in February 2015. The School District made principal payments on long-term indebtedness totaling \$1.9 million during 2014. In addition, the School District had a non-interest bearing note payable due to the SC Energy Office in the amount of \$12 thousand, to be repaid in the next fiscal year.

The following table shows the outstanding debt balances as of June 30, 2014 compared to June 30, 2013:

	2014	2013
NICE Series 2005 IPR Bonds	\$ 74,775,000	\$ 76,630,000
GO Bond, Series 2013A	-	1,815,000
GO Bond, Series 2014A	1,775,000	
SC Energy Grant Obligation	11,634	23,268
Total	<u>\$ 76,561,634</u>	<u>\$ 78,468,268</u>

The State limits the amount of general obligation debt that school districts can issue to 8% of the assessed value of all taxable property within the School District's corporate limits. The School District is authorized by state statute to exceed the legal debt margin of 8%, if citizens of the School District approve such additional debt through a district-wide referendum. The School District's outstanding general obligation debt is below this state-imposed limit – see table 12 in the statistical section for more details. Other long-term obligations include accrued compensated absences. More detailed information about the School District's debt and other long-term obligations is presented in Note III in the Notes to the Financial Statements.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

ECONOMIC FACTORS

The School District of Newberry County's tax base has grown approximately 46% since 2005 to \$127 million in 2014. Total property tax collections remain strong averaging around 98%. Although Newberry County's employment base is largely manufacturing, The School District of Newberry County is the second largest employer within the county.

FY 15 BUDGET

The FY 15 General Fund Budget represents a 6% increase over FY 14. Many factors were considered by the School District's administration during the process of developing the fiscal year 2014-2015 budget. The School District's objective continues to be equity and maintenance of pupil to teacher ratios in elementary grades. Staffing at all schools was closely analyzed and changes made as needed. All employees received a salary increase via a year of experience. Due to mandated salary, retirement and health insurance increases for the 2014-2015 fiscal year, the School District anticipates that expenditures may exceed revenue and budgeted the use of \$0.4 million of the School District's fund balance for this potential shortfall.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at The School District of Newberry County, 1539 Martin Street, Newberry, South Carolina, 29108.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

STATEMENT OF NET POSITION

JUNE 30, 2014

	PRIMARY GOVERNMENT AND TOTAL <u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 2,660,521
Cash and Cash Equivalents, Restricted	6
Investments, Restricted	7,955,875
Cash and Investments Held by County Treasurer	22,313,350
Property Taxes Receivable, Net	632,221
Accounts Receivable, Net	14,579
Other Receivables	3,871
Due from Other Governments	2,711,448
Inventory and Prepaid Items	55,644
Capital Assets:	
Non-Depreciable	2,836,737
Depreciable, Net	114,154,602
TOTAL ASSETS	<u>153,338,854</u>
LIABILITIES	
Accounts Payable and Accrued Expenses	5,325,652
Accrued Interest Payable	321,608
Unearned Revenue	655,559
Short-Term General Obligation Bond Payable	1,775,000
Non-Current Liabilities:	
Due Within One Year	2,212,756
Due in More than One Year	74,859,196
TOTAL LIABILITIES	<u>85,149,771</u>
NET POSITION	
Net Investment in Capital Assets	51,822,272
Restricted For:	
Debt Service	1,142,024
Capital Projects	616,587
Food Service	2,080,593
Unrestricted	12,527,607
TOTAL NET POSITION	<u>\$ 68,189,083</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government and Total Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	\$ 33,994,208	9,162	20,056,974	-	\$ (13,928,072)
Support Services	29,373,395	1,468,702	11,892,523	-	(16,012,170)
Community Services	6,179	-	-	-	(6,179)
Interest and Other Charges	4,712,433	-	-	-	(4,712,433)
TOTAL PRIMARY GOVERNMENT	\$ 68,086,215	1,477,864	31,949,497	-	(34,658,854)
General Revenues:					
Property Taxes Levied for General Purposes					16,123,210
Property Taxes Levied for Debt Service					6,648,983
Other Taxes:					
State Revenue in Lieu of Taxes					9,581,301
Unrestricted Grants and Contributions					22,006
Unrestricted Investment Earnings					365,283
Unrestricted Intergovernmental General Revenue					35,886
Miscellaneous					486,474
Total General Revenues					<u>33,263,143</u>
CHANGE IN NET POSITION					(1,395,711)
NET POSITION, Beginning of Year, as Adjusted					<u>69,584,794</u>
NET POSITION, End of Year					\$ <u>68,189,083</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA	DEBT SERVICE - DISTRICT
ASSETS				
Cash and Cash Equivalents	\$ 582,642	-	-	-
Cash and Cash Equivalents, Restricted	-	-	-	-
Investments, Restricted	-	-	-	-
Cash and Investments Held by County Treasurer	14,170,260	48,733	-	1,294,262
Receivables, Net:				
Taxes	462,240	-	-	169,981
Accounts	5,289	9,290	-	-
Other	3,871	-	-	-
Due From:				
State Agencies	626,290	7,569	354,735	-
Federal Agencies	-	1,624,240	-	-
Other Funds	1,813,921	-	-	3,379
Other Governments	143	78,758	-	-
Prepaid Items	2,158	7,965	-	-
Inventories	-	-	-	-
Other Assets	-	-	-	-
TOTAL ASSETS	\$ 17,666,814	1,776,555	354,735	1,467,622
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts and Retainage Payable	\$ 1,940,745	-	-	-
Accrued Salaries, Fringe & Benefits	3,210,438	-	-	-
Due To:				
Other Funds	3,378	903,411	103,673	-
Unearned Revenue	-	383,432	251,062	-
Short-Term General Obligation Bond Payable	-	-	-	1,775,000
TOTAL LIABILITIES	5,154,561	1,286,843	354,735	1,775,000
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Property Taxes	379,431	-	-	125,755
TOTAL DEFERRED INFLOWS OF RESOURCES	379,431	-	-	125,755
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,533,992	1,286,843	354,735	1,900,755
FUND BALANCES:				
Nonspendable:				
Prepaid	2,158	7,965	-	-
Inventories	-	-	-	-
Restricted for:				
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Food Service	-	-	-	-
Assigned for:				
Special Revenue Programs	-	481,747	-	-
Future Year's Expenditures	434,434	-	-	-
Unassigned	11,696,230	-	-	(433,133)
TOTAL FUND BALANCES	12,132,822	489,712	-	(433,133)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,666,814	1,776,555	354,735	1,467,622

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DEBT SERVICE - NICE	CAPITAL PROJECTS - DISTRICT	CAPITAL PROJECTS - NICE	SPECIAL REVENUE - FOOD SERVICE	TOTAL GOVERNMENTAL FUNDS
-	-	-	2,077,879	\$ 2,660,521
6	-	-	-	6
7,955,875	-	-	-	7,955,875
-	6,442,279	-	357,816	22,313,350
-	-	-	-	632,221
-	-	-	-	14,579
-	-	-	-	3,871
-	-	-	-	988,594
-	-	-	19,713	1,643,953
-	-	-	-	1,817,300
-	-	-	-	78,901
-	1,301	-	-	11,424
-	-	-	44,220	44,220
-	-	-	-	-
7,955,881	6,443,580	-	2,499,628	\$ 38,164,815
-	174,469	-	-	\$ 2,115,214
-	-	-	-	3,210,438
3,990	404,878	-	397,970	1,817,300
-	-	-	21,065	655,559
-	-	-	-	1,775,000
3,990	579,347	-	419,035	9,573,511
-	-	-	-	505,186
-	-	-	-	505,186
3,990	579,347	-	419,035	10,078,697
-	1,301	-	-	11,424
-	-	-	44,220	44,220
7,951,891	-	-	-	7,951,891
-	5,862,932	-	-	5,862,932
-	-	-	2,036,373	2,036,373
-	-	-	-	481,747
-	-	-	-	434,434
-	-	-	-	11,263,097
7,951,891	5,864,233	-	2,080,593	28,086,118
7,955,881	6,443,580	-	2,499,628	38,164,815

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2014

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 28,086,118
Amounts reported for the governmental activities in the Statement of Net Position are different because:	
Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	505,186
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$159,692,572, and the accumulated depreciation is \$42,701,233.	116,991,339
Accrued interest on the bonds in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the funds.	(321,608)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Bonds and Notes Payable	(74,786,634)
Premium on Bonds Payable	(1,810,960)
Compensated Absences	(474,358)
	<u>(77,071,952)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 68,189,083</u></u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2014

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>SPECIAL REVENUE - EIA</u>	<u>DEBT SERVICE - DISTRICT</u>
REVENUES				
Local Sources:				
Taxes	\$ 16,243,418	-	-	6,691,737
Investment Earnings	11,306	79	-	1,726
Other Local Sources	66,861	925,933	-	-
State Sources	28,227,611	1,089,396	3,925,901	528,160
Federal Sources	-	4,662,951	-	-
Intergovernmental Revenue	-	39,185	-	-
TOTAL REVENUE ALL SOURCES	<u>44,549,196</u>	<u>6,717,544</u>	<u>3,925,901</u>	<u>7,221,623</u>
EXPENDITURES				
Current:				
Instruction	25,692,369	4,064,791	2,239,406	-
Support Services	19,128,754	2,443,332	477,540	-
Community Services	6,179	-	-	-
Intergovernmental	97,127	166,166	-	-
Capital Outlay	895,355	143,010	72,225	-
Debt Service:				
Principal Retirement	11,634	-	-	-
Interest and Fiscal Charges	-	-	-	19,012
Bond Issuance Costs	-	-	-	79,393
TOTAL EXPENDITURES	<u>45,831,418</u>	<u>6,817,299</u>	<u>2,789,171</u>	<u>98,405</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,282,222)</u>	<u>(99,755)</u>	<u>1,136,730</u>	<u>7,123,218</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,519,567	-	-	-
Transfers Out	-	(125,137)	(1,136,730)	(7,645,607)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,519,567</u>	<u>(125,137)</u>	<u>(1,136,730)</u>	<u>(7,645,607)</u>
NET CHANGES IN FUND BALANCES	<u>237,345</u>	<u>(224,892)</u>	<u>-</u>	<u>(522,389)</u>
FUND BALANCE, Beginning of Year, as Adjusted	<u>11,895,477</u>	<u>714,604</u>	<u>-</u>	<u>89,256</u>
FUND BALANCE, End of Year	<u>\$ 12,132,822</u>	<u>489,712</u>	<u>-</u>	<u>(433,133)</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

DEBT SERVICE - NICE	CAPITAL PROJECTS - DISTRICT	CAPITAL PROJECTS - NICE	SPECIAL REVENUE - FOOD SERVICE	TOTAL GOVERNMENTAL FUNDS
-	-	-	-	\$ 22,935,155
343,549	8,288	16	321	365,285
-	-	-	879,044	1,871,838
-	40	-	-	33,771,108
-	-	-	3,207,944	7,870,895
-	-	-	-	39,185
343,549	8,328	16	4,087,309	66,853,466
-	-	-	-	31,996,566
-	823,344	-	3,654,972	26,527,942
-	-	-	-	6,179
-	-	-	-	263,293
-	4,427,518	-	182,950	5,721,058
1,855,000	-	-	-	1,866,634
3,892,126	-	-	-	3,911,138
-	-	-	-	79,393
5,747,126	5,250,862	-	3,837,922	70,372,203
(5,403,577)	(5,242,534)	16	249,387	(3,518,737)
5,407,562	2,831,792	-	-	9,758,921
-	-	(593,747)	(257,700)	(9,758,921)
5,407,562	2,831,792	(593,747)	(257,700)	-
3,985	(2,410,742)	(593,731)	(8,313)	(3,518,737)
7,947,906	8,274,975	593,731	2,088,906	31,604,855
7,951,891	5,864,233	-	2,080,593	\$ 28,086,118

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2014

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (3,518,737)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred revenues for the year.	(162,962)
Repayment of bond and note principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.	1,866,634
Bond issuance costs are expenditures in the year they are incurred in the governmental funds but are amortized over the lives of the bonds in the Statement of Activities. This amount is the difference between the capitalized issuance costs incurred and the amortization for the current period.	(839,440)
Bond premiums are reflected as other financing sources in the governmental funds when they are received but are amortized over the lives of the bonds in the Statement of Activities. This amount is the difference between the premiums received and the amortization for the current period.	109,755
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 amount is the net change in accrued interest.	7,783
In the Statement of Activities the loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed.	(205,069)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	23,247
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital additions of \$3,955,174 exceeded depreciation expense of \$3,540,871 in the current period.	<u>1,323,078</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,395,711)</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2014

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 696,614
TOTAL ASSETS	<u><u>\$ 696,614</u></u>
LIABILITIES	
Due to Student Organizations	\$ 696,614
TOTAL LIABILITIES	<u><u>\$ 696,614</u></u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The School District of Newberry County, South Carolina (the "School District"), established in 1952, is the government which has responsibility for and control over all activities related to public school education in substantially all of Newberry County. The School District receives funding from local, state, and federal government sources, and must comply with the related requirements of these funding source entities. The School District is governed by a seven member Board of Trustees (the "Board").

All activities for which the Board exercises oversight responsibility have been incorporated into the financial statements to form the reporting entity. The School District's financial statements include the accounts of all School District operations, including, but not limited to, general operations and supporting services, food service operations, capital projects, debt service activities, and agency transactions.

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

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

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

Blended component units, although legally separate entities, are in substance part of the government's operations and data from these units are combined with data of the primary government in the financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the School District. The School District has one blended component unit, as discussed below; the District does not have any discretely presented component units.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Blended Component Unit. Newberry Investing in Children’s Education (“NICE”) was incorporated as a nonprofit corporation on June 3, 2005, pursuant to the provisions of the South Carolina Nonprofit Corporation Act of 1994. The Articles of Incorporation and Bylaws of NICE provide that NICE has been organized exclusively for educational and charitable purposes, specifically to (1) acquire, construct, finance, pledge, improve, maintain, operate, manage, lease, and dispose of school buildings and other public education facilities for the use and benefit of the School District and (2) encourage and promote public education through cooperative arrangements with governmental entities and organizations exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 that provide public education in Newberry County, South Carolina.

NICE has five board members; they are appointed by the Board of the School District for three year terms and may be removed by the Board with or without cause at any time. Because NICE exclusively benefits the School District, NICE’s financial information is blended with that of the School District in these financial statements. Separate financial information for NICE is included in individual columns throughout the financial statements. Separate financial statements for NICE are not issued.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School District (the “Primary Government”) and its component units. Interfund activity has been eliminated from the government-wide financial statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The School District does not report any business-type activities.

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

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

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

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The School District implemented GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*” (“GASB #65” or “Statement”) in 2014. GASB #65 establishes accounting and financial reporting standards that require reclassification, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement supplements and extends the reach of GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*”, which was adopted by the School District in 2013. The School District’s deferred revenue liability (for unavailable property taxes) in its governmental funds balance sheet was affected by the implementation of GASB #65, as deferred items that are not available are no longer shown as a liability but are now reclassified and shown as a component of deferred inflows of resources.

Also under GASB #65, all bond issuance costs, excluding those related to prepaid insurance costs, are to be expensed in the period incurred rather than capitalized. Any such unamortized bond issuance costs that were incurred and capitalized in a previous year should be written off by a cumulative adjustment to beginning net position. Accordingly, for its government-wide statements, the School District wrote off approximately \$839,000 in previously capitalized and unamortized bond issuance costs during 2014 as this was not deemed material to record as a cumulative adjustment to beginning net position.

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

Property taxes, federal and state grant programs, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the government.

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

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental Fund Types are those through which the governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities (except for those accounted for in the Fiduciary Fund) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the School District's major governmental funds:

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

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

- i) The **Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for specific educational programs.
- ii) The **Special Revenue - Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenue from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by EIA..
- iii) The **Special Revenue - Food Service Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources received that are restricted for the cafeteria operations at school locations. These resources primarily consist of revenues received (a) from breakfast, lunch, and other food sales and (b) from the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs. AS described in Note IV.G, the School District converted the Food Services Fund from an enterprise fund to a special revenue fund.

The *Debt Service Fund - District, a major fund* and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs for the School District.

The *Debt Service Fund - NICE, a major fund* and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs for NICE.

The *Capital Projects Fund - District, a major fund* and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for the School District, except for those financed in the Capital Projects Fund - NICE.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The *Capital Projects Fund - NICE, a major fund* and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for NICE.

Fiduciary Fund Types are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Agency Funds. Fiduciary fund types include the following:

The *Agency Fund* accounts for the receipt and disbursement of monies to and from student activity organizations using the accrual basis of accounting. These funds have no measurement focus; accordingly, they have no equity (assets are equal to liabilities) and do not include revenues and expenditures for the general operation of the School District. This accounting reflects the agency relationship of the School District with the student activity organizations.

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

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Investments

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The School District's cash investment objectives are preservation of capital, liquidity and yield. The School District reports its cash and investments at fair value which is normally determined by quoted market prices. The School District currently or in the past year has used the following investments:

- Cash and Investments held by the County Treasurer which are property taxes and other funds collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis. Currently, the County Treasurer invests governmental funds it receives in the South Carolina Local Government Investment Pool (the "Pool"). These investments are invested with the South Carolina State Treasurer's Office, which established the 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 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.
- Open-end mutual funds, primarily money market funds which invest in short term obligations of the United States and related agencies.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- Repurchase agreements are a type of transaction in which a money market participant acquires immediately available funds by selling securities and simultaneously agreeing to repurchase the same or similar securities after a specified time at a given price, which typically includes interest at an agreed-upon rate. The School District's repurchase agreements are considered investments as they are purchased with maturities of more than three months.

2. Restricted Assets

The School District established certain accounts for assets restricted for specific purposes, typically by outside parties or legal agreement. Certain bond indentures require the establishment of (i) maximum annual principal and interest payments, unless a surety bond was provided; (ii) the next succeeding principal and accrued interest payment; and (iii) bond proceeds to be used for construction purposes as required in the bond agreement.

3. Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the Statement of Net Position. All trade and property taxes receivables are shown net of an allowance for uncollectibles.

4. Inventories and Prepaid Items

Inventories in the Food Service Fund consist of purchased goods, supplies, and USDA commodities, which are stated at values assigned by the USDA. Under the system of accounting for inventories, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

5. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

All capital assets are recorded at cost (or estimated historical cost). The capital asset system is updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000 for furniture and equipment, vehicles, land improvements and buildings and improvements. The School District's infrastructure assets are immaterial and have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized for governmental activities.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	25-40 years
Improvements Other Than Building	20 years
Vehicles	10 years
Machinery and Equipment	5-20 years
Furniture and Equipment	5-20 years

6. Compensated Absences

School District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated vacation days. Unused sick leave is paid out to employees with over 90 days of accrued sick leave at the rate of \$15 per day over 90 days. The entire compensated absence liability and expense is reported on the government-wide financial statements. In addition, compensated absences are reported in governmental funds only if they have unused reimbursable leave still outstanding following an employee’s resignation or retirement.

7. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

However, claims and judgments, compensated absences, contractually required retirement contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. *Accrued Liabilities and Long-Term Obligations (Continued)*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. If material, bond premiums, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Amortization of premiums and bond issuance costs are included in interest expense. Bond premiums are included with bonds payable and other long-term obligations. 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. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. *Deferred Outflows / Inflows of Resources*

In addition to assets, the statement of net position (government-wide) and the balance sheet (governmental funds) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District currently does not report any types of deferred outflows of resources.

In addition to liabilities, the statement of net position (government-wide) and the balance sheet (governmental funds) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District currently has one type of deferred inflows of resources, which arises only under the modified accrual basis of accounting. This item, *unavailable revenue*, is reported only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available.

9. *Fund Balance*

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

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

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

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Balance (Continued)

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through a resolution made by the Board of Trustees, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed and that such assignments are made before the report issuance date. At this time, the Board of Trustees has not formally granted the right to make assignments of fund balance for the School District to anyone other than itself. The General Fund assignment of fund balance of approximately \$640,000 represents the anticipated use of fund balance in the fiscal year 2014 budget that was approved by the Board of Trustees.

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

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

The School District's Board of Trustees has formally adopted a minimum fund balance policy that requires 10% of the next year's General Fund appropriations to be available as unassigned fund balance. The minimum fund balance amount was approximately \$4,772,000 as of June 30, 2014, which represents 10% of the original budget for the General Fund for fiscal year 2015.

10. Net Position

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

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the School District's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

12. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices – A budget is presented as required supplementary information for the General Fund.

The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

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

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- (1) In the fall of the preceding year, the School District begins its budget process for the next succeeding fiscal year.
- (2) The School District's administrative budget committee reviews all requests and allocation requirements and related revenue. The Superintendent then meets with each principal to discuss budget needs at their individual locations.
- (3) The Chief Financial Officer presents a proposed budget to the Board which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- (4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

The administration has discretionary authority to make transfers between appropriation accounts. The revised budget amounts in the required supplementary information section of the financial statements (if different from the original budget) are as amended by the administration. All annual appropriations lapse at fiscal year end.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2014, none of the School District’s bank balances of approximately \$3,581,000, which had a carrying value of approximately \$3,357,000, were exposed to custodial credit risk.

Investments

As of June 30, 2014, the School District had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturity
Cash and Investments Held by Newberry County Treasurer	Unrated	\$ 22,313,350	^
Repurchase Agreement - Royal Bank of Canada	Unrated	7,955,875	12/01/2015
Total		\$ 30,269,225	

^ The Newberry County Treasurer invests the monies it holds in trust for governmental entities in a separate account with the South Carolina Local Government Investment Pool (the “Pool”). The weighted average maturity of the Pool’s investments is less than 60 days.

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

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2014, the School District’s investment in a repurchase agreement was exposed to custodial credit risk as the underlying securities were held by a third-party agent but not in the name of the School District.

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

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

B. Property Taxes and Other Receivables

Newberry County, South Carolina (the “County”) is responsible for levying and collecting sufficient property taxes to meet funding obligations for the School District. This obligation is established each year by the School Board and does not necessarily represent actual taxes levied or collected. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Property Taxes and Other Receivables (Continued)

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value of approximately \$127.5 million at rates of 186.8 mills and 53.0 mills for the General Fund and Debt Service Fund, respectively. These taxes are due without penalty through January 31. Penalties are added to taxes depending on the date paid as follows:

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

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

Taxes receivable includes an allowance for uncollectible amounts of approximately \$373,000 at June 30, 2014. Allowances for uncollectible amounts were not necessary for the other receivable accounts.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2014, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$	462,240
Delinquent Property Taxes Receivable - Debt Service Fund		169,981
Unearned Revenue from Special Revenue Funds		655,558
Total Deferred/Unearned Revenue for Governmental Funds	\$	<u>1,287,779</u>

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables and Payables

Interfund balances at June 30, 2014 (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,813,921	\$ 3,378
Special Revenue Funds:		
Special Revenue	-	903,411
Education Improvement Act	-	103,673
Food Service	-	397,970
Debt Service Fund - District	3,379	-
Debt Service Fund - NICE	-	3,990
Capital Projects Fund - District	-	404,878
	<u>\$ 1,817,300</u>	<u>\$ 1,817,300</u>

The General Fund receivable is a result of Special Revenue and EIA owing the General Fund for claims that were filed but not yet received, the General Fund paying for construction expenditures for the District Capital Projects Fund and the General Fund paying for payroll costs for the Food Services Fund.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 2,101,497	-	-	-	\$ 2,101,497
Construction in Progress	1,174,458	4,528,602	-	(4,967,820)	735,240
Total Capital Assets, Non-Depreciable	3,275,955	4,528,602	-	(4,967,820)	2,836,737
Capital Assets, Depreciable:					
Buildings and Improvements	142,092,195	107,839	(854,540)	4,967,820	146,313,314
Improvements Other Than Buildings	3,788,642	-	-	-	3,788,642
Vehicles	1,454,356	80,194	(24,009)	-	1,510,541
Machinery and Equipment	3,290,514	55,410	-	-	3,345,924
Furniture and Equipment	1,865,977	106,244	(74,807)	-	1,897,414
Total Capital Assets Depreciable	152,491,684	349,687	(953,356)	4,967,820	156,855,835
Less: Accumulated Depreciation for:					
Buildings and Improvements	32,934,974	3,160,515	(652,981)	-	35,442,508
Improvements Other Than Buildings	2,335,532	105,832	-	-	2,441,364
Vehicles	993,704	85,893	(22,680)	-	1,056,917
Machinery and Equipment	2,122,952	152,983	-	-	2,275,935
Furniture and Equipment	1,507,147	49,988	(72,626)	-	1,484,509
Total Accumulated Depreciation	39,894,309	3,555,211	(748,287)	-	42,701,233
Total Capital Assets, Depreciable, Net	112,597,375	(3,205,524)	(205,069)	4,967,820	114,154,602
Governmental Activities Capital Assets, Net	\$ 115,873,330	1,323,078	(205,069)	-	\$ 116,991,339

The School District has outstanding commitments related to construction activities totaling approximately \$1,362,000 at June 30, 2014.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows for 2014:

Governmental Activities:	
Instruction	\$ 1,944,082
Support Services	1,611,129
Total Depreciation Expense - Governmental Activities	<u>\$ 3,555,211</u>

In May of 2005, the Board of Trustees approved a list of approximately \$77,500,000 in capital needs, the result of a prioritization process of more than approximately \$122,000,000 in overall capital needs identified in an independent study completed in December of 2004. After careful study of funding alternatives, the Board authorized the formation of NICE, a non-profit corporation which assisted the School District in the formulation of an Installment Purchase plan, whereby the School District has leased the applicable buildings to the Corporation for the purpose of capital improvements, and is in the process of purchasing them back utilizing General Obligation debt over a 25 or 26 year period, allowing the School District to leverage its constitutional debt limit to complete the capital needs within a five-year construction cycle versus the more piecemeal approach of "pay as you go." The School District completed its expansion program during 2012, using proceeds from NICE's debt offering.

Due to favorable market conditions, actual expenditures for the construction projects included in the original list of projects were considerably less than expected, and the School District had a \$3.8 million balance at June 30, 2011. After all projects were closed out during fiscal 2012, the remaining funds were and will be used to pay down the NICE debt, including \$594,000 used in fiscal 2014. This will increase the amount the School District will have available to borrow for future capital needs in the School District, using the School District's assessable constitutional debt limit, as less funds will be needed to repay the outstanding NICE debt.

E. Accounts Payable and Accrued Expenses

The significant components of accounts payable and accrued expenses at June 30, 2014, consisted of the following:

Governmental Activities:	
Accounts Payable	\$ 1,942,192
Retainage Payable	174,469
Accrued Salaries	2,163,261
Accrued Fringe and Benefits	1,047,177
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 5,327,099</u>

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Operating Leases

The School District entered into an operating lease agreement for copier equipment during fiscal year 2011. The lease runs for a period of 60 months ending December 2015, and the payments are on a cost per copy basis. The estimated future minimum payments are approximately \$109,000 per year. The School District entered into agreements for lights at three schools. The leases run for 120 months, expiring in 2018 and 2019, with annual payments totaling approximately \$52,000. Total charges under these agreements were approximately \$162,000 for the year ended June 30, 2014.

Future payments on all of these agreements are as follows:

2015	\$	161,513
2016		106,910
2017		52,308
2018		50,458
2019		26,505
Total	\$	<u>397,694</u>

G. Short-Term Obligations

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
Series 2013A General Obligation Bond	\$ 1,815,000	-	1,815,000	\$ -
Series 2013B General Obligation Bond	-	5,950,000	5,950,000	-
Series 2014A General Obligation Bond	-	1,775,000	-	1,775,000
Total Governmental Activities	<u>\$ 1,815,000</u>	<u>7,725,000</u>	<u>7,765,000</u>	<u>\$ 1,775,000</u>

In May 2013, the School District issued its Series 2013A General Obligation Bonds in the amount of \$1,815,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2013 under the Facilities Agreement. These bonds, including interest of \$10,670 (0.74%), were repaid at maturity in March 2014. In November 2013, the School District issued its Series 2013B General Obligation Bonds in the amount of \$5,950,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2014 under the Facilities Agreement and for additional capital outlay. These bonds, including interest of \$12,297 (0.60%), were repaid at maturity in March 2014. In May 2014, the School District issued its Series 2014A General Obligation Bonds in the amount of \$1,775,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2014 under the Facilities Agreement. These bonds, including interest of \$8,372 (0.60%), will be repaid in February 2015. Due to the timing of the issuance and the scheduled maturity being less than one year from the date the bond was issued, the outstanding balance of \$1,775,000 is reflected on the District's balance sheet for its governmental funds at June 30, 2014.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Long-Term Obligations

The School District had the following outstanding long-term indebtedness at June 30, 2014:

- NICE Installment Purchase Revenue Bonds, Series 2005 (“IPR Bonds”) in the original amount of \$84,725,000, principal due in annual installments of \$30,000 to \$7,930,000 at December 1; interest at 3.50% to 5.25% is paid semiannually, with a final maturity date in December 2031. The bonds are subject to redemption at NICE’s option beginning in December 2015. In connection with the issuance of this indebtedness, a premium of \$2,743,878 was recorded and is being amortized over the life of the bonds. The unamortized premium at June 30, 2014 was \$1,810,960. The Bond issuance costs of \$1,199,200 were recorded and were being amortized over the life of the bonds. The remaining balance of \$839,440 was expensed in the current year due to the implementation of GASB 65. IPR Bonds are not an obligation of the School District; however, as NICE is blended with the operations of the School District, NICE’s debt is included with the School District’s other obligations as required by GAAP.
- South Carolina Energy Grant Obligation: The School District received an award from the South Carolina Energy Office (“SCEO”) as part of the ARRA Act of 2009 consisting of a 75% reimbursement grant and a 25% loan. The School District incurred total expenditures of approximately \$186,000, of which \$46,536 is to be repaid. The loan bears zero percent interest and is designed to be repaid from the General Fund with energy savings recognized from the improvements made with the grant award in four equal payments of \$11,634 starting on November 1, 2011 and continuing through November 1, 2014.

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

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
NICE Series 2005 IPR Bonds	\$ 76,630,000	-	1,855,000	74,775,000	\$ 2,055,000
SC Energy Grant Obligation	23,268	-	11,634	11,634	11,634
Total Debt	<u>76,653,268</u>	<u>-</u>	<u>1,866,634</u>	<u>74,786,634</u>	<u>2,066,634</u>
Premiums	1,920,715	-	109,755	1,810,960	-
Compensated Absences	497,605	130,036	153,283	474,358	146,122
Total Governmental Activities	<u>\$ 79,071,588</u>	<u>130,036</u>	<u>2,129,672</u>	<u>77,071,952</u>	<u>\$ 2,212,756</u>

General Fund resources typically have been used in prior years to liquidate the compensated absence obligation. The Debt Service Funds have primarily been used to service all other long-term obligations.

Interest paid on the debt issued by the School District is exempt from federal income tax. The School District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The School District does not have any liability for arbitrage as of June 30, 2014.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Long-Term Obligations (Continued)

The IPR Bonds were issued by NICE in October 2005 to finance the costs of acquiring, constructing, renovating and installing educational facilities (the “2005 Facilities”) to be sold by NICE to the School District pursuant to a School Facilities Purchase and Occupancy Agreement dated September 15, 2005. NICE executed a Trust Agreement in connection with the IPR Bonds and established the following accounts:

- Project Account – Proceeds in these funds will be used to pay administrative fees, as well as construction costs of the Capital Projects. In addition, as allowed by the bond documents, unspent proceeds are also being used to repay a portion of the outstanding IPR Bonds principal. This account was closed out during 2014 as the School District used the remaining funds to make IPR Bonds principal payments.
- Reserve Account – Funds may only be used to make bond payments to the extent necessary to make up for a deficiency in the Base Lease Rental account – see below. The total in this account was \$7,955,875 at June 30, 2014.

The IPR Bonds were issued pursuant to a Facilities Agreement and Base Lease Agreement between the School District and NICE. These agreements were authorized and approved by the Board of Trustees of the School District in September 2005. The Facilities Agreement permits the School District to design, construct, renovate equip, furnish occupy and operate the facilities in exchange for the payment by the School District on a semi-annual basis of installments of the purchase price of the facilities sufficient to pay the principal and interest on the IPR Bonds as such amounts become due. By making each such payment of purchase price, the School District acquires an undivided interest in the facilities. Upon the making of the final scheduled payment of purchase price under the Facilities Agreement, the School District will have purchased all interest of NICE in the facilities and will own the facilities outright. The School District’s obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the installment payments of purchase price due in such fiscal year. However, the School District would forfeit possession of the Facilities for the remainder of the term of the Lease if it did not make the payment to NICE.

The annual debt service requirements to maturity for long-term indebtedness are as follows:

Years Ending June 30	General Obligation Bonds		Totals
	Principal	Interest	
2015	\$ 2,066,634	3,789,494	\$ 5,856,128
2016	2,265,000	3,676,094	5,941,094
2017	2,490,000	3,551,275	6,041,275
2018	2,725,000	3,414,381	6,139,381
2019	2,980,000	3,264,625	6,244,625
2020-2024	19,270,000	13,566,087	32,836,087
2025-2029	28,245,000	7,445,575	35,690,575
2030-2031	14,745,000	765,125	15,510,125
Totals	\$ 74,786,634	39,472,656	\$ 114,259,290

Section 15 of Article X of the South Carolina State Constitution allows School Districts to incur a legal debt limit not to exceed 8 percent of the assessed value of all taxable property in the School District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2014, the School District’s assessed property valuation was approximately \$127.5 million, and the legal debt limit was approximately \$10.2 million, of which \$1.755 million in outstanding debt was applicable to this limit at June 30, 2014.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

I. Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2014, consisted of the following:

General Fund			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 1,136,730		\$ -
Food Service - Indirect Cost	125,137		-
Special Revenue- Indirect Cost	257,700		-
	<u>1,519,567</u>		<u>-</u>
Special Revenue Funds			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
Special Revenue-EIA	<u>-</u>	General Fund- Indirect Costs	<u>125,137</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund	<u>1,136,730</u>
Food Service Fund			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund- Indirect Costs	<u>257,700</u>
Debt Service Fund - District			
Transfers from	Amount	Transfers to	Amount
	-	NICE Debt Service	4,813,815
	-	Capital Projects - District	2,831,792
	<u>-</u>		<u>7,645,607</u>
Debt Service Fund - NICE			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	4,813,815		-
Capital Projects - NICE	593,747		-
Debt Service - District	<u>5,407,562</u>		<u>-</u>
Capital Projects Fund - District			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>2,831,792</u>		<u>-</u>
Capital Projects Fund - NICE			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	Capital Projects - District	<u>\$ 593,747</u>

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

I. Transfers In and (Out) (Continued)

Interfund transfers include funding allowed for indirect costs, required matches, supplemental funding, state cuts, and accounting practice. The transfers for the year ended June 30, 2014, consisted of the following:

General Fund

Transfers from:

Funds were transferred into the General Fund from other funds to cover EIA teacher salaries and indirect costs for federal programs and the food service fund.

Special Revenue Funds.

Transfers from:

Funds were transferred from Special Revenue/EIA/Food Service funds into the General Fund to cover indirect costs on federal programs and food services, the EIA teacher salaries and school employer contributions.

Debt Service and Capital Projects Funds.

Transfers:

Funds were transferred into the Debt Service – NICE and the Capital Projects – District from Debt Service – District and Capital Projects - NICE to fund the 2014 debt service payments for the NICE bonds and to fund additional capital projects.

IV. OTHER INFORMATION

A. Retirement and Postemployment Benefit Plans

South Carolina Retirement System

Plan Description – The District participates in a retirement plan under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers a majority of the School District's full-time employees. The South Carolina Retirement System (“SCRS”) is a cost-sharing multi-employer defined benefit pension plan that was originally administered by the South Carolina State Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS to the newly created South Carolina Public Employee Benefit Authority (“PEBA”). The PEBA has the authority to establish and amend benefits and funding policy. The Plan offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, group life (“GL”) insurance benefits and survivor benefits. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Public Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

A. Retirement and Postemployment Benefit Plans (Continued)

South Carolina Retirement System (Continued)

Funding Policy – Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. For the year ended June 30, 2014, employee contributions to the Plan are 7.5% of salary, and employers are required to contribute at the following actuarially determined rates: SCRS State Agencies and Public Schools—10.45%. In addition to the above rates, participating employers of the South Carolina Retirement System contribute 0.15% of payroll to provide a group life insurance benefit for their active participants. All employers contribute at the actuarially required contribution rates. The School District contributed amounts equal to the required contribution to the SCRS for all years presented.

Other Retirement Plan

The State of South Carolina also provides an optional retirement plan (“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 for certain administrative positions which allows them to participate. As an alternative to the SCRS, employees eligible for the ORP may choose between the two plans.

Employee required contribution rate to the ORP was 7.5% of covered salary for the year ended June 30, 2014. The employer required contribution rate was 10.45% for the year ended June 30, 2014, for which 5.00% of the employer required contribution is remitted to the employees authorized investment providers (“AIP”) with the balance being remitted to the South Carolina Retirement System. Because the contribution rates to the ORP are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the ORP for all years presented.

Postemployment Benefits

In addition to providing retirement plan benefits, the state currently provides its retired employees with health care benefits through a cost-sharing multiple-employer plan. All postemployment benefits paid to the District's retired members are made from the SCRS and from South Carolina's General Fund (Health Care). An 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 has no liability beyond the payment of monthly contributions.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

A. Retirement and Postemployment Benefit Plans (Continued)

SCRS, ORP, and OPEB Contribution Summary

The School District's eligible wages, the contribution rates, and the required contribution amounts for the past three years for the retirement and other postemployment benefits plans were as follows:

	SCRS Plan			ORP Plan		
	2014	2013	2012	2014	2013	2012
<u>Employer Rate:</u>						
Retirement - SCRS	10.450%	10.450%	9.385%	5.450%	5.450%	4.385%
Retirement - AIP	0.000%	0.000%	0.000%	5.000%	5.000%	5.000%
Retiree Surcharge - SCRS	4.920%	4.550%	4.300%	4.920%	4.550%	4.300%
GL Ins. Benefit - SCRS	0.150%	0.150%	0.150%	0.150%	0.150%	0.150%
Total	<u>15.520%</u>	<u>15.150%</u>	<u>13.835%</u>	<u>15.520%</u>	<u>15.150%</u>	<u>13.835%</u>
Employee Rate	<u>7.500%</u>	<u>7.000%</u>	<u>6.500%</u>	<u>7.500%</u>	<u>7.000%</u>	<u>6.500%</u>
Total Eligible Wages	<u>\$ 32,886,003</u>	<u>\$ 32,816,801</u>	<u>31,486,590</u>	<u>1,521,071</u>	<u>1,227,770</u>	<u>1,406,748</u>
<u>Employer Contributions:</u>						
Retirement - SCRS	\$ 3,437,908	\$ 3,430,429	2,955,016	82,898	66,913	61,686
Retirement - AIP	-	-	-	76,054	61,389	70,337
Retiree Surcharge - SCRS	1,617,991	1,493,164	1,353,923	74,837	55,864	60,490
GL Ins. Benefit - SCRS	49,329	49,225	47,230	2,282	1,842	2,110
Total	<u>\$ 5,105,228</u>	<u>\$ 4,972,818</u>	<u>4,356,169</u>	<u>236,071</u>	<u>186,008</u>	<u>194,623</u>
Employee Contributions	<u>\$ 2,456,103</u>	<u>\$ 2,282,691</u>	<u>2,046,628</u>	<u>114,080</u>	<u>85,944</u>	<u>91,439</u>

B. Grants

The School District participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District expects such amounts, if any, would not have a material adverse effect on the financial condition of the School District.

C. Risk Management

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

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

D. Litigation

Various claims and lawsuits are pending against the School District. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

E. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("Statement"), which was issued by the Governmental Accounting Standards Board ("GASB") in June 2012, is required to be implemented by the School District for the fiscal year ended June 30, 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the School District's financial obligations to current and former employees for past services rendered.

In particular, this Statement will require the School District to recognize a net pension liability (and related deferred outflows and inflows of resources) for its participation in the SCRS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. It is anticipated that its implementation will not have a significant impact on the School District's governmental funds.

The School District has been in communications with the PEBA on the effect of implementing this Statement. Based on recent information provided by PEBA, it is anticipated that the School District's net pension liability for its proportionate share of the net pension liability associated with the SCRS plan will decrease the School District's beginning unrestricted net position for the year ended June 30, 2015 by approximately \$70,823,000.

F. Subsequent Events

In October 2014, the School District issued its Series 2014B General Obligation Bonds in the amount of \$5,630,000 for the purposes of paying to NICE for a portion of the installments of purchase price that are due in fiscal year 2015 under the Facilities Agreement, for additional capital outlay needs of the School District, and for paying certain costs of issuance related to the bonds. The bonds, including interest at 1.0%, are due at maturity on March 5, 2015.

In October 2014, the School District issued its series 2014 Installment Purchase Refunding Revenue Bonds in the amount of \$61,185,000 for the purposes of refunding the 2005 Installment Purchase Revenue Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2014

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 15,473,442	15,473,442	16,243,418	\$ 769,976
Investment Earnings	10,000	10,000	11,306	1,306
Other Local Sources	40,000	40,000	66,861	26,861
State Sources	27,500,404	27,500,404	28,227,611	727,207
TOTAL REVENUE ALL SOURCES	43,023,846	43,023,846	44,549,196	1,525,350
EXPENDITURES				
Current:				
Instruction	25,240,377	25,240,377	25,692,369	(451,992)
Support Services	19,221,359	19,221,359	19,128,754	92,605
Community Services	10,000	10,000	6,179	3,821
Intergovernmental	48,100	48,100	97,127	(49,027)
Capital Outlay	561,472	561,472	895,355	(333,883)
Debt Service:				
Principal Retirement	-	-	11,634	(11,634)
TOTAL EXPENDITURES	45,081,308	45,081,308	45,831,418	(750,110)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,057,462)	(2,057,462)	(1,282,222)	775,240
OTHER FINANCING SOURCES (USES)				
Transfers In	1,488,857	1,488,857	1,519,567	30,710
TOTAL OTHER FINANCING SOURCES (USES)	1,488,857	1,488,857	1,519,567	30,710
NET CHANGE IN FUND BALANCE	(568,605)	(568,605)	237,345	805,950
FUND BALANCE, Beginning of Year	11,895,477	11,895,477	11,895,477	-
FUND BALANCES, End of Year	\$ 11,326,872	11,326,872	12,132,822	\$ 805,950

Note: The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

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GENERAL FUND

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

The following Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Revised Budget 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.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 13,258,952	13,918,757	\$ 659,805
1140 Penalties & Interest on Taxes (Independent)	550,000	682,121	132,121
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,664,490	1,642,540	(21,950)
1300 Tuition:			
1320 From Other LEAs for Regular Day School	-	9,162	9,162
1350 From Patrons for Summer School	20,000	-	(20,000)
1500 Earnings on Investments:			
1510 Interest on Investments	10,000	11,306	1,306
1900 Other Revenue from Local Sources:			
1910 Rentals	-	4,610	4,610
1950 Refund of Prior Year's Expenditures	-	3,115	3,115
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	1,534	1,534
1999 Revenue from Other Local Sources	20,000	48,440	28,440
Total Revenue from Local Sources	<u>15,523,442</u>	<u>16,321,585</u>	<u>798,143</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	11,508	11,508
3138 Charter Funding			
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	310,667	374,482	63,815
3162 Transportation Workers' Compensation	-	34,832	34,832
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	5,252,482	5,297,913	45,431
3181 Retiree Insurance (No Carryover Provision)	1,208,579	1,378,301	169,722
3199 Other Restricted State Grants	-	731	731
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	922,573	925,158	2,585
3312 Primary	2,237,876	2,408,263	170,387
3313 Elementary	3,194,843	3,144,870	(49,973)
3314 High School	1,151,729	1,442,379	290,650
3315 Trainable Mentally Handicapped	26,670	20,086	(6,584)
3316 Speech Handicapped (Part-Time Program)	850,459	908,045	57,586
3317 Homebound	\$ 71,520	66,061	\$ (5,459)

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 16,402	21,893	\$ 5,491
3322 Educable Mentally Handicapped	71,856	72,582	726
3323 Learning Disabilities	1,225,843	1,225,867	24
3324 Hearing Handicapped	11,256	6,157	(5,099)
3325 Visually Handicapped	12,600	16,152	3,552
3326 Orthopedically Handicapped	18,036	18,613	577
3327 Vocational	1,808,922	1,673,973	(134,949)
3330 Other EFA Programs:			
3331 Autism	111,424	126,604	15,180
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	2,148,611	2,148,612	1
3820 Homestead Exemption (Tier 2)	1,200,583	1,200,583	-
3825 Reimbursement for Property Tax Relief (Tier 3)	5,112,473	5,114,664	2,191
3830 Merchant's Inventory Tax	120,000	158,280	38,280
3840 Manufacturers Depreciation Reimbursement	230,000	283,370	53,370
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	185,000	147,632	(37,368)
Total Revenue from State Sources	<u>27,500,404</u>	<u>28,227,611</u>	<u>727,207</u>
TOTAL REVENUE ALL SOURCES	<u>43,023,846</u>	<u>44,549,196</u>	<u>1,525,350</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,213,961	1,311,380	(97,419)
140 Terminal Leave	-	203	(203)
200 Employee Benefits	465,866	526,618	(60,752)
300 Purchased Services	7,691	7,690	1
400 Supplies and Materials	16,507	15,261	1,246
112 Primary Programs:			
100 Salaries	3,890,294	3,917,054	(26,760)
140 Terminal Leave	-	773	(773)
200 Employee Benefits	1,411,655	1,426,489	(14,834)
300 Purchased Services	27,287	26,708	579
400 Supplies and Materials	93,335	83,140	10,195
600 Other Objects	\$ 127,894	163,910	\$ (36,016)

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
113 Elementary Programs:			
100 Salaries	\$ 5,677,394	5,780,958	\$ (103,564)
140 Terminal Leave	-	705	(705)
200 Employee Benefits	2,101,727	2,104,719	(2,992)
300 Purchased Services	40,492	50,019	(9,527)
400 Supplies and Materials	107,194	116,895	(9,701)
600 Other Objects	-	808	(808)
114 High School Programs:			
100 Salaries	4,084,290	4,014,814	69,476
200 Employee Benefits	1,486,760	1,460,221	26,539
300 Purchased Services	31,167	114,833	(83,666)
400 Supplies and Materials	98,757	80,146	18,611
115 Career and Technology Education Program:			
100 Salaries	898,933	874,370	24,563
200 Employee Benefits	321,345	322,761	(1,416)
300 Purchased Services - Other Than Tuition	3,307	1,957	1,350
400 Supplies and Materials	34,299	46,224	(11,925)
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	495,340	512,950	(17,610)
140 Terminal Leave	-	360	(360)
200 Employee Benefits	196,584	198,914	(2,330)
300 Purchased Services	872	532	340
400 Supplies and Materials	10,327	10,485	(158)
122 Trainable Mentally Handicapped:			
100 Salaries	124,485	149,061	(24,576)
200 Employee Benefits	49,218	60,967	(11,749)
300 Purchased Services	36,000	36,345	(345)
400 Supplies and Materials	3,447	3,447	-
123 Orthopedically Handicapped:			
100 Salaries	2,272	2,461	(189)
200 Employee Benefits	739	985	(246)
300 Purchased Services	2,970	2,970	-
400 Supplies and Materials	504	504	-
124 Visually Handicapped:			
100 Salaries	4,543	4,922	(379)
200 Employee Benefits	7,122	1,970	5,152
300 Purchased Services	12,670	14,353	(1,683)
400 Supplies and Materials	324	324	-
125 Hearing Handicapped:			
100 Salaries	19,887	-	19,887
200 Employee Benefits	6,701	-	6,701
300 Purchased Services	\$ -	17,810	\$ (17,810)

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
126 Speech Handicapped:			
100 Salaries	\$ 146,225	144,609	\$ 1,616
200 Employee Benefits	49,886	63,344	(13,458)
300 Purchased Services	1,000	1,000	-
400 Supplies and Materials	5,625	5,625	-
127 Learning Disabilities:			
100 Salaries	1,033,312	1,020,876	12,436
140 Terminal Leave	-	75	(75)
200 Employee Benefits	387,773	371,798	15,975
300 Purchased Services	750	750	-
400 Supplies and Materials	12,954	12,954	-
128 Emotionally Handicapped:			
100 Salaries	100,743	102,802	(2,059)
200 Employee Benefits	41,774	40,272	1,502
400 Supplies and Materials	3,425	3,425	-
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	19,226	37,043	(17,817)
200 Employee Benefits	7,076	11,621	(4,545)
139 Early Childhood Programs:			
100 Salaries	-	18,661	(18,661)
140 Terminal Leave	-	30	(30)
200 Employee Benefits	-	5,382	(5,382)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	3,702	51,812	(48,110)
200 Employee Benefits	21,228	12,648	8,580
300 Purchased Services	2,160	-	2,160
145 Homebound:			
100 Salaries	30,000	44,852	(14,852)
200 Employee Benefits	6,000	10,817	(4,817)
300 Purchased Services	12,600	23,428	(10,828)
149 Other Special Programs:			
100 Salaries	-	12,299	(12,299)
200 Employee Benefits	-	2,825	(2,825)
400 Supplies and Materials	50,000	669	49,331
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	47,892	63,245	(15,353)
200 Employee Benefits	\$ 30,223	28,848	\$ 1,375

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	\$ -	3,450	\$ (3,450)
200 Employee Benefits	-	856	(856)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	1,166	2,488	(1,322)
185 Vocational Adult Education Programs:			
100 Salaries	55,891	55,481	410
200 Employee Benefits	19,163	21,953	(2,790)
188 Parenting/Family Literacy:			
100 Salaries	26,182	36,258	(10,076)
140 Terminal Leave	-	195	(195)
200 Employee Benefits	10,241	11,962	(1,721)
Total Instruction	<u>25,240,377</u>	<u>25,692,369</u>	<u>(451,992)</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	221,718	225,318	(3,600)
200 Employee Benefits	103,722	85,925	17,797
300 Purchased Services	4,220	13,695	(9,475)
400 Supplies and Materials	4,500	4,293	207
212 Guidance Services:			
100 Salaries	932,714	862,132	70,582
140 Terminal Leave	-	428	(428)
200 Employee Benefits	311,484	290,285	21,199
213 Health Services:			
100 Salaries	103,156	169,691	(66,535)
140 Terminal Leave	-	3,477	(3,477)
200 Employee Benefits	37,987	57,668	(19,681)
300 Purchased Services	14,678	8,759	5,919
400 Supplies and Materials	4,130	4,283	(153)
600 Other Objects	182	200	(18)
214 Psychological Services:			
100 Salaries	71,644	71,644	-
200 Employee Benefits	28,579	22,209	6,370
300 Purchased Services	1,800	1,859	(59)
400 Supplies and Materials	\$ 2,657	2,657	\$ -

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	\$ 820,456	765,972	\$ 54,484
140 Terminal Leave	-	165	(165)
200 Employee Benefits	280,434	275,684	4,750
300 Purchased Services	37,196	10,616	26,580
400 Supplies and Materials	6,213	8,955	(2,742)
600 Other Objects	486	225	261
222 Library and Media Services:			
100 Salaries	658,518	640,233	18,285
200 Employee Benefits	226,676	232,029	(5,353)
400 Supplies and Materials	72,157	68,763	3,394
223 Supervision of Special Programs:			
100 Salaries	59,070	57,449	1,621
140 Terminal Leave	-	9,627	(9,627)
200 Employee Benefits	27,266	28,653	(1,387)
400 Supplies and Materials	2,187	12,410	(10,223)
600 Other Objects	194	-	194
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	-	2,320	(2,320)
200 Employee Benefits	-	642	(642)
300 Purchased Services	41,528	53,042	(11,514)
400 Supplies and Materials	-	1,135	(1,135)
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	39,150	39,150	-
200 Employee Benefits	477,816	99,953	377,863
300 Purchased Services	81,245	57,322	23,923
318 Audit Services	40,900	56,675	(15,775)
400 Supplies and Materials	842	1,768	(926)
600 Other Objects	249,240	246,133	3,107
232 Office of Superintendent:			
100 Salaries	233,029	232,054	975
200 Employee Benefits	59,275	61,754	(2,479)
300 Purchased Services	11,851	11,619	232
400 Supplies and Materials	2,950	3,842	(892)
600 Other Objects	6,480	9,340	(2,860)
233 School Administration:			
100 Salaries	2,920,299	2,954,173	(33,874)
140 Terminal Leave	-	9,292	(9,292)
200 Employee Benefits	1,036,978	1,074,561	(37,583)
300 Purchased Services	25,737	22,127	3,610
400 Supplies and Materials	\$ 44,559	38,967	\$ 5,592

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	\$ 446,045	416,776	\$ 29,269
140 Terminal Leave	-	180	(180)
200 Employee Benefits	157,301	155,918	1,383
300 Purchased Services	9,024	10,710	(1,686)
400 Supplies and Materials	5,154	3,354	1,800
500 Capital Outlay	-	-	-
600 Other Objects	648	60	588
254 Operation and Maintenance of Plant:			
100 Salaries	530,413	527,829	2,584
140 Terminal Leave	-	5,867	(5,867)
200 Employee Benefits	178,283	188,296	(10,013)
300 Purchased Services	1,987,194	2,067,832	(80,638)
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	240,000	198,011	41,989
400 Supplies and Materials	292,608	285,996	6,612
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,719,503	1,764,342	(44,839)
500 Capital Outlay	34,519	263,358	(228,839)
600 Other Objects	69,232	72,777	(3,545)
255 Student Transportation (State Mandated):			
100 Salaries	1,235,607	1,303,200	(67,593)
140 Terminal Leave	-	278	(278)
200 Employee Benefits	459,755	432,766	26,989
300 Purchased Services	42,296	41,601	695
400 Supplies and Materials	5,550	5,611	(61)
256 Food Service:			
200 Employee Benefits	390,000	515,989	(125,989)
257 Internal Services:			
100 Salaries	-	126,450	(126,450)
200 Employee Benefits	15,000	9,678	5,322
300 Purchased Services	139,732	118,520	21,212
400 Supplies and Materials	23,400	34,882	(11,482)
500 Capital Outlay	-	3,712	(3,712)
600 Other Objects	131,702	29,045	102,657
258 Security:			
300 Purchased Services	325,600	323,222	2,378
260 Central Support Services:			
264 Staff Services:			
100 Salaries	241,566	252,928	(11,362)
140 Terminal Leave	-	6,936	(6,936)
200 Employee Benefits	85,009	91,541	(6,532)
300 Purchased Services	38,280	26,889	11,391
400 Supplies and Materials	3,237	2,366	871
600 Other Objects	\$ 5,767	6,635	\$ (868)

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
266 Technology and Data Processing Services:			
100 Salaries	\$ 325,153	330,420	\$ (5,267)
140 Terminal Leave	-	98	(98)
200 Employee Benefits	113,578	123,944	(10,366)
300 Purchased Services	174,005	173,239	766
400 Supplies and Materials	13,470	13,491	(21)
500 Capital Outlay	526,953	628,284	(101,331)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	369,312	375,309	(5,997)
200 Employee Benefits (Optional)	59,432	87,181	(27,749)
300 Purchased Services (Optional)	40,000	38,815	1,185
660 Pupil Activity	42,600	48,600	(6,000)
Total Support Services	<u>19,782,831</u>	<u>20,024,109</u>	<u>(241,278)</u>
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	1,000	-	1,000
390 Other Community Services:			
300 Purchased Services	5,000	4,000	1,000
600 Other Objects	4,000	2,179	1,821
Total Community Services	<u>10,000</u>	<u>6,179</u>	<u>3,821</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	42,624	(42,624)
412 Payments to Other Governmental Units			
720 Transits	48,100	54,503	(6,403)
Total Intergovernmental Expenditures	<u>48,100</u>	<u>97,127</u>	<u>(49,027)</u>
500 Debt Service:			
610 Principal	-	11,634	(11,634)
Total Debt Service	<u>-</u>	<u>11,634</u>	<u>(11,634)</u>
TOTAL EXPENDITURES	<u>\$ 45,081,308</u>	<u>45,831,418</u>	<u>\$ (750,110)</u>

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 1,206,191	1,136,730	\$ (69,461)
5280 Transfer from Other Funds Indirect Costs	282,666	382,837	100,171
TOTAL OTHER FINANCING SOURCES (USES)	1,488,857	1,519,567	30,710
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(568,605)	237,345	805,950
FUND BALANCE, Beginning of Year	11,895,477	11,895,477	-
FUND BALANCE, End of Year	\$ 11,326,872	12,132,822	\$ 805,950

**SPECIAL REVENUE FUND and
EDUCATION IMPROVEMENT ACT FUND**

The Special Revenue Fund and the Education Improvement Act Fund account for the operations of Federal and State projects which are required to be accounted for in separate funds.

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

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
REVENUES		
1000 Revenue from Local Sources:		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ -	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
1990 Miscellaneous Local Revenue:		
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue:		
2100 Payments from Other Governmental Units	-	-
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Revenue	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3127 Student Health and Fitness - PE Teachers	-	-
3130 Special Programs:		
3134 Child Development Education Pilot Program (CDEPP)	-	-
3136 Student Health and Fitness - Nurses	-	-
3155 Adult Education Supplemental Program	-	-
3177 Summer Reading Camp	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement (Carryover Provision)	-	-
3610 K-5 Enhancement(Carryover Provision)	-	-
3699 Other State Lottery Programs	-	-
Total Revenue from State Sources	<u>\$ -</u>	<u>-</u>

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	79	\$ 79
-	-	-	-	27,359	27,359
-	-	-	-	647,209	647,209
-	-	-	-	251,365	251,365
-	-	-	-	926,012	926,012
-	-	-	-	3,299	3,299
-	-	-	-	35,886	35,886
-	-	-	-	39,185	39,185
-	-	-	200,601	-	200,601
-	-	-	43,644	-	43,644
-	-	-	327,949	-	327,949
-	-	-	256,076	-	256,076
-	-	-	2,540	-	2,540
-	-	-	992	-	992
-	-	-	2,592	-	2,592
-	-	-	-	2,684	2,684
-	-	-	23,610	-	23,610
-	-	-	216,688	-	216,688
-	-	-	12,020	-	12,020
-	-	-	1,086,712	2,684	\$ 1,089,396

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	\$ -	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	1,550,451	-
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	-	-
4314 School Improvement Grant	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4430 State Literacy Resource	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,585,152
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4992 U.S. Forest Commission	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,550,451</u>	<u>1,585,152</u>
TOTAL REVENUE ALL SOURCES	<u>1,550,451</u>	<u>1,585,152</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	188,461	-
200 Employee Benefits	60,323	-
300 Purchased Services	25	-
400 Supplies and Materials	\$ 142,931	-

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	105,227	-	-	-	\$ 105,227
-	-	-	-	18,020	1,568,471
-	-	-	-	101,728	101,728
-	-	-	-	684,516	684,516
-	-	-	-	54,036	54,036
-	-	-	-	242,799	242,799
-	-	85,007	-	-	85,007
-	-	10,000	-	-	10,000
-	-	-	-	-	1,585,152
52,529	-	-	-	-	52,529
-	-	-	-	57,058	57,058
-	-	-	-	116,428	116,428
52,529	105,227	95,007	-	1,274,585	4,662,951
52,529	105,227	95,007	1,086,712	2,242,466	6,717,544
-	-	-	-	880	880
-	-	-	-	191	191
-	-	-	834	7,432	8,266
-	-	-	103,316	123,266	415,043
-	-	-	34,357	41,249	135,929
-	-	-	-	6,220	6,245
-	-	-	1,031	8,451	\$ 152,413

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
113 Elementary Programs:		
100 Salaries	\$ 307,564	-
200 Employee Benefits	101,260	-
300 Purchased Services	-	-
400 Supplies and Materials	21,824	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	223,104
200 Employee Benefits	-	85,083
300 Purchased Services	-	-
400 Supplies and Materials	-	-
122 Trainable Mentally Handicapped:		
100 Salaries	-	43,419
200 Employee Benefits	-	15,192
300 Purchased Services	-	-
400 Supplies and Materials	-	-
124 Visually Handicapped:		
300 Purchased Services	-	362
126 Speech Handicapped:		
100 Salaries	-	289,314
200 Employee Benefits	-	79,221
300 Purchased Services	-	-
400 Supplies and Materials	-	-
127 Learning Disabilities:		
100 Salaries	-	263,592
200 Employee Benefits	-	101,130
300 Purchased Services	\$ -	-

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	32,057	50,023	\$ 389,644
-	-	-	16,160	11,954	129,374
-	-	-	-	3,076	3,076
-	-	-	4,841	8,917	35,582
-	-	-	-	307,410	307,410
-	-	-	-	54,866	54,866
-	-	-	-	172,414	172,414
-	49,207	-	-	-	49,207
-	12,345	-	-	-	12,345
-	7,457	-	-	-	7,457
-	7,752	-	-	19,024	26,776
-	10,373	-	-	-	10,373
-	-	-	-	11,053	234,157
-	-	-	-	77,621	162,704
-	-	-	-	4,478	4,478
-	-	-	-	211	211
-	-	-	-	-	43,419
-	-	-	-	-	15,192
-	-	-	-	3,707	3,707
-	-	-	-	5,294	5,294
-	-	-	-	9,596	9,958
-	-	-	-	2,510	291,824
-	-	-	-	607	79,828
-	-	-	-	5,967	5,967
-	-	-	-	43	43
-	-	-	-	24,387	287,979
-	-	-	-	5,887	107,017
-	-	-	-	5,215	\$ 5,215

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
128 Emotionally Handicapped:		
400 Supplies and Materials	\$ -	-
130 Pre-School Programs:		
133 Pre-School Handicapped Self-Contained (5-Yr. Olds):		
300 Purchased Services	-	-
135 Pre-School Handicapped Speech (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
136 Pre-School Handicapped Itinerant (3 & 4-Yr. Olds):		
300 Purchased Services	-	-
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
138 Pre-School Handicapped Homebased (3 & 4-Yr. Olds):		
400 Supplies and Materials	-	-
139 Early Childhood Programs:		
100 Salaries	161,083	-
200 Employee Benefits	66,782	-
400 Supplies and Materials	17,827	-
140 Special Programs:		
149 Other Special Programs		
100 Salaries	-	6,044
200 Employee Benefits	-	2,135
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	21,298
200 Employee Benefits	-	8,404
400 Supplies and Materials	-	-
170 Summer School Programs:		
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	15,146	-
200 Employee Benefits	\$ 3,689	-

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	500	\$ 500
-	-	-	-	71	71
-	-	-	-	4,116	4,116
-	-	-	-	988	988
-	-	-	-	1,078	1,078
-	-	-	-	322	322
-	-	-	-	5,009	5,009
-	-	-	-	1,882	1,882
-	-	-	-	34	34
34,440	-	-	210,527	-	406,050
16,495	-	-	81,290	-	164,567
-	-	-	36,131	-	53,958
-	-	-	-	-	6,044
-	-	-	-	-	2,135
-	-	-	-	8,100	29,398
-	-	-	-	1,940	10,344
-	-	-	-	553	553
-	-	-	-	-	15,146
-	-	-	-	-	\$ 3,689

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
100 Salaries	11,743	-
200 Employee Benefits	4,161	-
300 Purchased Services	-	-
400 Supplies and Materials	6,752	-
Total Instruction	<u>1,109,571</u>	<u>1,138,298</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	\$ -	-

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	42,618	-	-	\$ 42,618
-	-	9,897	-	-	9,897
-	-	1,000	-	-	1,000
-	-	2,000	-	-	2,000
-	-	2,500	-	-	2,500
-	-	14,660	-	-	14,660
-	-	3,579	-	-	3,579
-	-	-	2,075	-	2,075
-	-	-	465	-	465
-	-	11,000	-	1,620	12,620
-	-	2,750	-	247	2,997
-	-	750	-	-	750
-	-	3,000	-	-	3,000
-	-	-	-	50,032	61,775
-	-	-	-	18,294	22,455
-	-	-	-	2,235	2,235
-	-	-	-	6,383	13,135
50,935	87,134	93,754	523,084	1,075,353	4,078,129
-	-	-	-	22,785	22,785
-	-	-	-	8,427	8,427
-	-	-	151,420	46,722	198,142
-	-	-	49,181	15,378	64,559
-	7,493	-	-	-	7,493
-	-	-	182,156	215,359	397,515
-	-	-	73,920	85,568	159,488
-	-	-	-	16,978	\$ 16,978

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
214 Psychological Services:		
100 Salaries	\$ -	192,465
200 Employee Benefits	-	60,162
300 Purchased Services	-	2,400
400 Supplies and Materials	-	2,373
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	168,806	-
200 Employee Benefits	63,809	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	80,982	101,244
200 Employee Benefits	18,343	37,889
300 Purchased Services	3,084	500
400 Supplies and Materials	3,435	3,454
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	49,966	1,699
400 Supplies and Materials	-	-
230 General Administration Services:		
233 School Administration:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	1,924	-
200 Employee Benefits	412	-
300 Purchased Services	3,063	-
253 Facilities Acquisition and Construction:		
400 Supplies and Materials	-	-
500 Capital Outlay:		
520 Construction Services	-	-
540 Equipment	\$ -	-

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	9,698	\$ 202,163
-	-	-	-	2,356	62,518
-	-	-	-	11,881	14,281
-	-	-	-	3,162	5,535
-	-	-	59,216	43,026	271,048
-	-	-	19,135	17,862	100,806
-	-	-	9,579	-	9,579
-	-	-	-	6,107	6,107
-	-	1,007	-	57,014	240,247
-	-	246	-	16,701	73,179
-	-	-	-	28,912	32,496
-	-	-	-	38,275	45,164
-	-	-	10,250	9,700	19,950
-	-	-	2,471	2,373	4,844
-	10,600	-	3,433	188,455	254,153
-	-	-	275	1,110	1,385
-	-	-	-	52,939	52,939
-	-	-	-	15,924	15,924
-	-	-	-	335	335
-	-	-	-	-	1,924
-	-	-	-	-	412
-	-	-	-	12,700	15,763
-	-	-	-	856	856
-	-	-	-	75,200	75,200
-	-	-	-	13,375	\$ 13,375

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
254 Operation and Maintenance of Plant:		
300 Purchased Services	\$ -	-
400 Supplies and Materials	-	-
255 Student Transportation (State Mandated):		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
500 Capital Outlay	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries (Optional)	-	-
200 Employee Benefits (Optional)	-	-
300 Purchased Services (Optional)	-	-
400 Supplies and Materials (Optional)	-	-
Total Support Services	<u>393,824</u>	<u>402,186</u>
410 Intergovernmental Expenditures:		
412 Payments to Other Governmental Units		
720 Transits	-	-
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,503,395</u>	<u>1,540,484</u>

Schedule B-1

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	4,322	\$ 4,322
-	-	-	-	3,411	3,411
-	-	-	-	6,560	6,560
-	-	-	-	1,524	1,524
-	-	-	-	3,112	3,112
-	-	-	-	18,572	18,572
-	-	-	2,592	38,505	41,097
-	-	-	-	2,660	2,660
-	-	-	-	707	707
-	-	-	-	65,789	65,789
-	-	-	-	29,680	29,680
-	18,093	1,253	563,628	1,194,020	2,573,004
-	-	-	-	2,921	2,921
-	-	-	-	163,245	163,245
-	-	-	-	166,166	166,166
50,935	105,227	95,007	1,086,712	2,435,539	\$ 6,817,299

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
431-791 Special Revenue Fund Indirect Costs		
(Use Only for Transfer of Indirect Costs to General Fund)	\$ (47,056)	(44,668)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(47,056)</u>	<u>(44,668)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u><u>\$ -</u></u>	<u><u>-</u></u>

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
(1,594)	-	-	-	(31,819)	\$ (125,137)
<u>(1,594)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,819)</u>	<u>(125,137)</u>
-	-	-	-	(224,892)	(224,892)
-	-	-	-	714,604	714,604
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,712</u>	<u>\$ 489,712</u>

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2014

OTHER DESIGNATED RESTRICTED STATE GRANTS

919	Education License Plates
924	Child Development Education Pilot Program (CDEPP)
926	Summer Reading Camp
928	EEDA Career Specialists
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
955	Adult Education Supplemental Program
960	K-5 Enhancement (Carryover Provision)
965	Digital Instructional Materials
967	6-8 Enhancement (Carryover Provision)
969	Other State Lottery Programs

OTHER SPECIAL REVENUE PROGRAMS

221	Title I (Neglected and Delinquent)
226	School Improvement Grant (ARRA)
234	Title I - School Improvement
246	US Forestry Commission
251	Rural and Low Income School Program, Title VI (Carryover Provision)
255	Medicaid
264	Title III - LEP
267	Improving Teacher Quality (Carryover Provision)
272	JROTC
800	Carowinds
802	SC Arts Commission
803	Parenting
807	Donations - Retirements/TOY
808	Activity Buses
809	Teaching American History
811	Mechanical Donations
812	Scrap Metal
814	NCCC House Account
816	Special Needs Transportation
820	Advance SC (NMS/NCCC)
824	Adult Ed - Louis Rich
825	Networking Academy
826	Copiers
835	Donations - Defib
848	SC Arts
850	E-Rate
852	Copy Center/Special Ed. Transition
854	Maintenance
898	Miscellaneous
899	School to Pay
981	First Steps Parent

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2014

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned
					Interfund Transfers In (Out)	Other Fund Transfers Sources (Uses)	
919	3193	Education License Plates	\$ 2,592	2,592	-	-	\$ 2,813
924	3134	Child Development Education Pilot Program (CDEPP)	327,949	327,949	-	-	53,709
926	3177	Summer Reading Camp	992	992	-	-	22,123
928	3118	EEDA Career Specialists	200,601	200,601	-	-	-
936	3136	Student Health and Fitness - Nurses	256,076	256,076	-	-	-
937	3127	Student Health and Fitness - PE Teachers	43,644	43,644	-	-	-
955	3155	Adult Education Supplemental Program	2,540	2,540	-	-	13,005
960	3610	K-5 Enhancement (Carryover Provision)	216,688	216,688	-	-	6,889
965	3620	Digital Instructional Materials	-	-	-	-	32,189
967	3607	6-8 Enhancement (Carryover Provision)	23,610	23,610	-	-	-
969	3699	Other State Lottery Programs	12,020	12,020	-	-	-
Totals			\$ 1,086,712	1,086,712	-	-	\$ 130,728

EDUCATION IMPROVEMENT ACT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL PROGRAMS

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 9,070
3505 Technology Support	11,489
3511 Professional Development	32,960
3518 Formative Assessment	11,712
3525 Career and Technology Education Equipment	63,470
3526 Refurbishment of K-8 Science Kits	26,520
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	468,046
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	1,170,559
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	68,537
3544 High Achieving Students	132,286
3550 Teacher Salary Increase (No Carryover Provision)	1,003,326
3555 School Employer Contributions (No Carryover Provision)	133,404
3556 Adult Education	171,255
3558 Reading	36,473
3577 Teacher Supplies (No Carryover Provision)	126,225
3578 High Schools That Work/Making Middle Grades Work	43,315
3585 Aid to Districts-Special Education	42,062
3592 Work-Based Learning	21,817
3594 EEDA Supplemental Programs	8,226
3597 Aid to Districts	339,122
3599 Other EIA	4,950
Total Revenue from State Sources	<u>3,925,901</u>
TOTAL REVENUE ALL SOURCES	<u>3,925,901</u>
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	138,253
200 Employee Benefits	52,025
400 Supplies and Materials	6,573
112 Primary Programs:	
100 Salaries	508,615
200 Employee Benefits	161,262
400 Supplies and Materials	\$ 54,424

(Continued)

EDUCATION IMPROVEMENT ACT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL PROGRAMS

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
113 Elementary Programs:	
100 Salaries	\$ 357,757
140 Terminal Leave	330
200 Employee Benefits	139,138
400 Supplies and Materials	62,632
114 High School Programs:	
100 Salaries	178,962
200 Employee Benefits	50,778
400 Supplies and Materials	25,777
115 Career and Technology Education Program:	
100 Salaries	8,500
200 Employee Benefits	1,825
400 Supplies and Materials	4,675
500 Capital Outlay	63,470
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	75,700
200 Employee Benefits	29,463
400 Supplies and Materials	5,225
122 Trainable Mentally Handicapped:	
100 Salaries	34,334
200 Employee Benefits	12,008
126 Speech Handicapped:	
100 Salaries	46,088
200 Employee Benefits	16,707
400 Supplies and Materials	2,750
127 Learning Disabilities:	
400 Supplies and Materials	6,325
130 Pre-School Programs:	
136 Preschool Handicapped Itinerant (3- and 4- Yr. Olds):	
400 Supplies and Materials	3,218
137 Preschool Handicapped Self-Contained (3- and 4- Yr. Olds):	
100 Salaries	28,985
200 Employee Benefits	11,338
400 Supplies and Materials	1,262
139 Early Childhood Programs:	
100 Salaries	35,656
200 Employee Benefits	20,510
300 Purchased Services	535
400 Supplies and Materials	\$ 12,412

(Continued)

EDUCATION IMPROVEMENT ACT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL PROGRAMS

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	\$ 84,801
140 Terminal Pay	90
200 Employee Benefits	29,552
148 Gifted and Talented - Artistic:	
100 Salaries	985
300 Purchased Services	2,776
400 Supplies and Materials	11,827
170 Summer School Programs:	
172 Elementary Summer School:	
100 Salaries	8,226
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
300 Purchased Services	2,540
400 Supplies and Materials	2,986
182 Adult Secondary Education Programs:	
300 Purchased Services	212
400 Supplies and Materials	1,369
Total Instruction	<u>2,302,876</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	6,050
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	77,625
200 Employee Benefits	23,727
300 Purchased Services	11,712
400 Supplies and Materials	1,503
222 Library and Media:	
100 Salaries	27,509
200 Employee Benefits	10,030
400 Supplies and Materials	12,651
223 Supervision of Special Programs:	
100 Salaries	164,345
200 Employee Benefits	62,299
300 Purchased Services	\$ 872

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	\$ 32,087
200 Employee Benefits	7,739
300 Purchased Services	35,161
400 Supplies and Materials	60
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	360
200 Employee Benefits	94
300 Purchased Services	981
260 Central Support Services:	
266 Technology and Data Processing Services:	
400 Supplies and Materials	2,734
500 Capital Outlay	8,756
Total Support Services	<u>486,295</u>
TOTAL EXPENDITURES	<u>2,789,171</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,136,730)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,136,730)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u><u>\$ -</u></u>

(Continued)

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2014

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 9,070	9,070	-	-	\$ -
3505 Technology Support	11,489	11,489	-	-	-
3511 Professional Development	32,960	32,960	-	-	3,099
3518 Formative Assessment	11,712	11,712	-	-	7,122
3525 Career and Technology Education Equipment	63,470	63,470	-	-	19,072
3526 Refurbishment of K-8 Science Kits	26,520	26,520	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	468,046	468,046	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3538 EAA Principal Leader (No Carryover Provision)	1,170,559	1,170,559	-	-	-
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	68,537	68,537	-	-	-
3544 High Achieving Students	132,286	132,286	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	1,003,326	-	-	(1,003,326)	-
3555 School Employer Contributions (No Carryover Provision)	133,404	-	-	(133,404)	-
3556 Adult Education	171,255	171,255	-	-	-
3558 Reading	36,473	36,473	-	-	-
3577 Teacher Supplies (No Carryover Provision)	126,225	126,225	-	-	-
3578 High Schools That Work	43,315	43,315	-	-	21,980
3585 Aid to Districts-Special Education	42,062	42,062	-	-	-
3592 Work-Based Learning	21,817	21,817	-	-	-
3594 EEDA Supplemental Programs	8,226	8,226	-	-	-
3597 Aid to Districts	339,122	339,122	-	-	-
3598 Cost Savings Allocations	-	-	-	-	12,748
3599 Other EIA	4,950	4,950	-	-	187,041
Totals	\$ 3,925,901	2,789,171	-	(1,136,730)	\$ 251,062

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

YEAR ENDED JUNE 30, 2014

<u>Program</u>	<u>Project/Grant Number</u>	<u>Revenue & Subfund Code</u>	<u>Description</u>	<u>Amount Due to State Department of Education or Federal Government</u>	<u>Status of Amount Due to Grantors</u>
None					

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DEBT SERVICE FUNDS

The Debt Service Funds account for resources that will be used to service General Long Term Debt.

The following individual fund schedules 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.

DEBT SERVICE FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 5,921,237
1140 Penalties & Interest on Taxes (Independent)	302,722
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	467,778
1500 Earnings on Investments:	
1510 Interest on Investments	1,726
Total Revenue from Local Sources	<u>6,693,463</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	392,593
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	80,400
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	44,812
Total Revenue from State Sources	<u>528,160</u>
TOTAL REVENUE ALL SOURCES	<u>7,221,623</u>
EXPENDITURES	
500 Debt Service:	
620 Interest	19,012
690 Other Objects (Includes Fees for Servicing Bonds)	79,393
Total Debt Service	<u>98,405</u>
TOTAL EXPENDITURES	<u>98,405</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(4,813,815)
424-710 Transfer to Capital Projects Fund - District	(2,831,792)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,645,607)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(522,389)
FUND BALANCE, Beginning of Year	<u>89,256</u>
FUND BALANCE, End of Year	<u>\$ (433,133)</u>

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

Schedule C-2

DEBT SERVICE FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 343,549
Total Revenue from Local Sources	<u>343,549</u>
TOTAL REVENUE ALL SOURCES	<u>343,549</u>
 EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	1,855,000
620 Interest	3,892,126
Total Debt Service	<u>5,747,126</u>
TOTAL EXPENDITURES	<u>5,747,126</u>
 OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	4,813,815
5250 Transfer from Capital Projects Fund - NICE	593,747
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,407,562</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	3,985
 FUND BALANCE, Beginning of Year	<u>7,947,906</u>
 FUND BALANCE, End of Year	<u><u>\$ 7,951,891</u></u>

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CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for financial resources to be used for the acquisition and construction of major capital facilities.

The following individual fund schedules 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.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

Schedule D-1

CAPITAL PROJECTS FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 8,288
Total Revenue from Local Sources	<u>8,288</u>
3000 Revenue from State Sources:	
3900 Other State Revenue:	
3999 Revenue from Other State Sources	40
Total Revenue from State Sources	<u>40</u>
TOTAL REVENUE ALL SOURCES	<u>8,328</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	477,073
400 Supplies and Materials	344,162
500 Capital Outlay:	
520 Construction Services	4,048,078
530 Improvements Other Than Buildings	193,000
540 Equipment	113,816
545 Technology, Equipment and Software	60,700
590 Other Capital Outlay	11,924
600 Other Objects:	
690 Other Objects	2,109
Total Support Services	<u>5,250,862</u>
TOTAL EXPENDITURES	<u>5,250,862</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund - District	2,831,792
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,831,792</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,410,742)
FUND BALANCE, Beginning of Year	<u>8,274,975</u>
FUND BALANCE, End of Year	<u>\$ 5,864,233</u>

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

Schedule D-2

CAPITAL PROJECTS FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 16
Total Revenue from Local Sources	<u>16</u>
TOTAL REVENUE ALL SOURCES	<u>16</u>
EXPENDITURES	
TOTAL EXPENDITURES	<u>-</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service Fund - NICE	(593,747)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(593,747)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(593,731)
FUND BALANCE, Beginning of Year	<u>593,731</u>
FUND BALANCE, End of Year	<u><u>\$ -</u></u>

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SPECIAL REVENUE FUND - FOOD SERVICE

The Special Revenue Fund - Food Service accounts for the provision of food services to students of the District. All activities necessary to provide such services are accounted for in this fund.

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

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

Schedule E-1

SPECIAL REVENUE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 321
1600 Food Service:	
1610 Lunch Sales to Pupils	488,804
1620 Breakfast Sales to Pupils	4
1630 Special Sales to Pupils	219,964
1640 Lunch Sales to Adults	86,827
1650 Breakfast Sales to Adults	3,427
1660 Special Sales to Adults	22,464
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	57,554
Total Revenue from Local Sources	879,365
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,913,784
4830 School Breakfast Program	1,073,623
4860 Fresh Fruit and Vegetable Program (FFVP) (Carryover Provision)	41,552
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	178,985
Total Revenue from Federal Sources	3,207,944
TOTAL REVENUE ALL SOURCES	\$ 4,087,309

(Continued)

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

Schedule E-1

SPECIAL REVENUE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
EXPENDITURES	
256 Food Service:	
100 Salaries	\$ 1,409,385
140 Terminal Leave	638
200 Employee Benefits	179,253
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	50,876
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,993,457
500 Capital Outlay	182,950
600 Other Objects	21,363
Total Food Service Expenditures	<u>3,837,922</u>
TOTAL EXPENDITURES	<u>3,837,922</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(257,700)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(257,700)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(8,313)
FUND BALANCE, Beginning of Year, as Adjusted	<u>2,088,906</u>
FUND BALANCE, End of Year	<u>\$ 2,080,593</u>

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FIDUCIARY FUND

Agency Fund - This fund accounts for collection and payment of pupil activity receipts and disbursements from and on behalf of the School District's students.

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

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 3,385
1700 Pupil Activities:	
1710 Admissions	225,508
1720 Bookstore Sales	13,639
1730 Pupil Organization Membership Dues and Fees	14,152
1740 Student Fees	213,382
1790 Other	235,966
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	51,942
1999 Revenue from Other Local Sources	1,729,188
Total Receipts from Local Sources	<u>2,487,162</u>
TOTAL RECEIPTS ALL SOURCES	<u>2,487,162</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
500 Capital Outlay (Optional)	1,438
600 Other Objects (Optional)	700,883
Total Instruction	<u>702,321</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
660 Pupil Activity	1,758,577
Total Pupil Activity Expenditures	<u>1,758,577</u>
TOTAL DISBURSEMENTS	<u>2,460,898</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	26,264
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>670,350</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 696,614</u>

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

Schedule F-2

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2014

	<u>BALANCE - BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE - END OF YEAR</u>
ASSETS				
Cash and Cash Equivalents	\$ 670,350	26,264	-	\$ 696,614
TOTAL ASSETS	<u>\$ 670,350</u>	<u>26,264</u>	<u>-</u>	<u>\$ 696,614</u>
LIABILITIES				
Due to Student Organizations	\$ 670,350	26,264	-	\$ 696,614
TOTAL LIABILITIES	<u>\$ 670,350</u>	<u>26,264</u>	<u>-</u>	<u>\$ 696,614</u>

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LOCATION RECONCILIATION SCHEDULE

The following schedule has been prepared in the format mandated by the South Carolina Department of Education.

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2014

<u>LOCATION ID</u>	<u>LOCATION DESCRIPTION</u>	<u>EDUCATION LEVEL</u>	<u>COST TYPE</u>	<u>TOTAL EXPENDITURES</u>
05	Boundary Street	Elementary	School	\$ 3,718,963
40	Gallman Elementary	Elementary	School	3,784,714
15	Little Mountain	Elementary	School	2,852,721
07	Newberry Elementary	Elementary	School	3,320,959
14	Pomaria-Garmany	Elementary	School	2,725,638
11	Prosperity-Rikard	Elementary	School	2,762,985
08	Reuben Elementary	Elementary	School	1,551,975
17	Mid-Carolina Middle	Middle	School	4,442,047
30	Newberry Middle	Middle	School	4,884,049
16	Mid-Carolina High	High School	School	5,246,651
02	Newberry High	High School	School	6,362,702
04	Newberry Alternative School	Alternative School	School	705,569
26	Adult Education	Adult Education	School	184,716
20	Newberry Career Center	Vocational School	School	2,926,046
09	Whitmire Community School	K-12 School	School	4,208,370
00/01/10/11	District Office	Non-school	Central	23,154,996
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS				\$ 72,833,101

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

General Fund	\$ 45,831,418
Special Revenue Fund	6,817,299
Special Revenue Fund - EIA Fund	2,789,171
Special Revenue Fund - Food Service	3,837,922
Debt Service - District Fund	98,405
Debt Service - NICE Fund	5,747,126
Capital Projects - District Fund	5,250,862
Pupil Activity Fund	2,460,898
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS	\$ 72,833,101

STATISTICAL SECTION

This part of The School District of Newberry County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District’s overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the School District’s financial performance and well-being have changed over time.</i>	119
Revenue Capacity <i>These schedules contain information to help the reader assess the School District’s most significant local revenue source, the property tax.</i>	123
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the School District’s current levels of outstanding debt and the School District’s ability to issue additional debt in the future.</i>	127
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment in which the School District’s financial activities take place.</i>	131
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the School District’s financial report related to the services the School District provides and the activities it performs.</i>	133

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 50,865,849	55,612,409	55,805,574	56,311,926	54,543,987	52,373,186	50,705,535	49,419,826	49,626,844	\$ 51,822,272
Restricted	6,532,452	3,977,793	4,017,103	3,838,812	4,506,065	5,833,225	7,167,992	7,836,273	7,345,835	3,839,204
Unrestricted	5,795,740	4,935,783	6,879,098	8,918,028	8,022,018	9,181,608	10,063,835	10,980,906	12,612,115	12,527,607
Total Governmental Activities and Primary Government Net Position	\$ 63,194,041	64,525,985	66,701,775	69,068,766	67,072,070	67,388,019	67,937,362	68,237,005	69,584,794	\$ 68,189,083

Note: The School District converted its Food Service operations from business-type activities to governmental activities effective July 1, 2012. All years presented in this table reflect Food Service as governmental activities.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Instruction	\$ 25,712,628	31,472,381	32,875,292	34,134,897	35,091,390	33,666,768	32,517,676	32,752,100	33,684,925	\$ 33,994,208
Support Services	24,894,436	22,227,320	26,018,988	27,574,078	28,944,592	26,255,546	25,399,391	25,867,707	26,661,529	29,373,394
Community Services	6,151	11,127	4,409	12,530	4,920	5,456	7,017	5,640	4,275	6,179
Interest on Long-Term Obligations	106,541	3,309,997	4,408,397	4,351,185	4,280,507	4,210,584	4,128,344	4,123,207	4,037,128	4,712,433
Total governmental Activities and Primary Government Expenses	\$ 50,719,756	57,020,825	63,307,086	66,072,690	68,321,409	64,138,354	62,052,428	62,748,654	64,387,857	\$ 68,086,214
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 28,436	26,757	21,939	10,881	33,317	23,320	23,906	8,647	8,600	9,162
Support	1,133,589	1,457,168	1,488,872	1,503,461	1,420,225	1,324,606	1,405,757	1,467,404	2,212,353	1,468,701
Operating Grants and Contributions	28,708,664	30,527,663	32,328,195	34,816,148	32,990,306	31,680,245	29,626,039	29,455,417	31,101,661	31,949,497
Capital Grants and Contributions	279,658	-	22,022	16,724	-	7,700	344,024	279,318	-	-
Total governmental Activities and Primary Government Expenses	\$ 30,150,347	32,011,588	33,861,028	36,347,214	34,443,848	33,035,871	31,399,726	31,210,786	33,322,614	\$ 33,427,360
Net (Expense)/Revenue										
Total Governmental Activities and Primary Government Net (Expense)/Revenue	\$ (20,569,409)	(25,009,237)	(29,446,058)	(29,725,476)	(33,877,561)	(31,102,483)	(30,652,702)	(31,537,868)	(31,065,243)	\$ (34,658,854)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 13,231,364	14,405,401	17,511,971	14,245,770	15,141,155	15,191,279	14,925,763	15,414,043	15,614,930	\$ 16,123,210
Property Tax - Debt Service	4,375,517	4,522,054	5,728,700	5,699,205	5,919,474	5,959,554	6,318,080	6,454,966	6,512,615	6,648,983
Other Taxes	4,259,364	4,268,163	4,333,737	8,668,929	8,628,135	8,884,782	8,889,593	9,058,317	9,336,789	9,581,301
Unrestricted Grants and Contributions	24,687	20,553	36,682	38,094	94,706	47,777	18,758	28,802	25,722	22,006
Intergovernmental Revenue	53,336	52,296	51,800	51,800	50,147	43,563	36,129	57,586	36,495	35,886
Unrestricted Investment Earnings	323,248	2,692,523	3,577,754	2,760,326	1,495,310	792,864	483,487	402,498	386,827	365,283
Miscellaneous	395,788	380,191	381,204	628,343	551,938	498,613	530,235	421,299	499,654	486,474
Total Governmental Activities and Primary Government	\$ 22,663,304	26,341,181	31,621,848	32,092,467	31,880,865	31,418,432	31,202,045	31,837,511	32,413,032	\$ 33,263,143
Change in Net Position:										
Total Governmental Activities and Primary Government	\$ 2,093,895	1,331,944	2,175,790	2,366,991	(1,996,696)	315,949	549,343	299,643	1,347,789	\$ (1,395,711)

Note: The School District converted its Food Service operations from business-type activities to governmental activities effective July 1, 2012. All years presented in this table reflect Food Service as governmental activities.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2005	2006 (2)	2007 (3)	2008 (3)	2009 (3)	2010 (3)	2011 (1)	2012	2013 (4)	2014
General Fund										
Pre-GASB 54 (1)										
Reserved	\$ 3,612	3,070	8,644	15,795	9,330	17,226	-	-	-	\$ -
Unreserved	5,580,081	4,182,371	6,179,175	8,579,992	8,005,618	9,003,457	-	-	-	-
Post-GASB 54 (1)										
Nonspendable	-	-	-	-	-	-	1,850	7,459	44,581	2,158
Assigned	-	-	-	-	-	-	1,252,813	640,754	639,793	434,434
Unassigned	-	-	-	-	-	-	8,720,664	10,196,988	11,211,103	11,696,230
Total General Fund	\$ 5,583,693	4,185,441	6,187,819	8,595,787	8,014,948	9,020,683	9,975,327	10,845,201	11,895,477	\$ 12,132,822
All Other Governmental Funds										
Pre-GASB 54 (1)										
Reserved	\$ 8,075,707	81,241,234	66,861,453	42,217,492	24,106,936	19,467,370	-	-	-	\$ -
Post-GASB 54 (1)										
Nonspendable	-	-	-	-	-	-	51,229	45,426	51,854	53,486
Restricted	-	-	-	-	-	-	20,433,355	22,770,992	18,950,554	15,851,196
Assigned	-	-	-	-	-	-	-	-	707,560	481,747
Unassigned	-	-	-	-	-	-	-	-	(590)	(433,133)
Total all other governmental funds	\$ 8,075,707	81,241,234	66,861,453	42,217,492	24,106,936	19,467,370	20,484,584	22,816,418	19,709,378	\$ 15,953,296

Note: (1) The District implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54") in 2011. GASB 54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The District has elected to apply GASB 54 prospectively and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

(2) Increase due to issuance of N.I.C.E. revenue bonds.

(3) Decrease due to N.I.C.E. expenditures.

(4) The School District converted its Food Service operations from business-type activities to governmental activities effective July 1, 2012. All years presented on this table reflect Food Service as governmental activities.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 13,860,667	14,554,824	17,276,645	14,376,104	15,127,985	15,090,893	14,909,724	15,338,588	15,737,515	\$ 16,243,418
Property Tax - Debt Service	3,748,285	4,559,900	5,647,748	5,721,221	5,918,948	5,938,187	6,313,674	6,439,131	6,548,580	6,691,737
Investment Earnings	323,248	2,692,524	3,577,754	2,760,325	1,495,309	792,868	483,486	402,498	386,828	365,285
Other Local Sources	1,394,239	1,689,967	1,724,577	1,978,057	973,123	1,747,266	1,700,423	1,833,150	2,751,235	1,871,838
State Sources	26,773,215	28,352,455	29,775,000	36,092,732	34,240,366	29,824,231	29,247,792	31,218,097	32,487,089	33,771,108
Federal Sources	6,342,647	6,639,123	7,113,071	7,611,800	8,145,261	10,585,417	9,890,100	7,688,107	7,946,454	7,870,894
Intergovernmental Revenue	53,336	51,246	51,800	51,800	50,147	43,563	36,129	37,436	36,495	39,185
Total Revenues	\$ 52,495,637	58,540,039	65,166,595	68,592,039	65,951,139	64,022,425	62,581,328	62,957,007	65,894,196	\$ 66,853,465
Expenditures										
Current:										
Instruction	\$ 28,806,207	30,104,008	31,228,890	32,497,487	32,946,557	31,269,795	30,159,073	30,184,033	31,465,077	\$ 31,996,566
Support Services	20,184,726	25,030,920	24,683,911	26,836,067	29,153,426	24,355,108	23,426,490	24,171,217	25,189,670	26,527,941
Community Services	6,151	11,127	4,409	12,530	4,920	5,456	7,017	5,640	4,275	6,179
Intergovernmental	23,497	172,211	204,441	202,955	244,468	376,487	248,873	255,271	260,720	263,293
Capital Outlay	6,658,192	9,954,675	15,107,527	25,158,014	16,908,010	6,189,902	1,274,842	1,120,354	3,833,454	5,721,058
Debt Service:										
Principal	4,500,000	4,760,000	1,830,000	1,720,000	1,045,000	1,185,000	1,335,000	7,711,634	3,101,634	1,866,634
Interest and Fiscal Charges	97,260	2,998,136	4,484,820	4,420,979	4,345,778	4,277,309	4,163,375	4,121,893	4,037,399	3,911,138
Bond Issuance Costs	-	1,210,665	-	-	-	-	-	133,989	58,731	79,393
Total Expenditures	60,276,033	74,241,742	77,543,998	90,848,032	84,648,159	67,659,057	60,614,670	67,704,031	67,950,960	70,372,202
Excess of Revenues Over (Under) Expenditures	(7,780,396)	(15,701,703)	(12,377,403)	(22,255,993)	(18,697,020)	(3,636,632)	1,966,658	(4,747,024)	(2,056,764)	(3,518,737)
Other Financing Sources (Uses)										
Transfers In	2,862,755	12,324,569	5,852,901	6,604,530	7,147,800	6,844,598	7,544,483	16,023,687	9,236,991	9,758,921
Transfers Out	(2,862,755)	(12,324,569)	(5,852,901)	(6,604,530)	(7,147,800)	(6,844,598)	(7,544,483)	(16,023,687)	(9,236,991)	(9,758,921)
Premium on Bonds Sold	-	2,743,878	-	-	-	-	-	63,080	-	-
Issuance of General Obligation Bonds	4,500,000	-	-	-	-	-	-	7,620,000	-	-
Issuance of NICE Bonds	-	84,725,000	-	-	-	-	-	-	-	-
Sale of Capital Assets	59,000	100	-	20,000	5,625	2,801	5,200	265,652	-	-
Total Other Financing Sources (Uses)	4,559,000	87,468,978	-	20,000	5,625	2,801	5,200	7,948,732	-	-
Net Change in Fund Balances	\$ (3,221,396)	71,767,275	(12,377,403)	(22,235,993)	(18,691,395)	(3,633,831)	1,971,858	3,201,708	(2,056,764)	\$ (3,518,737)
Capital Asset Expenditures	\$ 24,796,659	12,783,427	14,831,491	25,567,634	18,996,679	5,909,934	1,004,542	914,979	3,955,174	\$ 4,878,289
Debt Service as a Percentage of Noncapital Expenditures	13.0%	12.6%	10.1%	9.4%	8.2%	8.8%	9.2%	17.7%	11.2%	8.8%

Note: The School District converted its Food Service operations from an enterprise fund to a special revenue fund effective July 1, 2012. All years presented here reflect Food Service as a governmental fund.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value		
	Residential Property	Commercial Property	Total Real Property	Motor Vehicles					Other	Total Personal Property
2005	\$ 50,783,180	3,604,030	54,387,210	15,384,580	21,079,380	36,463,960	87,247,140	227.2	\$ 1,514,624,342	5.8%
2006	51,402,180	4,542,485	55,944,665	15,041,390	26,127,989	41,169,379	96,390,989	245.3	1,539,518,583	6.3%
2007	72,459,690	4,312,890	76,772,580	13,879,900	20,342,990	34,222,890	110,995,470	235.1	2,004,997,600	5.5%
2008	38,600,160	38,383,280	76,983,440	13,500,440	19,002,360	32,502,800	109,486,240	243.0	1,991,943,866	5.5%
2009	41,662,250	42,005,830	83,668,080	12,640,570	22,861,063	35,501,633	119,169,713	247.0	2,170,053,993	5.5%
2010	42,631,220	38,195,240	80,826,460	11,143,241	20,405,330	31,548,571	112,375,031	247.0	2,082,424,992	5.4%
2011	47,017,330	36,932,130	83,949,460	10,565,706	24,668,845	35,234,551	119,184,011	237.8	2,203,283,862	5.4%
2012	47,735,950	37,147,240	84,883,190	11,591,810	25,116,101	36,707,911	121,591,101	239.8	2,246,315,454	5.4%
2013	47,898,070	38,101,480	85,999,550	12,468,335	24,830,191	37,298,526	123,298,076	239.8	2,278,176,151	5.4%
2014	\$ 48,321,843	38,604,560	86,926,403	14,363,300	26,198,130	40,561,430	127,487,833	239.8	\$ 2,346,760,421	5.4%

Source: Newberry County Auditor

Note: Property in the county was reassessed during fiscal year 2007. Tax rates are per \$1,000 of assessed value.

Beginning in fiscal year 2003, the state legislature decreased the vehicle tax assessment rate by .75% per year until the rate is lowered to 6% in fiscal year 2008.

(A) The breakdown between residential and commercial real property as well as motor vehicles and other have not been reported for prior years and thus is stated beginning in fiscal year 2005.

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	School District of Newberry County			Overlapping Rates Newberry County				Total Direct and Overlapping Rates
	Operating Millage	Debt		Operating Millage	Debt		Other Governments	
		Service Millage	Total Millage		Service Millage	Total Millage		
2005	185.5	41.7	227.2	114.3	4.2	118.5	97.3	443.0
2006	192.3	53.0	245.3	114.3	11.0	125.3	99.9	470.5
2007	182.1	53.0	235.1	135.5	9.8	145.3	92.6	473.0
2008	190.0	53.0	243.0	138.0	10.9	148.9	96.8	488.7
2009	194.0	53.0	247.0	141.3	10.4	151.7	100.6	499.3
2010	194.0	53.0	247.0	144.3	4.4	148.7	100.6	496.3
2011	184.8	53.0	237.8	136.3	6.6	142.9	90.2	470.9
2012	186.8	53.0	239.8	131.2	7.8	139.0	92.6	471.4
2013	186.8	53.0	239.8	128.6	7.3	135.9	92.7	468.4
2014	186.8	53.0	239.8	128.7	8.8	137.5	93.1	470.4

Source: Newberry County Auditor

Note: Overlapping rates are those of local and county governments that apply to property owners within the School District of Newberry County. Not all overlapping rates apply to all of the School District of Newberry County's property owners (i.e., the rates for special districts apply only to the proportion of the School District of Newberry County's property owners whose property is located within the geographic boundaries of the special district).

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
Oscar Meyer Foods Corp. (Kraft Foods)	\$ 4,581,976	1	3.6%	\$ 2,605,204	1	2.8%
Newberry Electric Coop., Inc.	3,291,570	2	2.6%	1,907,930	2	2.1%
Georgia Pacific Wood Products LLC	2,456,760	3	1.9%	851,160	8	0.9%
South Carolina Electric & Gas Co.	1,903,880	4	1.5%	1,846,230	3	2.0%
Duke Energy Corporation	1,837,680	5	1.4%	1,767,280	4	1.9%
F. G. Wilson USA LLC	1,725,589	6	1.4%	995,679	6	1.1%
International Paper Company	1,166,570	7	0.9%	1,644,330	5	1.8%
Pioneer Frozen Foods SC Inc.	1,094,523	8	0.9%			0.0%
CSX Transportation Company	962,860	9	0.8%			0.0%
Bellsouth Telecomm Inc.	928,120	10	0.7%			0.0%
Federal Paper Board Co., Inc.	-			909,760	7	1.0%
Kiswire	-			758,625	10	0.8%
McKechnie Vehicle Components				638710	9	
Totals	<u>\$ 19,949,528</u>		<u>15.6%</u>	<u>\$ 13,924,908</u>		<u>15.2%</u>

Source: Newberry County Auditor

- (1) Total assessed valuation for 2014: \$127,487,833
- (2) Total assessed valuation for 2005: \$91,831,190

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year		Adjustments to Original Tax Levy for Fiscal Year		Adjusted Tax Levy for Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy	Years	Amount	Percentage of Levy	
2005	\$ 22,921,526		N/A		22,921,526	91.3%	20,924,117	91.3%	1,995,229	\$ 22,919,346	100.0%	
2006	20,744,068		1,940,622	9.3%	22,684,690	95.7%	21,699,508	95.7%	984,092	22,683,600	100.0%	
2007	21,974,557		2,044,374	9.3%	24,018,931	96.6%	23,198,347	96.6%	818,321	24,016,668	100.0%	
2008	25,726,029		2,101,297	8.2%	27,827,326	97.4%	27,096,074	97.4%	704,142	27,800,216	99.9%	
2009	30,322,516		1,458,868	4.8%	31,781,384	98.5%	31,321,511	98.5%	111,620	31,433,131	98.9%	
2010	31,377,705		2,526,665	8.0%	33,904,370	96.7%	32,805,047	96.7%	327,871	33,132,918	97.7%	
2011	27,037,457		1,478,193	5.5%	28,515,650	96.2%	27,443,004	96.2%	1,110,374	28,553,378	100.1%	
2012	29,393,870		2,168,293	7.4%	31,562,163	94.0%	29,631,846	94.0%	1,021,394	30,653,240	97.1%	
2013	29,624,855		2,429,277	8.2%	32,054,132	96.0%	30,686,499	96.0%	104,155	30,790,654	96.1%	
2014	\$ 32,403,449		184,058	0.6%	32,219,391	95.0%	30,594,831	95.0%	-	\$ 31,707,893	98.4%	

Sources: Newberry County Treasurer and Auditor

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Bonds	Other			
2005	\$ 6,950,000	-	-	\$ 6,950,000	0.8%	\$ 187
2006	2,600,000	84,315,000	-	86,915,000	9.0%	2,302
2007	800,000	84,285,000	-	85,085,000	8.3%	2,267
2008	-	83,365,000	-	83,365,000	7.7%	2,217
2009	-	82,320,000	-	82,320,000	7.6%	2,190
2010	-	81,135,000	-	81,135,000	7.4%	2,093
2011	-	79,800,000	39,339	79,839,339	7.3%	2,129
2012	3,287,000	78,300,000	34,902	81,621,902	7.4%	2,164
2013	1,815,000	76,630,000	23,268	78,468,268	7.1%	2,080
2014	\$ -	74,775,000	11,634	\$ 74,786,634	6.8%	\$ 1,981

Note: Details regarding the School District of Newberry County's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2005	\$ 6,950,000	5,725,044	\$ 1,224,956	0.1%	33
2006	2,600,000	2,600,000	-		
2007	800,000	800,000	-		
2008	-	-	-		
2009	-	-	-		
2010	-	-	-		
2011	-	-	-		
2012	3,287,000	623,280	2,663,720	0.1%	71
2013	1,815,000	89,256	1,725,744	0.1%	46
2014	\$ -	433,133	\$ (433,133)		

Note: Details regarding the School District of Newberry County's outstanding debt can be found in the notes to the financial statements. See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data. See the Schedule of Demographic and Economic Statistics for population data.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2014

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
2007 County General Obligation Bond	\$ 325,000	100.0%	\$ 325,000
2007A County General Obligation Bond	444,493	100.0%	444,493
2010A County General Obligation Bond	165,427	100.0%	165,427
2010B County General Obligation Bond	286,238	100.0%	286,238
2010C County General Obligation Bond	157,670	100.0%	157,670
2013A County Spec Building	\$ 24,000	100.0%	\$ 24,000
Subtotal, Overlapping Debt			1,402,828
School District of Newberry County - Direct Debt			-
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			-
Total Direct and Overlapping Debt			<u>\$ 1,402,828</u>

Sources: Assessed value data used to estimate applicable percentages and amount of debt outstanding provided by Newberry County.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 7,346,495	7,769,124	8,758,609	8,760,000	9,533,577	8,990,002	9,534,721	9,727,288	9,863,846	\$ 10,199,027
Total Net Debt Applicable to Debt Limit	6,950,000	2,600,000	800,000	-	-	-	-	3,287,000	1,725,744	1,786,634
Legal Debt Margin	\$ 396,495	5,169,124	7,958,609	8,760,000	9,533,577	8,990,002	9,534,721	6,440,288	8,138,102	\$ 8,412,393
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	94.6%	33.5%	9.1%	0.0%	0.0%	0.0%	0.0%	33.8%	17.5%	17.5%

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 127,487,833
Debt Limit (8% of Total Assessed Value)	10,199,027
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	76,561,634
Less: Debt Service Fund Balance	-
Less: Debt Issued Through Referendum	(74,775,000)
Total Amount of Debt Applicable to Debt Limit	1,786,634
Legal Debt Margin	\$ 8,412,393

Note: Article Eight (8), Section Seven (7) of the South Carolina Constitution of 1895, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein without voter approval

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(1) Personal Income	(2) Per Capita Personal Income	(3) Median Age	(4) Education Level in Years of Formal Schooling	(5) School Enrollment	(6) Unemployment Rate
2005	37,250	\$ 909,304,000	\$ 23,091	37.1	12.6	5,678	6.5%
2006	37,762	968,011,000	22,778	37.1	12.6	5,743	7.3%
2007	37,540	1,024,492,000	23,954	37.1	12.6	5,733	6.1%
2008	37,595	1,079,026,000	23,968	37.1	12.6	5,766	7.3%
2009	38,763	1,102,691,061	28,447	38.4	12.6	5,736	13.0%
2010	37,508	1,092,082,928	29,116	38.5	12.6	5,695	10.8%
2011	37,721	1,097,681,100	29,100	39.9	12.9	5,595	10.5%
2012	37,744	1,105,899,200	29,300	39.9	12.9	5,621	9.6%
2013	37,576	1,100,976,800	29,300	39.9	12.9	5,717	8.1%
2014	37,939	\$ 1,111,612,700	\$ 29,300	39.9	12.9	5,846	5.2%

Data Sources:

- (1) South Carolina Budget and Control Board Office of Research and Statistics. 2005 through 2009 are actual figures 2010 figure was taken from 2009 American Community Survey. 2011 through 2014 are an estimate by The School District of Newberry County.
- (2) Computed by dividing Personal Income by Population
- (3) Fiscal years 2004 through 2009 figure taken from 2000 Census. 2010 figure taken from 2009 American Community Survey. 2011 through 2014 figures are an estimate by The School District of Newberry County.
- (4) Estimates by Newberry County Development Board based on 2000 Census for fiscal years 2005 through 2009. 2010 figure taken from 2009 American Community Survey. 2011 through 2014 figures are an estimate by The School District of Newberry County.
- (5) School District of Newberry County - 135 Day Membership Report
- (6) South Carolina Employment Security Commission

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2014			2005		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Kraft Foods Corp.	2,700	1	7.20%	1,239	1	3.43%
School District of Newberry County	1,056	2	2.82%	1,132	2	3.14%
Georgia Pacific Corporation	356	3	0.95%	382	4	1.06%
Newberry College	320	4	0.85%	-		
Newberry County Memorial Hospital	314	5	0.84%	-		
Caterpillar, Inc.	300	6	0.80%	-		
Walmart	250	7	0.67%	-		
Komatsu America	200	8	0.53%	-		
Shakespeare Composite Structures	200	9	0.53%	-		
Springfield Place & JF Hawkins Nursing Home	200	10	0.53%	-		
Renfro	-			575	3	1.59%
Sea-Pro Boats Inc.	-			250	5	0.69%
Thomas and Howard	-			248	6	0.69%
International Paper	-			175	7	0.48%
McKechnie Vehicle Components	-			170	8	0.47%
American Fiber and Finishing	-			150	9	0.42%
ISE Newberry Inc.	-			145	10	0.40%
Totals	<u>5,896</u>		<u>15.72%</u>	<u>4,466</u>		<u>12.37%</u>

Source: Newberry County Economic Development

FULL-TIME EQUIVALENT SCHOOL DISTRICT OR DISTRICT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction	713	714	725	680	683	687	600	634	633	638
Support Services	419	426	432	413	415	340	328	367	366	418
Total	<u>1,132</u>	<u>1,140</u>	<u>1,157</u>	<u>1,093</u>	<u>1,098</u>	<u>1,027</u>	<u>928</u>	<u>1,001</u>	<u>999</u>	<u>1056</u>

Source: District compiled information.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 16

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Pupil Enrollment	Modified Accrual Basis of Accounting		Accrual Basis of Accounting		Teaching Staff	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals		
		Operating Expenditures	Cost per Pupil	Percentage Change	Expenses				Cost per Pupil	Percentage Change
2005	5,678	\$ 45,949,529	\$ 8,093	8.0%	\$47,898,411	\$ 8,436	8.3%	497	11	52.0%
2006	5,743	49,747,825	8,662	7.0%	51,080,135	8,894	5.4%	525	11	54.0%
2007	5,733	50,914,453	8,881	2.5%	56,092,347	9,784	10.0%	529	11	62.0%
2008	5,766	54,268,815	9,748	9.8%	58,289,787	10,109	3.3%	523	11	71.0%
2009	5,736	55,335,647	9,647	-1.0%	60,416,951	10,533	4.2%	465	12	62.0%
2010	5,695	52,319,936	9,187	-4.8%	56,895,312	9,990	-5.2%	446	13	66.0%
2011	5,595	50,619,682	9,047	-1.5%	54,849,918	9,803	-1.9%	432	13	65.0%
2012	5,621	51,084,476	9,088	0.5%	55,234,651	9,826	0.2%	480	12	66.0%
2013	5,717	52,903,411	9,254	2.3%	56,685,974	9,915	1.1%	496	12	67.0%
2014	5,846	\$ 55,437,887	\$ 9,483	4.3%	\$ 59,535,859	\$ 10,184	3.6%	494	12	67.0%

Sources: District compiled information

Note: Operating expenditures are total expenditures in the governmental funds excluding debt service, capital project and food service funds.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Elementary											
Boundary Street											
Square Feet	42,000	77,574	77,574	77,574	77,574	77,574	77,574	77,574	77,574	77,574	77,574
Capacity	380	558	558	558	558	558	558	558	558	558	558
Enrollment	396	402	409	417	400	386	389	376	372	414	414
Gallman Elementary											
Square Feet	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Capacity	509	509	509	509	509	509	509	509	509	509	509
Enrollment	346	357	394	424	428	438	425	432	439	461	461
Little Mountain (1)											
Square Feet	38,341	38,341	38,341	38,341	38,341	38,341	38,341	69,121	69,121	69,121	69,121
Capacity	301	301	301	301	301	301	301	500	500	500	500
Enrollment	271	271	257	247	245	264	372	401	401	403	403
Newberry Elementary											
Square Feet	87,317	87,317	87,317	87,317	87,317	87,317	87,317	87,317	87,317	87,317	87,317
Capacity	468	468	468	468	468	468	468	468	468	468	468
Enrollment	405	432	402	414	400	385	357	379	378	412	412
Pomaria-Garmany (2)											
Square Feet	35,423	35,423	35,423	35,423	35,423	70,881	70,881	70,881	70,881	70,881	70,881
Capacity	232	232	232	232	232	500	500	500	500	500	500
Enrollment	347	362	387	382	382	388	369	361	345	322	322
Prosperity-Rikard (3)											
Square Feet	39,990	39,990	39,990	39,990	39,990	39,990	43,232	43,232	43,232	43,232	43,232
Capacity	400	400	400	400	400	400	500	500	500	500	500
Enrollment	487	505	525	504	510	469	363	332	357	358	358
Reuben Elementary											
Square Feet	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244	38,244
Capacity	255	255	255	255	255	255	255	255	255	255	255
Enrollment	174	192	176	182	189	172	167	144	142	142	142

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Middle										
Mid-Carolina Middle (4)										
Square Feet	73,898	73,898	73,898	73,898	146,957	146,957	146,957	146,957	146,957	146,957
Capacity	413	413	413	413	915	915	915	915	915	915
Enrollment	580	584	554	573	570	603	589	591	605	597
Newberry Middle										
Square Feet	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337
Capacity	752	752	752	752	752	752	752	752	752	752
Enrollment	732	671	636	618	622	666	652	688	679	650
High										
Mid-Carolina High (4)										
Square Feet	73,059	73,059	73,059	73,059	161,695	161,695	161,695	161,695	161,695	161,695
Capacity	502	502	502	502	1165	1,165	1165	1,165	1,165	1,165
Enrollment	594	620	667	688	718	714	721	711	750	768
Newberry High										
Square Feet	130,309	130,309	130,309	130,309	130,309	130,309	130,309	130,309	130,309	130,396
Capacity	872	872	872	872	872	872	872	872	872	872
Enrollment	845	827	820	818	767	721	724	742	799	821

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Other											
Gallman Education Center-Alternative (5)											
Square Feet	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605	
Capacity	114	114	114	114	114	114	114	114	114	114	
Enrollment	72	70	95	92	92	92	92	90	83	54	
Newberry Career Center (5)											
Square Feet	51,794	51,794	51,794	51,794	51,794	51,794	51,794	51,794	51,794	51,794	
Capacity	370	370	370	370	370	370	370	370	370	370	
Enrollment	597	659	715	705	755	697	668	681	672	637	
Whitnire Community School											
Square Feet	55,326	55,326	55,326	102,966	102,966	102,966	102,966	102,966	102,966	102,966	
Capacity	347	347	347	567	567	567	567	567	567	567	
Enrollment	501	501	506	499	505	489	467	464	450	498	

Sources: Various School District of Newberry County departments.

1. In August 2010 a 30,780 square foot addition was completed increasing capacity to 500 and allowing the discontinuance of portables.
2. In August 2009 a new Pomaria-Garmany School was completed increasing capacity to 500 and allowing the discontinuance of portables.
3. In October 2010 an addition of four classrooms, a music room, and a flex space was completed increasing capacity to 500 and allowing the discontinuance of portables.
4. In 2009 a new Mid-Carolina High School was completed. The previous MCHS building became additional space for Mid-Carolina Middle School.
5. The student counts at these two locations are included in the student's home school enrollment figure and should not be included in total enrollment.

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**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE				
Pass-through State Department of Education:				
600	Food Distribution - Non-Cash Assistance	10.555	N/A	\$ 178,985
600	National School Breakfast Program	10.553	N/A	1,073,623
600	National School Lunch Program	10.555	N/A	1,913,784
Total 10.553, 10.555 Cluster				<u>3,166,392</u>
600	Fresh Fruits and Vegetables Program	10.582	N/A	41,552
Total Passed Through State Department of Education				<u>3,207,944</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	57,058
TOTAL US DEPARTMENT OF AGRICULTURE				<u>3,265,002</u>
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	14-BA064	1,550,451
221	Title I - Neglected & Delinquent	84.010	14-BJ064	18,020
Total 84.010				<u>1,568,471</u>
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	14-CA064	1,343,020
204	Special Education - Grants to States	84.027	13-CA064	242,132
205	Special Education - Preschool Grants	84.173	14-CG064	52,529
Total 84.027, 84.173 Cluster				<u>1,637,681</u>
207	Occupational Education School Improvement Grant	84.048	14-VA064	105,227
226	School Improvement Grant -ARRA	84.388	13-SH064	64,867
234	School Improvement Grant	84.377A	14-BH064	619,649
Total 84.377A, 84.388 Cluster				<u>684,516</u>
243	Adult Education - State - Administered Basic Grant Program	84.002	14-EA064	95,007
251	Rural and Low Income, Title VI	84.358	14-BS064	101,728
264	ESOL - Title III	84.365A	14-BP064	54,036
267	Title II - Improving Teacher Quality	84.367A	14-TQ064	242,799
TOTAL US DEPARTMENT OF EDUCATION				<u>\$ 4,489,465</u>

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
	US DEPARTMENT OF DEFENSE			
272	Direct Programs: JROTC	12.000	N/A	\$ 116,428
	TOTAL US DEPARTMENT OF DEFENSE			116,428
	TOTAL FEDERAL ASSISTANCE EXPENDED			\$ 7,870,895

See accompanying notes to the schedule of expenditures of federal awards.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of The School District of Newberry County, South Carolina (the “School District”) for the year ended June 30, 2014. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the School District’s financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported in the School District’s financial statements as expenditures in the Special Revenue Funds.

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The School District of Newberry County
Newberry, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The School District of Newberry County, South Carolina (the "School District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

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

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

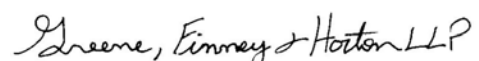
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 20, 2014

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The School District of Newberry County
Newberry, South Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 20, 2014

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2014

There were no federal award-related findings in the prior year.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major programs

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555	National School Breakfast and Lunch Programs Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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Section II - Findings - 2014 Financial Statements Audit

No matters to report.

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

No matters to report.