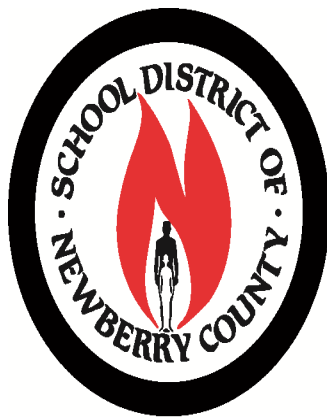


# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**ONE** District  
Team  
Mission

**The School District of Newberry  
County**

**Newberry, South Carolina**

**Fiscal Year Ended June 30, 2015**



**THE SCHOOL DISTRICT OF  
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015

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, 2015**

**PRINCIPAL OFFICIALS**

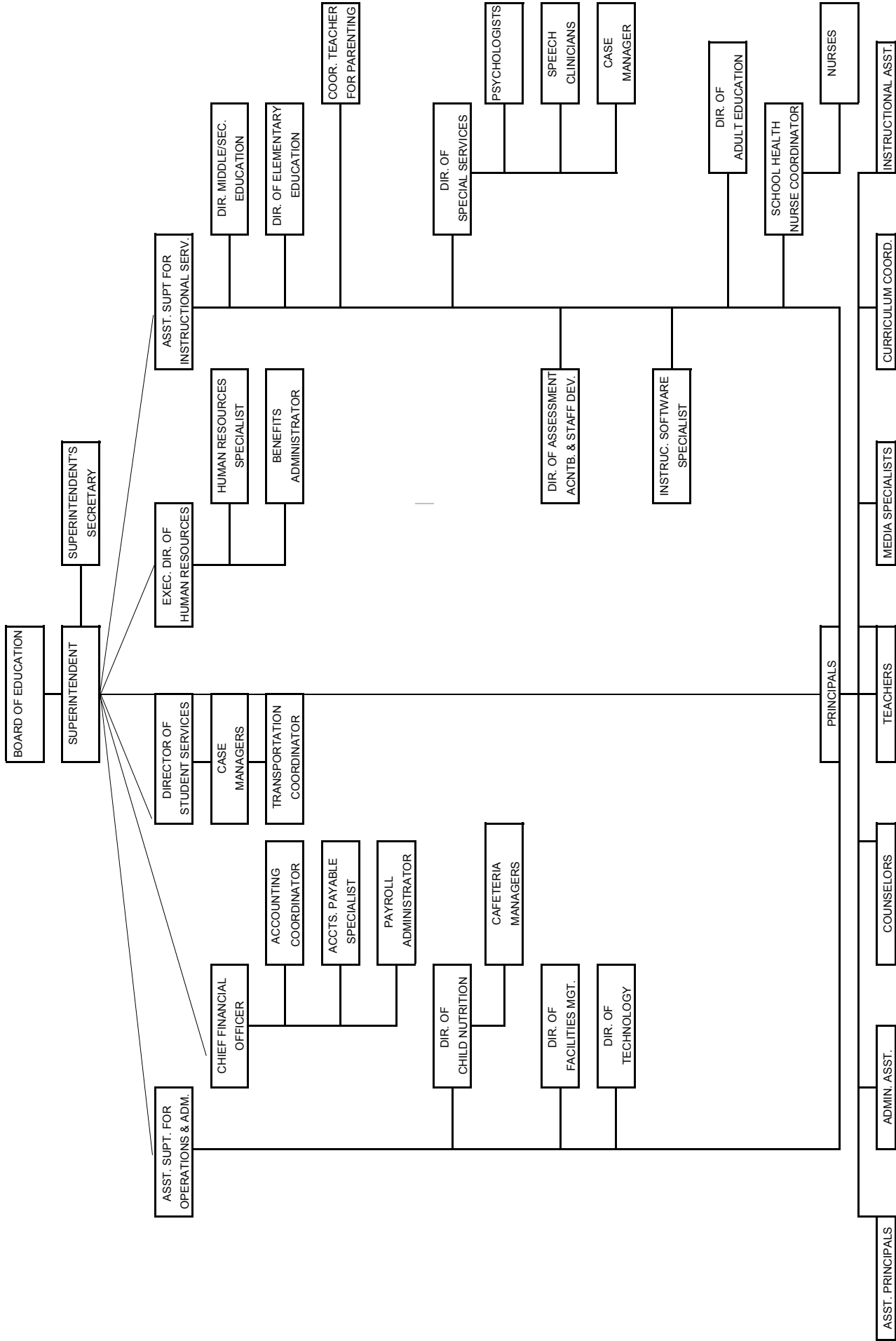
**Board of Education**

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, 2015

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, 2015.

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, 2015, 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 unqualified opinion that The School District of Newberry County's financial statements for the fiscal year ended June 30, 2015, 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 5888 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 1, Algebra 1, Algebra 2 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 24 adults with either a State High School diploma or GED in the 2014-15 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 630 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 2015. 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 as well as our Career Center 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 2014-15 school year, and 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 an estimated total population of 37,783 in 2014. 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 5th in the State in total market value from agriculture products sold, with agricultural income totaling \$139,525,000 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.

While rooted in agriculture, the Newberry County economy has developed a substantial manufacturing base. Domestic and international companies are attracted by the skilled workforce, outstanding transportation network, and the quality of the community. Since December of 2011, the County of Newberry has been working to establish a "mega site" for industrial development. A mega site must be comprised of at least 1,000 contiguous acres suitable to large-scale industrial development. What is being called Newberry County's "I-26 Mega Site" is bounded by Old Whitmire Highway, SC Highway 76, and Interstate-26. The site has ample rail access from its interior and is convenient to the I-26 interchange at SC Highway 121.

Kiswire Inc., a manufacturer of steel cord and bead wire, is commencing the second phase of its Newberry County expansion. This phase, a \$30 million investment, is expected to result in 45 new jobs in Newberry, S.C. The first phase of Kiswire Inc. Steel Cord Division, announced in January 2013, represented a \$15 million investment and 30 new jobs, which came to fruition when production began at its new manufacturing site in December of last year.

Sea Pro Boats, a renowned brand in the boating industry, is returning to the market with 'The Next Wave' - an all new line of bay boats and center console offshore fishing boats. The company is investing \$5.5 million in a new Newberry County manufacturing facility, generating 238 new jobs in Whitmire, S.C. Sea Pro's new Newberry County facility, a 200,000-square-foot building to be located at 25214 Highway 121 in Whitmire, will house the company's headquarters, as well as its manufacturing operations. Expected to be fully operational in the third quarter of 2015, hiring is anticipated to begin in early fall 2015.

Unemployment in the county at June 2014 was 6.0%, an increase of .8% from June 2014. 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 currently has a fall 2015 enrollment of 1064 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.

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.

As our community's hospital, Newberry County Memorial Hospital offers a broad range of services to meet the needs of patients of all ages and their families. We are fortunate to have exceptional doctors, nurses, and staff who are committed to providing exceptional care with a personal touch. Newberry County Memorial Hospital provides general medical and surgical care for inpatient, outpatient, and emergency room patients. Emergency room services are available 24 hours a day, seven days a week.

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.** The District has 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 2015 fiscal year at a rate of 27% of 2016 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. In October 2014, the 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. Savings resulting from the refunding will be used for future capital needs. The District continues to monitor 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 2015 fiscal year include parking lot renovations at Newberry High School and Newberry Middle School, playground renovations at Boundary Street Elementary, and carpet and VCT renovations at Reuben Elementary.

## 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 this 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. The internet bandwidth was increased from 200mb to 600mb. Wireless access points were installed in all of our schools with a ratio of 1 access point to every classrooms. The District continues to contract with School In Sites to provide webhosting throughout the District. During the summer of 2015, all elementary school computers were replaced in the labs, media centers and classrooms (1 teacher and 2 student); grades 3-5 classrooms received 1 teacher iPad and 4 student iPads. In order to meet the increased demand for technical and instructional support, more staff was hired. The district has implemented a Teacher Technology Leader program to assist the District Instructional Technology Coach.

## 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 eighteenth 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.

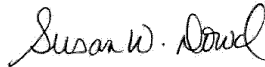
### **ACKNOWLEDGMENTS**

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, 2014**

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, 2014*

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



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

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**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, 2015, 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, 2015, 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.

### ***Change in Accounting Principle***

As discussed in Note I.B to the financial statements, in 2015 the School District adopted provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 68, “*Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*” and GASB Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*”. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, the budgetary comparison schedule for the General Fund, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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, 2015 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, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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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, 2015. 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 2015 are as follows:

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4.1 million. Of this amount, (\$49.9) million represents its unrestricted net position (deficit).
- The School District's total net position decreased by \$1.1 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$30.3 million, an increase of \$2.2 million from the prior year fund balance. The General Fund increased \$1.5 million. Approximately 45% of the total amount, or \$13.6 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 \$13.6 million, which was approximately 28% of total General Fund expenditures.
- During the 2015 fiscal year, the School District's governmental fund revenues were \$70.7 million, compared to \$66.9 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 \$69.2 million, compared to \$70.4 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 decreased by \$1.0 million (1%) during the current fiscal year to \$116.0 million, as additions of \$2.9 million were partially offset by depreciation expense of \$3.9 million.
- The School District's total outstanding debt increased from \$76.6 million at June 30, 2014 to \$78.1 million at June 30, 2015.
- The School District implemented Governmental Accounting Standard Boards ("GASB") Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") in 2015. These Statements require the District to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for their participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and presents more extensive note disclosures.

The adoption of these Statements had no impact on the School District's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority who administers the Plans. However, the adoption has resulted in the restatement of the School District's net position as of July 1, 2014 for its government-wide financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the School District's government-wide financial statements as of July 1, 2014 was decreased by approximately \$62,972,000, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.A in the notes to the financial statements for more information regarding the School District's retirement plans.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

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**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, 2015**

**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"> <li>▪ Statement of Net Position</li> <li>▪ Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance Sheet</li> <li>▪ Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of Fiduciary Assets and Liabilities</li> </ul>
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 assets and deferred outflows of resources and liabilities and deferred inflows of resources - 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, 2015**

**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, 2015 compared to June 30, 2014:

**Net Position - Governmental Activities**

	<u>2015 *</u>	<u>2014</u>
<b>Assets</b>		
Current and Other Assets	\$ 38,326,691	\$ 36,347,515
Capital Assets (Net)	115,984,432	116,991,339
Total Assets	<u>154,311,123</u>	<u>153,338,854</u>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Charges	5,475,215	-
<b>Liabilities</b>		
Other Liabilities	7,807,831	8,077,819
Long Term Liabilities	142,454,803	77,071,952
Total Liabilities	<u>150,262,634</u>	<u>85,149,771</u>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Credits	5,387,694	-
<b>Net Position</b>		
Net Investment in Capital Assets	50,753,158	51,822,272
Restricted	3,273,223	3,839,204
Unrestricted	(49,890,371)	12,527,607
Total Net Position	<u>\$ 4,136,010</u>	<u>\$ 68,189,083</u>

\* The School District implemented GASB #68/71 in FY 2015.

Current and other assets increased \$2.0 million primarily due to a decrease in cash; this was partially offset by a decrease in capital assets of \$1.0 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 \$1.1 million (21%) during 2015. 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 a deficit of (\$50.0) million at June 30, 2015.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Financial Analysis (Continued)**

The following table shows the changes in net position for fiscal year 2015 compared to 2014:

**Changes in Net Position - Governmental Activities**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 1,523,980	\$ 1,477,863
Operating Grants	33,618,211	31,949,497
General Revenues:		
Taxes	25,114,757	22,772,193
State Revenue in Lieu of Taxes	9,637,032	9,581,301
Other	777,991	909,649
Total Revenues	<u>70,671,971</u>	<u>66,690,503</u>
<b>Program Activities</b>		
Instruction	36,327,569	33,994,208
Support Services	29,708,242	29,373,394
Community Services	9,799	6,179
Interest and Other Charges	5,707,410	4,712,433
Total Expenses	<u>71,753,020</u>	<u>68,086,214</u>
Change in Net Position	(1,081,049)	(1,395,711)
Net Position, Beginning of Year, as Previously Reported	68,189,083	69,584,794
Cumulative Change in Accounting Principle - GASB #68/71	(62,972,024)	-
Net Position, Beginning of Year, Restated	<u>5,217,059</u>	<u>69,584,794</u>
Net Position, End of Year	<u>\$ 4,136,010</u>	<u>\$ 68,189,083</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

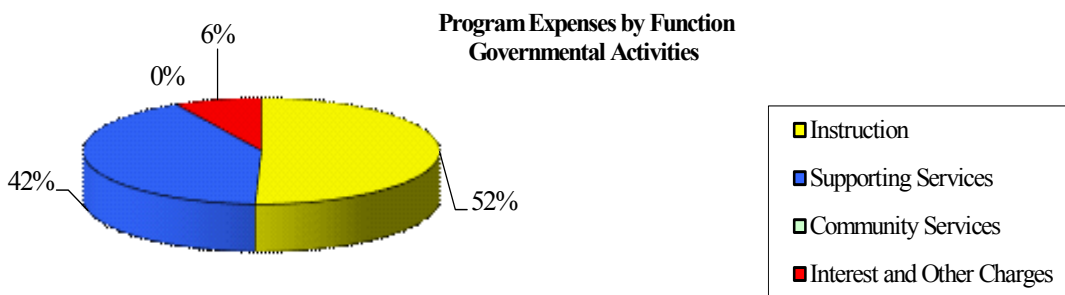
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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-wide Financial Analysis (Continued)**

**Governmental Activities:** Net position for Governmental Activities decreased \$1.1 million from the previous year, compared to a decrease of \$1.4 million in 2014. Key elements are as follows:

- Total revenues increased \$4.0 million (6%), which is primarily attributed to higher operating grant revenues from the State of South Carolina and higher tax revenue.
- Total expenses increased \$3.7 million (5%), which is primarily attributed to higher instruction expenses of approximately \$2.3 million and higher support service expenses of approximately \$0.3 million and higher interest expenses of \$1.0 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, 2015, the School District's governmental funds reported a *combined* fund balance of \$30.3 million, compared to \$28.1 million for the prior year. The increase of \$2.2 million is primarily attributable to the increase in the General Fund of approximately \$1.5 million and unspent capital and debt proceeds of approximately \$0.7 million in the capital projects fund and approximately \$0.4 million in the debt service 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, 2015, the School District's unassigned fund balance was \$13.5 million, which includes \$13.6 million in the General Fund and a negative unassigned amount of \$0.1 million in the Debt Service District fund. The Special Revenue Funds, which includes \$1.8 million for Food Services) had a fund balance of \$2.2 million. The remainder of fund balance for governmental funds, approximately \$14.5 million, is restricted primarily for Capital Projects for the School District's building plans (\$6.5 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, 2015**

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**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 \$13.6 million, and the total fund balance was \$13.6 million. The fund balance for the School District's General Fund increased by \$1.5 million, or approximately 12%, during the current fiscal year, compared to an increase of \$0.2 million in the prior year. The current year increase is due to higher than anticipated state and local 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 \$0.04million at June 30, 2015, an increase of \$0.4 million due to higher local revenues. In addition, the School District issued a short-term General Obligation Bond for \$1.7 million in May 2015; this debt is still outstanding at June 30, 2015. As this debt is scheduled to be repaid in March 2016, 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 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 \$6.5 million at the end of the year, with an increase of \$0.7 million as transfers from other funds of 3.4 million exceeded expenditures of \$2.8 million. The NICE Capital Projects Fund had no activity during fiscal 2015.

**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 2015 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 \$2.0 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 \$0.2 million due to higher than anticipated intergovernmental expenditures and capital outlay partially offset by lower than anticipated instruction and support expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2015, the School District had \$116.0 million invested in capital assets, net of depreciation.

The total decrease in the School District's investment in capital assets was \$1.00 million, or 1%, as additions of \$2.9 million were exceeded by depreciation of \$3.9 million. Major capital asset additions during the current fiscal year included:

- Upgrades and renovations at Newberry Career Center

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

*Capital Assets (Continued)*

The following table shows the capital asset balances as of June 30, 2015 compared to June 30, 2014:

	2015	2014
<b>Capital Assets</b>		
Land	\$ 2,101,497	\$ 2,101,497
Construction in Progress	-	735,240
Buildings, Improvements, and Equipment	160,025,207	156,855,835
Less Accumulated Depreciation	(46,142,272)	(42,701,233)
Capital Assets, Net	\$ 115,984,432	\$ 116,991,339

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 8.0 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 \$61.2 million in Installment Purchase Revenue Refunding Bonds (“IPRR”) in October 2014 to partially refund the IPR bonds. The School District issued a \$1.8 million short-term General Obligation Bond in May 2014; this indebtedness was repaid in February 2015. The School District also issued a \$1.7 million short-term General Obligation Bond in May 2015; this indebtedness is scheduled to be repaid in March 2016. The School District made principal payments on long-term indebtedness totaling \$2.1 million during 2015.

The following table shows the outstanding debt balances as of June 30, 2015 compared to June 30, 2014:

	2015	2014
NICE Series 2005 IPR Bonds	\$ 7,955,000	\$ 74,775,000
NICE Series 2014 IPRR Bonds	61,185,000	-
GO Bond, Series 2014A	-	1,775,000
GO Bond, Series 2015A	1,704,000	-
SC Energy Grant Obligation	-	11,634
Total	\$ 70,844,000	\$ 76,561,634

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, 2015**

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**ECONOMIC FACTORS**

The School District of Newberry County's tax base has grown approximately 29% since 2006 to \$135 million in 2015. Total property tax collections remain strong averaging around 96%. Although Newberry County's employment base is largely manufacturing, The School District of Newberry County is the second largest employer within the county.

**FY 16 BUDGET**

The FY 16 General Fund Budget represents a 6% increase over FY 15. Many factors were considered by the School District's administration during the process of developing the fiscal year 2015-2016 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. For the 2015-2016 fiscal year, the School District General Fund Budget anticipated revenue and expenditures totals approximately \$50.2 million.

**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, 2015

	<b>PRIMARY GOVERNMENT AND TOTAL Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,315,728
Cash and Cash Equivalents, Restricted	48,246
Investments, Restricted	7,955,875
Cash and Investments Held by County Treasurer	24,463,412
Property Taxes Receivable, Net	551,676
Accounts Receivable, Net	14,000
Other Receivables	59,652
Due from Other Governments	2,836,152
Inventory and Prepaid Items	81,950
Capital Assets:	
Non-Depreciable	2,836,737
Depreciable, Net	113,147,695
<b>TOTAL ASSETS</b>	<b>154,311,123</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Charges	5,475,215
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	4,808,953
Accrued Interest Payable	274,446
Due to Other Governments	1,937
Unearned Revenue	1,018,495
Short-Term General Obligation Bond Payable	1,704,000
Net Pension Obligation	63,870,471
Non-Current Liabilities:	
Due Within One Year	4,966,500
Due in More than One Year	73,617,832
<b>TOTAL LIABILITIES</b>	<b>150,262,634</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Credits	5,387,694
<b>NET POSITION</b>	
Net Investment in Capital Assets	50,753,158
Restricted For:	
Debt Service	1,488,982
Food Service	1,784,241
Unrestricted	(49,890,371)
<b>TOTAL NET POSITION</b>	<b>\$ 4,136,010</b>

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, 2015**

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
<b>PRIMARY GOVERNMENT:</b>					
Governmental Activities:					
Instruction	\$ 36,327,569	9,697	20,915,430	-	\$ (15,402,442)
Support Services	29,708,242	1,514,283	12,702,781	-	(15,491,178)
Community Services	9,799	-	-	-	(9,799)
Interest and Other Charges	5,707,410	-	-	-	(5,707,410)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 71,753,020</b>	<b>1,523,980</b>	<b>33,618,211</b>	<b>-</b>	<b>(36,610,829)</b>
General Revenues:					
Property Taxes Levied for General Purposes					17,838,525
Property Taxes Levied for Debt Service					7,276,232
State Revenue in Lieu of Taxes					9,637,032
Unrestricted Grants and Contributions					17,122
Unrestricted Investment Earnings					381,585
Unrestricted Intergovernmental General Revenue					32,523
Miscellaneous					332,641
Gain on Disposal of Capital Assets					14,120
Total General Revenues					<u>35,529,780</u>
<b>CHANGE IN NET POSITION</b>					<b><u>(1,081,049)</u></b>
NET POSITION, Beginning of Year, as Previously Reported					68,189,083
Cumulative Change in Accounting Principle - GASB #68/71					(62,972,024)
NET POSITION, Beginning of Year, as Adjusted					<u>5,217,059</u>
<b>NET POSITION, End of Year</b>					<b><u>\$ 4,136,010</u></b>

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, 2015

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 622,151	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Investments, Restricted	-	-	-
Cash and Investments Held by County Treasurer	16,371,389	34,133	-
Receivables, Net:			
Taxes	397,397	-	-
Accounts	5,112	8,888	-
Other	59,652	-	-
Due From:			
State Agencies	632,898	130,710	227,742
Federal Agencies	-	1,411,870	-
Other Funds	920,970	-	110,176
Other Governments	143	45,068	-
Prepaid Items	24,695	8,050	4,985
Inventories	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 19,034,407</b>	<b>1,638,719</b>	<b>342,903</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts and Retainage Payable	\$ 1,260,918	-	-
Accrued Salaries, Fringe & Benefits	3,520,355	-	-
Due To:			
Due to County Treasurer	-	-	-
Due to State Department of Education	-	954	-
Other Funds	294,071	528,220	-
Unearned Revenue	-	654,527	342,903
Short-Term General Obligation Bond Payable	-	-	-
<b>TOTAL LIABILITIES</b>	<b>5,075,344</b>	<b>1,183,701</b>	<b>342,903</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable Revenue - Property Taxes	343,136	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>343,136</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>			
Nonspendable:			
Prepaid	24,695	8,050	4,985
Inventories	-	-	-
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Assigned for:			
Special Revenue Programs	-	446,968	-
Unassigned	13,591,232	-	(4,985)
<b>TOTAL FUND BALANCES</b>	<b>13,615,927</b>	<b>455,018</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,034,407</b>	<b>1,638,719</b>	<b>342,903</b>

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

<b>DEBT SERVICE - DISTRICT</b>	<b>DEBT SERVICE - NICE</b>	<b>CAPITAL PROJECTS - DISTRICT</b>	<b>SPECIAL REVENUE - FOOD SERVICE</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
-	-	-	1,693,577	\$ 2,315,728
-	48,246	-	-	48,246
-	7,955,875	-	-	7,955,875
1,666,344	-	6,376,203	15,343	24,463,412
154,279	-	-	-	551,676
-	-	-	-	14,000
-	-	-	-	59,652
-	-	-	-	991,350
-	-	-	387,721	1,799,591
-	-	183,895	-	1,215,041
-	-	-	-	45,211
-	-	-	-	37,730
-	-	-	44,220	44,220
<b>1,820,623</b>	<b>8,004,121</b>	<b>6,560,098</b>	<b>2,140,861</b>	<b>\$ 39,541,732</b>
-	-	27,680	-	\$ 1,288,598
-	-	-	-	3,520,355
-	-	983	-	983
-	-	-	-	954
39,729	17,466	-	335,555	1,215,041
-	-	-	21,065	1,018,495
1,704,000	-	-	-	1,704,000
1,743,729	17,466	28,663	356,620	8,748,426
118,992	-	-	-	462,128
118,992	-	-	-	462,128
-	-	-	-	37,730
-	-	-	44,220	44,220
-	7,986,655	-	-	7,986,655
-	-	6,531,435	-	6,531,435
-	-	-	1,740,021	1,740,021
-	-	-	-	446,968
(42,098)	-	-	-	13,544,149
(42,098)	7,986,655	6,531,435	1,784,241	30,331,178
<b>1,820,623</b>	<b>8,004,121</b>	<b>6,560,098</b>	<b>2,140,861</b>	<b>\$ 39,541,732</b>

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

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

**JUNE 30, 2015**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 30,331,178**

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.	462,128
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 \$162,126,704, and the accumulated depreciation is \$46,142,272.	115,984,432
The School District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(63,782,950)
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.	(274,446)
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	(69,140,000)
Premium on Bonds Payable	(8,922,830)
Compensated Absences	(521,502)
	(78,584,332)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 4,136,010**

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, 2015

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
<b>REVENUES</b>			
Local Sources:			
Taxes	\$ 17,874,820	-	-
Investment Earnings	22,996	65	-
Other Local Sources	45,915	915,673	-
State Sources	29,966,183	1,360,522	3,774,272
Federal Sources	-	4,279,735	-
Intergovernmental Revenue	-	32,523	-
<b>TOTAL REVENUE ALL SOURCES</b>	<b>47,909,914</b>	<b>6,588,518</b>	<b>3,774,272</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	26,850,112	3,717,765	2,181,420
Support Services	19,598,992	2,545,447	320,855
Community Services	9,799	-	-
Intergovernmental	259,178	852	-
Capital Outlay	1,146,326	255,447	63,505
Debt Service:			
Principal Retirement	11,634	-	-
Interest and Fiscal Charges	-	-	-
Bond Issuance Costs	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>47,876,041</b>	<b>6,519,511</b>	<b>2,565,780</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>33,873</b>	<b>69,007</b>	<b>1,208,492</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Premium on Bonds	-	-	-
Issuance of Refunding Bonds	-	-	-
Payment to Refunded Escrow Agent	-	-	-
Proceeds from Sale of Capital Assets	1,400	-	-
Transfers In	1,447,832	-	-
Transfers Out	-	(103,701)	(1,208,492)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,449,232</b>	<b>(103,701)</b>	<b>(1,208,492)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>1,483,105</b>	<b>(34,694)</b>	<b>-</b>
FUND BALANCE, Beginning of Year, as Adjusted	12,132,822	489,712	-
<b>FUND BALANCE, End of Year</b>	<b>\$ 13,615,927</b>	<b>455,018</b>	<b>-</b>

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



<b>DEBT SERVICE - DISTRICT</b>	<b>DEBT SERVICE - NICE</b>	<b>CAPITAL PROJECTS - DISTRICT</b>	<b>SPECIAL REVENUE - FOOD SERVICE</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
7,282,995	-	-	-	\$ 25,157,815
2,289	343,554	12,411	269	381,584
-	-	-	909,475	1,871,063
514,653	-	-	278	35,615,908
-	-	-	3,362,280	7,642,015
-	-	-	-	32,523
<b>7,799,937</b>	<b>343,554</b>	<b>12,411</b>	<b>4,272,302</b>	<b>70,700,908</b>
-	-	-	-	32,749,297
-	-	494,810	3,979,376	26,939,480
-	-	-	-	9,799
-	-	-	-	260,030
-	-	2,290,389	453,639	4,209,306
-	2,055,000	-	-	2,066,634
31,794	2,386,096	-	-	2,417,890
43,108	502,599	-	-	545,707
74,902	4,943,695	2,785,199	4,433,015	69,198,143
<b>7,725,035</b>	<b>(4,600,141)</b>	<b>(2,772,788)</b>	<b>(160,713)</b>	<b>1,502,765</b>
-	9,210,663	-	-	9,210,663
-	61,185,000	-	-	61,185,000
-	(69,654,768)	-	-	(69,654,768)
-	-	-	-	1,400
-	3,894,010	3,439,990	-	8,781,832
(7,334,000)	-	-	(135,639)	(8,781,832)
<b>(7,334,000)</b>	<b>4,634,905</b>	<b>3,439,990</b>	<b>(135,639)</b>	<b>742,295</b>
<b>391,035</b>	<b>34,764</b>	<b>667,202</b>	<b>(296,352)</b>	<b>2,245,060</b>
<b>(433,133)</b>	<b>7,951,891</b>	<b>5,864,233</b>	<b>2,080,593</b>	<b>28,086,118</b>
<b>(42,098)</b>	<b>7,986,655</b>	<b>6,531,435</b>	<b>1,784,241</b>	<b>\$ 30,331,178</b>

**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, 2015**

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 2,245,060</b>
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 unavailable revenues for the year.	(43,058)
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.	66,831,634
The issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the government-wide statements.	(70,395,663)
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.	2,098,793
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.	47,162
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.	12,720
Changes in the School District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(810,926)
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.	(47,144)
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 depreciation expense of \$3,893,078 exceeded capital additions of \$2,873,451 in the current period.	(1,019,627)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (1,081,049)</b>

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, 2015**

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	<u>AGENCY</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 744,895
<b>TOTAL ASSETS</b>	<u><u>\$ 744,895</u></u>
<b>LIABILITIES</b>	
Due to Student Organizations	\$ 744,895
<b>TOTAL LIABILITIES</b>	<u><u>\$ 744,895</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, 2015**

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**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, 2015

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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, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**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:

**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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY  
NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*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 **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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**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. 68 “*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*” (“GASB 68”) and GASB Statement No. 71, “*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*” (“GASB 71”) and collectively “Statements”) in 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB’s intention that these Statements 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, these Statements require the District to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System (“Plans”), cost-sharing multiple-employer defined benefit pension plans, 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.

The adoption of these Statements had no impact on the School District’s governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority (“PEBA”) who administers the Plans. However, the adoption has resulted in the restatement of the School District’s net position as of July 1, 2014 for its government-wide financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the School District’s government-wide wide financial statements as of July 1, 2014 was decreased by approximately \$62,972,000, reflecting the cumulative change in accounting principle related to the adoption of these Statements . See Note IV.A for more information regarding the School District’s retirement plans.

**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.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**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***

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.
- (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 OF NEWBERRY COUNTY  
NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**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)***

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.
- 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**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***

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.

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 has one type of deferred outflows of resources: (1) The School District reports *deferred pension charges* in its government-wide statement of net position in connection with its net pension liability for its participation in the South Carolina Retirement System and the South Carolina Police Officers' Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY  
NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

**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.

**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 \$5,018,000 as of June 30, 2015, which represents 10% of the original budget for the General Fund for fiscal year 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

***10. Net Position***

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

***11. Pensions***

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. See Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information. The School District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the School District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the School District's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

***12. Other Postemployment Benefits***

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.B), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

***13. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*14. 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, 2015**

**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, 2015, approximately \$11,000 of the School District’s bank balances of approximately \$3,330,000, which had a carrying value of approximately \$3,109,000, 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	\$ 24,463,412	^
Repurchase Agreement - Royal Bank of Canada	Unrated	7,955,875	12/01/2015
Goldman Sachs Financial Square Government Fund	AAAm, Aaa-mf	48,234	Less than 1 year
Total		\$ 32,467,521	

^ 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, 2015, 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, 2015**

**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 \$135.5 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 \$342,000 at June 30, 2015. Allowances for uncollectible amounts were not necessary for the other receivable accounts.

Governmental funds report unavailable 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, 2015, the various components of unavailable/unearned revenue reported in the governmental funds were as follows:

Unavailable Revenue - Property Taxes - General Fund	\$	343,136
Unavailable Revenue - Property Taxes - Debt Service Fund		118,992
Unearned Revenue from Special Revenue Funds		1,018,495
Total Unavailable/Unearned Revenue for Governmental Funds	\$	<u>1,480,623</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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

**C. Interfund Receivables and Payables**

Interfund balances at June 30, 2015 (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund	\$ 921,924	\$ 294,071
Special Revenue Funds:		
Special Revenue	-	529,174
Education Improvement Act	110,176	-
Food Service	-	335,555
Debt Service Fund - District	-	39,729
Debt Service Fund - NICE	-	17,466
Capital Projects Fund - District	183,895	-
	<u>\$ 1,215,995</u>	<u>\$ 1,215,995</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, 2015**

**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, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 2,101,497	-	-	-	\$ 2,101,497
Construction in Progress	735,240	1,830,792	-	(2,566,032)	-
<b>Total Capital Assets, Non-Depreciable</b>	<b>2,836,737</b>	<b>1,830,792</b>	<b>-</b>	<b>(2,566,032)</b>	<b>2,101,497</b>
Capital Assets, Depreciable:					
Buildings and Improvements	146,313,314	466,896	(111,432)	2,566,032	149,234,810
Improvements Other Than Buildings	3,788,642	11,700	(22,625)	-	3,777,717
Vehicles	1,510,541	26,686	(17,791)	-	1,519,436
Machinery and Equipment	3,345,924	42,828	(55,089)	-	3,333,663
Furniture and Equipment	1,897,414	494,548	(232,381)	-	2,159,581
<b>Total Capital Assets Depreciable</b>	<b>156,855,835</b>	<b>1,042,658</b>	<b>(439,318)</b>	<b>2,566,032</b>	<b>160,025,207</b>
Less: Accumulated Depreciation for:					
Buildings and Improvements	35,442,508	3,562,274	(122,036)	-	38,882,746
Improvements Other Than Buildings	2,441,364	105,852	(21,494)	-	2,525,722
Vehicles	1,056,917	87,059	(36,312)	-	1,107,664
Machinery and Equipment	2,275,935	135,101	(52,335)	-	2,358,701
Furniture and Equipment	1,484,509	2,792	(219,862)	-	1,267,439
<b>Total Accumulated Depreciation</b>	<b>42,701,233</b>	<b>3,893,078</b>	<b>(452,039)</b>	<b>-</b>	<b>46,142,272</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>114,154,602</b>	<b>(2,850,420)</b>	<b>12,721</b>	<b>2,566,032</b>	<b>113,882,935</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 116,991,339</b>	<b>(1,019,628)</b>	<b>12,721</b>	<b>-</b>	<b>\$ 115,984,432</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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

**D. Capital Assets (Continued)**

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

<b>Governmental Activities:</b>	
Instruction	\$ 2,923,551
Support Services	969,527
Total Depreciation Expense - Governmental Activities	<u>\$ 3,893,078</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, 2015, consisted of the following:

<b>Governmental Activities:</b>	
Accounts Payable	\$ 1,288,598
Accrued Salaries	2,515,436
Accrued Fringe and Benefits	1,004,919
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 4,808,953</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**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, 2015.

Future payments on all of these agreements are as follows:

2016	\$	106,910
2017		52,308
2018		50,458
2019		26,505
Total	\$	<u>236,181</u>

**G. Short-Term Obligations**

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
Series 2014A General Obligation Bond	\$ 1,775,000	-	1,775,000	\$ -
Series 2014B General Obligation Bond	-	5,630,000	5,630,000	-
Series 2015A General Obligation Bond	-	1,704,000	-	1,704,000
Total Governmental Activities	<u>\$ 1,775,000</u>	<u>7,334,000</u>	<u>7,405,000</u>	<u>\$ 1,704,000</u>

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%), were repaid at maturity in February 2015. In November 2014, the School District issued its Series 2014B General Obligation Bonds in the amount of \$5,630,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2015 under the Facilities Agreement and for additional capital outlay. These bonds, including interest of \$17,203 (1.00%), were repaid at maturity in March 2015. In May 2015, the School District issued its Series 2015A General Obligation Bonds in the amount of \$1,704,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2015 under the Facilities Agreement. These bonds, including interest of \$8,344 (0.61%), will be repaid in March 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 \$1,704,000 is reflected on the District's balance sheet for its governmental funds at June 30, 2015.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**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, 2015:

- 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. These Bonds were partially refunded by the 2014 IPRR Bonds. The principal is due in installments of \$475,000 to \$2,725,000 at December 1; interest is due semiannually with a final maturity date in December 2018. The bonds are subject to redemption at NICE’s option beginning in December 2015. 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.
- NICE Installment Purchase Refunding Revenue Bonds, Series 2014 (“IPRR Bonds”) in the original amount of \$61,185,000, principal due in annual installments of \$2,460,000 to \$5,300,000 at December 1; interest at 2.00% to 5.00% is paid semiannually, with a final maturity date in December 2030. These bonds were issued to advance refund \$64,765,000 of the outstanding Series 2005 IPR Bonds. As a result, this amount of the Series 2005 IPR Bonds are considered to be defeased until redemption in December 1, 2015. Accordingly, the liability for the refunded bonds has been removed from the governmental activities column of the Statement of Net Position. The reacquisition price was exceeded by the net carrying amount of the old debt by approximately \$1,456,000. The loss on refunding was recognized currently in the Statement of Activities. This advanced refunding was undertaken to reduce total debt service payments over the next fifteen years by \$14,003,000 and resulted in an economic gain of approximately \$9,482,000. In connection with the issuance of this indebtedness, a premium of \$9,210,663 was recorded and is being amortized over the life of the bonds. The unamortized premium at June 30, 2015 was \$8,922,830. 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.

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	\$ 74,775,000	-	66,820,000	7,955,000	\$ 2,265,000
NICE Series 2014 IPRR Bonds	-	61,185,000	-	61,185,000	2,460,000
SC Energy Grant Obligation	11,634	-	11,634	-	-
Total Debt	74,786,634	61,185,000	66,831,634	69,140,000	4,725,000
Premiums	1,810,960	9,210,663	2,098,793	8,922,830	-
Compensated Absences	474,358	266,813	219,669	521,502	241,500
Total Governmental Activities	\$ 77,071,952	70,662,476	69,150,096	78,584,332	\$ 4,966,500

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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

**H. Long-Term Obligations (Continued)**

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, 2015.

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 approximately \$7,956,000 at June 30, 2015.

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 SCHOOL DISTRICT OF NEWBERRY COUNTY  
NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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

**H. Long-Term Obligations (Continued)**

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

Years Ending June 30	Revenue Bonds		Totals
	Principal	Interest	
2016	\$ 4,725,000	3,193,481	\$ 7,918,481
2017	5,245,000	2,988,963	8,233,963
2018	5,590,000	2,725,344	8,315,344
2019	3,485,000	2,494,469	5,979,469
2020	3,160,000	2,327,750	5,487,750
2021-2025	18,335,000	9,040,625	27,375,625
2026-2030	23,300,000	3,998,750	27,298,750
2031	5,300,000	132,500	5,432,500
Totals	<u>\$ 69,140,000</u>	<u>26,901,882</u>	<u>\$ 96,041,882</u>

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, 2015, the School District's assessed property valuation was approximately \$135.5 million, and the legal debt limit was approximately \$10.8 million, of which \$1.7 million in outstanding debt was applicable to this limit at June 30, 2015.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**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, 2015, consisted of the following:

<b>General Fund</b>			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 1,208,492		\$ -
Food Service - Indirect Cost	135,639		-
Special Revenue- Indirect Cost	103,701		-
	<u>\$ 1,447,832</u>		<u>\$ -</u>
<b>Special Revenue Funds</b>			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
Special Revenue-EIA	<u>\$ -</u>	General Fund- Indirect Costs	<u>\$ 103,701</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund	<u>\$ 1,208,492</u>
<b>Food Service Fund</b>			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund- Indirect Costs	<u>\$ 135,639</u>
<b>Debt Service Fund - District</b>			
Transfers from	Amount	Transfers to	Amount
	\$ -	NICE Debt Service	\$ 3,894,010
	-	Capital Projects - District	3,439,990
	<u>\$ -</u>		<u>\$ 7,334,000</u>
<b>Debt Service Fund - NICE</b>			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>\$ 3,894,010</u>		<u>\$ -</u>
<b>Capital Projects Fund - District</b>			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>\$ 3,439,990</u>		<u>\$ -</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**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, 2015, 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 to fund the 2015 debt service payments for the NICE bonds and to fund additional capital projects.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION**

**A. Retirement Plans**

The School District participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the South Carolina Retirement Systems’ Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits’ link on PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State.

*Plan Description*

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (“ORP”) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

*Plan Membership*

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Membership (Continued)*

- State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution (8%) and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (5.75%) and an incidental death benefit contribution (0.15%), if applicable, which is retained by SCRS.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

*Plan Benefits*

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Benefits (Continued)*

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

*Plan Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted above, both employees and the School District are required to contribute to the Plans at rates established and as amended by the PEBA. The School District's contributions are actuarially determined, but are communicated to and paid by the School District as a percentage of the employees' annual eligible compensation as follows for the past three years:

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Contributions (Continued)*

	SCRS and State ORP Rates			PORS Rates		
	2013	2014	2015	2013	2014	2015
Employer Rate:						
Retirement *	10.45%	10.45%	10.75%	11.90%	12.44%	13.01%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributio	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.60%</u>	<u>10.60%</u>	<u>10.90%</u>	<u>12.30%</u>	<u>12.84%</u>	<u>13.41%</u>
Employee Rate	<u>7.00%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>7.00%</u>	<u>7.84%</u>	<u>8.41%</u>

\* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The required contributions and percentages of amounts contributed by the School District to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed	Required	% Contributed
2015	\$ 3,547,564	100%	109,961	100%	\$ 8,025	100%
2014	3,479,666	100%	85,180	100%	7,571	100%
2013	\$ 3,471,893	100%	68,755	100%	\$ 7,760	100%

Eligible payrolls of the School District covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	PORS Payroll	Total Payroll
2015	\$ 32,546,461	1,863,749	59,842	\$ 34,470,052
2014	32,827,041	1,521,071	58,962	34,407,074
2013	\$ 32,753,709	1,227,770	63,092	\$ 34,044,571

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions*

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability (“NPL”) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that System’s fiduciary net position. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 42,955,205,796	25,738,521,026	\$ 17,216,684,770	59.92%
PORS	\$ 5,899,529,434	3,985,101,996	\$ 1,914,427,438	67.55%

At June 30, 2015, the School District reported a liability of approximately \$63,871,000 for its proportionate share of the net pension liabilities for the SCRS Plan \$63,777,000 and PORS Plan \$94,000. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2013 that was projected forward to the measurement date. The School District’s proportion of the net pension liabilities were based on a projection of the District’s long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2014, the School District’s SCRS proportion was 0.370435 percent, which was equal to its proportion measured as of June 30, 2013. At June 30, 2014, the School District’s PORS proportion was 0.00490 percent, which was equal to its proportion measured as of June 30, 2013.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

For the year ended June 30, 2015, the School District recognized pension expense on its government-wide financial statements of approximately \$4,478,000, consisting of \$4,470,000 for the SCRS and \$8,000 for the PORS. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 1,807,161	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	5,376,835
School District's Contributions Subsequent to the Measurement Date	3,657,525	-
Total SCRS	5,464,686	5,376,835
<b>PORS</b>		
Differences Between Expected and Actual Experience	2,504	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	10,859
School District's Contributions Subsequent to the Measurement Date	8,025	-
Total PORS	10,529	10,859
Total SCRS and PORS	\$ 5,475,215	\$ 5,387,694

Approximately \$3,658,000 and \$8,000 that was reported as deferred outflows of resources related to the School District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2016	\$ (785,235)	(2,065)	\$ (787,300)
2017	(785,235)	(2,065)	(787,300)
2018	(785,235)	(2,065)	(787,300)
2019	(1,213,969)	(2,160)	(1,216,129)
Total	\$ (3,569,674)	(8,355)	\$ (3,578,029)



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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Salary Increases	Levels off at 3.5%	Levels off at 4.0%
Includes Inflation at	2.75%	2.75%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Actuarial Assumptions and Methods (Continued)*

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5%		
Cash	2%	0.30	0.01
Short Duration	3%	0.60	0.02
Domestic Fixed Income	13%		
Core Fixed Income	7%	1.10	0.08
High Yield	2%	3.50	0.07
Bank Loans	4%	2.80	0.11
Global Fixed Income	9%		
Global Fixed Income	3%	0.80	0.02
Emerging Markets Debt	6%	4.10	0.25
Global Public Equity	31%	7.80	2.42
Global Tactical Asset Allocation	10%	5.10	0.51
Alternatives	32%		
Hedge Funds (Low Beta)	8%	4.00	0.32
Private Debt	7%	10.20	0.71
Private Equity	9%	10.20	0.92
Real Estate (Broad Market)	5%	5.90	0.29
Commodities	3%	5.10	0.15
Total Expected Real Return	100%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Discount Rate (Continued)*

The following table presents the sensitivity of the School District’s proportionate share of the net pension liability of the Plans as of June 30, 2014 to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District’s proportionate share of the net pension liability of the SCRS	\$ 82,530,900	63,776,626	\$ 48,130,182
School District’s proportionate share of the net pension liability of the PORS	\$ 131,146	93,845	\$ 62,982

*Plans Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA’s Retirement Benefits’ website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

*Payable to Plans*

The School District reported a payable of approximately \$685,000 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015 for the SCRS and PORS. This amount is included in Accounts Payable on the financial statements and was paid in July 2015.

**B. Other Postemployment Benefits**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina (“State”) provides health, dental, and long-term disability benefits (“OPEB Plan”) to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program (“EIP”), a part of the State of South Carolina.

Generally, retirees are eligible for the health and dental benefits if they have established 10 years of retirement service credit. For new hires on or after May 2, 2008, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 – 24 years of service for 50% employer funding. Benefits become effective when the former employee retirees under a state retirement system (i.e. SCRS, PORS, etc.). Basic long-term disability (“BLTD”) benefits are provided to active state, school district and participating local government employees approved for disability. Complete financial statements for the OPEB plans may be obtained by writing to the PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits (Continued)**

The Code of Laws of the State, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriation by the General Assembly for active employees to the EIP and participating retirees to the State of South Carolina except for the portion funded through the pension surcharge (retiree surcharge) who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The School District has no liability beyond the payment of monthly contributions.

The required employer contribution surcharge percentages were 5.00%, 4.92%, and 4.55% for the years ended June 30, 2015, 2014, and 2013, respectively. The actual required employer contribution surcharge amounts were approximately \$1,724,000, \$1,693,000, and \$1,549,000 for the years ended June 30, 2015, 2014, and 2013, respectively. The actual contribution rates and amounts were 100% of the required employer contribution surcharge percentages and amounts for the OPEB Plan for all years presented.

**C. 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.

**D. 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.

**E. 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.

**F. Subsequent Events**

In November 2015, the School District issued its Series 2015B General Obligation Bonds in the amount of \$5,700,000 for the purposes of paying to NICE for a portion of the installments of purchase price that are due in fiscal year 2016 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 0.54%, are due at maturity on March 1, 2016.

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 16,103,756	16,103,756	17,874,820	\$ 1,771,064
Investment Earnings	10,000	10,000	22,996	12,996
Other Local Sources	40,000	40,000	45,915	5,915
State Sources	29,716,033	29,716,033	29,966,183	250,150
<b>TOTAL REVENUE ALL SOURCES</b>	<b>45,869,789</b>	<b>45,869,789</b>	<b>47,909,914</b>	<b>2,040,125</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	26,907,699	26,907,699	26,850,112	57,587
Support Services	20,008,005	20,008,005	19,598,992	409,013
Community Services	10,000	10,000	9,799	201
Intergovernmental	48,100	48,100	259,178	(211,078)
Capital Outlay	749,814	749,814	1,146,326	(396,512)
Debt Service:				
Principal Retirement	-	-	11,634	(11,634)
<b>TOTAL EXPENDITURES</b>	<b>47,723,618</b>	<b>47,723,618</b>	<b>47,876,041</b>	<b>(152,423)</b>
<b>EXCESS (DEFICIENCY) OF</b>				
<b>REVENUES OVER EXPENDITURES</b>	<b>(1,853,829)</b>	<b>(1,853,829)</b>	<b>33,873</b>	<b>1,887,702</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	1,400	1,400
Transfers In	1,419,396	1,419,396	1,447,832	28,436
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,419,396</b>	<b>1,419,396</b>	<b>1,449,232</b>	<b>29,836</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(434,433)</b>	<b>(434,433)</b>	<b>1,483,105</b>	<b>1,917,538</b>
FUND BALANCE, Beginning of Year	12,132,822	12,132,822	12,132,822	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 11,698,389</b>	<b>11,698,389</b>	<b>13,615,927</b>	<b>\$ 1,917,538</b>

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.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
School District 's Proportion of the Net Pension Liability (Asset)	0.370435%	0.370435%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 63,776,626	\$ 66,442,825
School District's Covered-Employee Payroll	\$ 32,827,041	\$ 32,753,709
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	194.28%	202.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.92%	56.39%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 3,657,525	\$ 3,564,846
Contributions in Relation to the Contractually Required Contribution:	3,657,525	3,564,846
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 32,546,461	\$ 32,827,041
Contributions as a Percentage of Covered-Employee Payroll:	11.24%	10.86%

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICERS RETIREMENT SYSTEM**

**LAST TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
School District 's Proportion of the Net Pension Liability (Asset)	0.00490%	0.00490%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 93,845	\$ 101,617
School District's Covered-Employee Payroll	\$ 58,962	\$ 63,092
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	159.16%	161.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.55%	62.98%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.



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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM**

**LAST TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 8,025	\$ 7,571
Contributions in Relation to the Contractually Required Contribution:	8,025	7,571
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 59,842	\$ 58,962
Contributions as a Percentage of Covered-Employee Payroll:	13.41%	12.84%

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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, 2015

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 13,617,216	14,943,683	\$ 1,326,467
1140 Penalties & Interest on Taxes (Independent)	822,050	758,758	(63,292)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,664,490	2,172,379	507,889
1300 Tuition:			
1320 From Other LEAs for Regular Day School	-	9,697	9,697
1350 From Patrons for Summer School	20,000	-	(20,000)
1500 Earnings on Investments:			
1510 Interest on Investments	10,000	22,996	12,996
1900 Other Revenue from Local Sources:			
1910 Rentals	-	5,440	5,440
1950 Refund of Prior Year's Expenditures	-	135	135
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	9,243	9,243
1999 Revenue from Other Local Sources	20,000	21,400	1,400
Total Revenue from Local Sources	<u>16,153,756</u>	<u>17,943,731</u>	<u>1,789,975</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	9,862	9,862
3138 Charter Funding			
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	310,667	374,092	63,425
3162 Transportation Workers' Compensation	-	34,700	34,700
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	5,606,404	5,708,722	102,318
3181 Retiree Insurance (No Carryover Provision)	1,378,301	1,419,795	41,494
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	716,112	662,636	(53,476)
3312 Primary	1,954,297	1,951,755	(2,542)
3313 Elementary	3,164,544	3,121,655	(42,889)
3314 High School	1,161,122	1,449,801	288,679
3315 Trainable Mentally Handicapped	20,211	24,205	3,994
3316 Speech Handicapped (Part-Time Program)	913,726	987,161	73,435
3317 Homebound	\$ 31,654	20,911	\$ (10,743)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 22,030	12,094	\$ (9,936)
3322 Educable Mentally Handicapped	73,036	72,548	(488)
3323 Learning Disabilities	1,233,536	1,258,065	24,529
3324 Hearing Handicapped	6,196	5,605	(591)
3325 Visually Handicapped	16,253	16,388	135
3326 Orthopedically Handicapped	18,729	15,519	(3,210)
3327 Vocational	1,684,445	1,376,319	(308,126)
3330 Other EFA Programs:			
3331 Autism	127,396	147,243	19,847
3332 High Achieving Students	236,370	211,401	(24,969)
3334 Limited English Proficiency	162,956	180,592	17,636
3350 Residential Treatment Facilities (RTF)	-	-	-
3351 Academic Assistance	272,405	294,732	22,327
3352 Pupils in Poverty	1,460,861	1,488,001	27,140
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)	5,260,588	5,265,685	5,097
3830 Merchant's Inventory Tax	120,000	158,280	38,280
3840 Manufacturers Depreciation Reimbursement	230,000	187,859	(42,141)
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	185,000	161,362	(23,638)
Total Revenue from State Sources	<u>29,716,033</u>	<u>29,966,183</u>	<u>250,150</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>45,869,789</u></b>	<b><u>47,909,914</u></b>	<b><u>2,040,125</u></b>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,319,440	1,238,018	81,422
140 Terminal Leave	-	450	(450)
200 Employee Benefits	545,938	512,722	33,216
300 Purchased Services	7,691	7,690	1
400 Supplies and Materials	16,024	12,455	3,569
112 Primary Programs:			
100 Salaries	3,989,807	3,812,614	177,193
140 Terminal Leave	-	3,075	(3,075)
200 Employee Benefits	1,470,854	1,413,129	57,725
300 Purchased Services	27,287	25,998	1,289
400 Supplies and Materials	90,317	85,588	4,729
600 Other Objects	\$ 127,894	130,884	\$ (2,990)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
113 Elementary Programs:			
100 Salaries	\$ 6,115,567	6,181,882	\$ (66,315)
140 Terminal Leave	-	2,450	(2,450)
200 Employee Benefits	2,301,723	2,287,969	13,754
300 Purchased Services	40,492	42,575	(2,083)
400 Supplies and Materials	108,195	99,564	8,631
114 High School Programs:			
100 Salaries	4,171,117	4,214,441	(43,324)
200 Employee Benefits	1,568,887	1,538,921	29,966
300 Purchased Services	45,854	127,466	(81,612)
400 Supplies and Materials	224,727	209,262	15,465
115 Career and Technology Education Program:			
100 Salaries	908,000	870,522	37,478
200 Employee Benefits	332,825	321,639	11,186
300 Purchased Services - Other Than Tuition	3,307	2,514	793
400 Supplies and Materials	34,299	19,625	14,674
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	583,731	609,846	(26,115)
140 Terminal Leave	-	550	(550)
200 Employee Benefits	232,460	246,234	(13,774)
300 Purchased Services	872	596	276
400 Supplies and Materials	10,327	10,250	77
122 Trainable Mentally Handicapped:			
100 Salaries	112,930	171,651	(58,721)
200 Employee Benefits	41,893	56,316	(14,423)
300 Purchased Services	36,000	32,145	3,855
400 Supplies and Materials	3,447	3,447	-
123 Orthopedically Handicapped:			
100 Salaries	2,036	4,409	(2,373)
200 Employee Benefits	689	1,316	(627)
300 Purchased Services	2,970	798	2,172
400 Supplies and Materials	504	504	-
124 Visually Handicapped:			
100 Salaries	4,072	8,817	(4,745)
200 Employee Benefits	7,022	2,631	4,391
300 Purchased Services	12,670	8,542	4,128
400 Supplies and Materials	324	324	-
125 Hearing Handicapped:			
100 Salaries	19,887	-	19,887
200 Employee Benefits	\$ 6,776	-	\$ 6,776

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
126 Speech Handicapped:			
100 Salaries	\$ 149,497	243,365	\$ (93,868)
200 Employee Benefits	52,893	82,220	(29,327)
300 Purchased Services	1,000	1,155	(155)
400 Supplies and Materials	5,625	5,400	225
127 Learning Disabilities:			
100 Salaries	1,073,724	1,094,107	(20,383)
140 Terminal Leave	-	300	(300)
200 Employee Benefits	420,880	391,581	29,299
300 Purchased Services	750	-	750
400 Supplies and Materials	12,954	12,593	361
128 Emotionally Handicapped:			
100 Salaries	103,337	84,327	19,010
200 Employee Benefits	35,442	33,295	2,147
400 Supplies and Materials	3,425	3,054	371
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	38,522	96,996	(58,474)
200 Employee Benefits	17,838	38,371	(20,533)
139 Early Childhood Programs:			
200 Employee Benefits	-	5,179	(5,179)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	85,722	83,730	1,992
200 Employee Benefits	51,185	26,065	25,120
300 Purchased Services	2,160	-	2,160
145 Homebound:			
100 Salaries	30,000	40,703	(10,703)
200 Employee Benefits	6,000	9,965	(3,965)
300 Purchased Services	12,600	16,725	(4,125)
148 Gifted and Talented - Artistic:			
100 Salaries	-	90	(90)
200 Employee Benefits	-	24	(24)
300 Purchased Services	-	3,885	(3,885)
400 Supplies and Materials	-	8,008	(8,008)
149 Other Special Programs:			
200 Employee Benefits	-	2,105	(2,105)
400 Supplies and Materials	50,000	-	50,000
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	67,285	65,693	1,592
200 Employee Benefits	\$ 40,155	30,038	\$ 10,117

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	\$ 1,166	1,052	\$ 114
185 Vocational Adult Education Programs:			
100 Salaries	55,891	55,651	240
200 Employee Benefits	23,617	21,873	1,744
188 Parenting/Family Literacy:			
100 Salaries	26,453	47,868	(21,415)
140 Terminal Leave	-	650	(650)
200 Employee Benefits	10,723	24,215	(13,492)
Total Instruction	<u>26,907,699</u>	<u>26,850,112</u>	<u>57,587</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	223,561	223,561	-
200 Employee Benefits	103,804	79,176	24,628
300 Purchased Services	4,220	17,566	(13,346)
400 Supplies and Materials	4,500	4,911	(411)
212 Guidance Services:			
100 Salaries	945,206	952,518	(7,312)
140 Terminal Leave	-	1,700	(1,700)
200 Employee Benefits	325,252	319,613	5,639
213 Health Services:			
100 Salaries	206,326	192,381	13,945
140 Terminal Leave	-	425	(425)
200 Employee Benefits	76,796	74,551	2,245
300 Purchased Services	14,678	11,249	3,429
400 Supplies and Materials	4,130	8,323	(4,193)
600 Other Objects	182	-	182
214 Psychological Services:			
100 Salaries	65,635	54,462	11,173
200 Employee Benefits	22,290	17,705	4,585
300 Purchased Services	1,800	6,326	(4,526)
400 Supplies and Materials	\$ 2,657	1,635	\$ 1,022

(Continued)



GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	\$ 901,300	849,215	\$ 52,085
140 Terminal Leave	-	14,221	(14,221)
200 Employee Benefits	308,874	284,906	23,968
300 Purchased Services	35,696	35,933	(237)
400 Supplies and Materials	9,213	9,734	(521)
600 Other Objects	1,986	824	1,162
222 Library and Media Services:			
100 Salaries	696,318	664,006	32,312
200 Employee Benefits	258,892	245,952	12,940
400 Supplies and Materials	72,157	69,780	2,377
223 Supervision of Special Programs:			
100 Salaries	59,407	130,713	(71,306)
140 Terminal Leave	-	267	(267)
200 Employee Benefits	28,704	61,188	(32,484)
300 Purchased Services	-	2,085	(2,085)
400 Supplies and Materials	2,187	4,368	(2,181)
600 Other Objects	194	137	57
224 Improvement of Instruction-Inservice and Staff Training:			
200 Employee Benefits	-	(25)	25
300 Purchased Services	35,695	36,223	(528)
400 Supplies and Materials	-	2,986	(2,986)
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	48,458	48,457	1
200 Employee Benefits	477,964	22,304	455,660
300 Purchased Services	81,245	56,399	24,846
318 Audit Services	40,900	44,000	(3,100)
400 Supplies and Materials	842	493	349
600 Other Objects	249,240	219,837	29,403
232 Office of Superintendent:			
100 Salaries	236,587	235,679	908
200 Employee Benefits	61,729	60,714	1,015
300 Purchased Services	11,851	8,459	3,392
400 Supplies and Materials	2,950	4,012	(1,062)
600 Other Objects	6,480	11,235	(4,755)
233 School Administration:			
100 Salaries	3,075,502	3,108,553	(33,051)
140 Terminal Leave	-	23,244	(23,244)
200 Employee Benefits	1,139,197	1,104,762	34,435
300 Purchased Services	25,737	25,499	238
400 Supplies and Materials	\$ 49,352	39,364	\$ 9,988

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	\$ 451,402	450,622	\$ 780
140 Terminal Leave	-	13,921	(13,921)
200 Employee Benefits	170,475	164,557	5,918
300 Purchased Services	9,024	16,079	(7,055)
400 Supplies and Materials	5,154	7,112	(1,958)
600 Other Objects	648	70	578
253 Facilities Acquisition and Construction:			
300 Purchased Services	-	41,132	(41,132)
254 Operation and Maintenance of Plant:			
100 Salaries	573,686	523,158	50,528
140 Terminal Leave	-	7,720	(7,720)
200 Employee Benefits	178,636	176,005	2,631
300 Purchased Services	2,009,438	2,092,169	(82,731)
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	240,000	234,003	5,997
400 Supplies and Materials	292,608	280,251	12,357
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,719,503	1,890,586	(171,083)
500 Capital Outlay	12,644	35,021	(22,377)
600 Other Objects	69,582	29,790	39,792
255 Student Transportation (State Mandated):			
100 Salaries	1,238,569	1,113,659	124,910
140 Terminal Leave	-	788	(788)
200 Employee Benefits	478,649	341,903	136,746
300 Purchased Services	42,296	23,928	18,368
400 Supplies and Materials	5,550	10,292	(4,742)
500 Capital Outlay	-	5,819	(5,819)
256 Food Service:			
200 Employee Benefits	390,000	534,779	(144,779)
257 Internal Services:			
100 Salaries	-	129,300	(129,300)
200 Employee Benefits	15,000	9,896	5,104
300 Purchased Services	157,137	90,118	67,019
400 Supplies and Materials	23,400	23,679	(279)
600 Other Objects	139,891	22,439	117,452
258 Security:			
300 Purchased Services	325,600	341,730	(16,130)
260 Central Support Services:			
264 Staff Services:			
100 Salaries	232,476	247,667	(15,191)
140 Terminal Leave	-	172	(172)
200 Employee Benefits	80,560	90,087	(9,527)
300 Purchased Services	38,280	28,386	9,894
400 Supplies and Materials	3,237	2,488	749
600 Other Objects	\$ 5,767	6,378	\$ (611)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
266 Technology and Data Processing Services:			
100 Salaries	\$ 376,612	385,455	\$ (8,843)
140 Terminal Leave	-	820	(820)
200 Employee Benefits	138,240	135,341	2,899
300 Purchased Services	142,755	136,655	6,100
400 Supplies and Materials	15,170	5,636	9,534
500 Capital Outlay	737,170	1,105,487	(368,317)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	374,996	410,021	(35,025)
200 Employee Benefits (Optional)	61,370	94,783	(33,413)
300 Purchased Services (Optional)	40,000	44,399	(4,399)
400 Supplies and Materials (Optional)	-	791	(791)
660 Pupil Activity	42,600	48,600	(6,000)
Total Support Services	<u>20,757,819</u>	<u>20,745,318</u>	<u>12,501</u>
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	1,000	-	1,000
390 Other Community Services:			
100 Salaries	-	169	(169)
200 Employee Benefits	-	41	(41)
300 Purchased Services	5,000	4,093	907
600 Other Objects	4,000	5,496	(1,496)
Total Community Services	<u>10,000</u>	<u>9,799</u>	<u>201</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	216,498	(216,498)
412 Payments to Other Governmental Units			
720 Transits	48,100	42,680	5,420
Total Intergovernmental Expenditures	<u>48,100</u>	<u>259,178</u>	<u>(211,078)</u>
500 Debt Service:			
610 Principal	-	11,634	(11,634)
Total Debt Service	<u>-</u>	<u>11,634</u>	<u>(11,634)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 47,723,618</u></b>	<b><u>47,876,041</u></b>	<b><u>\$ (152,423)</u></b>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2015

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
5300 Sale of Capital Assets	\$ -	1,400	\$ 1,400
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	1,136,730	1,208,492	71,762
5280 Transfer from Other Funds Indirect Costs	282,666	239,340	(43,326)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,419,396</u>	<u>1,449,232</u>	<u>29,836</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(434,433)</b>	<b>1,483,105</b>	<b>1,917,538</b>
FUND BALANCE, Beginning of Year	<u>12,132,822</u>	<u>12,132,822</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 11,698,389</u></b>	<b><u>13,615,927</u></b>	<b><u>\$ 1,917,538</u></b>

**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, 2015**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
<b>REVENUES</b>		
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	-	-
1950 Refund of Prior Year's Expenditures	-	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue:		
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)	-	-
3135 Reading Coaches	-	-
3136 Student Health and Fitness - Nurses	-	-
3155 Adult Education Supplemental Program	-	-
3177 Summer Reading Camp	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement (Carryover Provision)	-	-
3610 K-5 Enhancement(Carryover Provision)	-	-
3630 K-12 Technology Initiative	-	-
Total Revenue from State Sources	<u>\$ -</u>	<u>-</u>

Schedule B-1

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	65	\$ 65
-	-	-	-	21,953	21,953
-	-	-	-	667,822	667,822
-	-	-	-	698	698
-	-	-	-	225,200	225,200
-	-	-	-	915,738	915,738
-	-	-	-	32,523	32,523
-	-	-	-	32,523	32,523
-	-	-	127,155	-	127,155
-	-	-	44,676	-	44,676
-	-	-	86,656	-	86,656
-	-	-	350,404	-	350,404
-	-	-	269,622	-	269,622
-	-	-	15,237	-	15,237
-	-	-	42,161	-	42,161
-	-	-	4,316	-	4,316
-	-	-	7,154	-	7,154
-	-	-	159,044	-	159,044
-	-	-	254,097	-	254,097
-	-	-	1,360,522	-	\$ 1,360,522

(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, 2015**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
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)	1,774,476	-
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	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,320,776
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,774,476</u>	<u>1,320,776</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>1,774,476</u></b>	<b><u>1,320,776</u></b>

**EXPENDITURES**

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	292,307	-
200 Employee Benefits	66,860	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ 290,375	-



Schedule B-1

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	107,843	-	-	-	\$ 107,843
-	-	-	-	16,941	1,791,417
-	-	-	-	127,880	127,880
-	-	-	-	341,808	341,808
-	-	-	-	45,019	45,019
-	-	-	-	299,916	299,916
-	-	73,329	-	-	73,329
-	-	-	-	-	1,320,776
50,731	-	-	-	-	50,731
-	-	-	-	121,016	121,016
<u>50,731</u>	<u>107,843</u>	<u>73,329</u>	<u>-</u>	<u>952,580</u>	<u>4,279,735</u>
<b>50,731</b>	<b>107,843</b>	<b>73,329</b>	<b>1,360,522</b>	<b>1,900,841</b>	<b>6,588,518</b>
-	-	-	-	4,860	4,860
-	-	-	3,061	6,660	9,721
-	-	-	103,651	65,723	461,681
-	-	-	34,621	25,426	126,907
-	-	-	-	5,760	5,760
-	-	-	3,757	9,824	\$ 303,956

(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, 2015**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
113 Elementary Programs:		
100 Salaries	\$ 249,315	-
200 Employee Benefits	64,279	-
400 Supplies and Materials	77,271	-
114 High School Programs:		
100 Salaries	-	-
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	-	205,728
200 Employee Benefits	-	86,959
300 Purchased Services	-	-
400 Supplies and Materials	-	-
122 Trainable Mentally Handicapped:		
100 Salaries	-	43,896
200 Employee Benefits	-	18,781
300 Purchased Services	-	-
400 Supplies and Materials	-	-
123 Orthopedically Handicapped:		
400 Supplies and Materials	-	-
126 Speech Handicapped:		
100 Salaries	-	202,864
200 Employee Benefits	-	75,024
300 Purchased Services	-	-
400 Supplies and Materials	-	-
127 Learning Disabilities:		
100 Salaries	-	168,073
200 Employee Benefits	-	88,750
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Schedule B-1

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	31,269	92,174	\$ 372,758
-	-	-	13,407	28,457	106,143
-	-	-	10,215	39,886	127,372
-	-	-	-	123,246	123,246
-	-	-	-	373,105	373,105
-	44,600	-	-	-	44,600
-	11,122	-	-	-	11,122
-	11,057	-	-	-	11,057
-	7,859	-	-	21,573	29,432
-	18,296	-	-	-	18,296
-	-	-	-	6,110	211,838
-	-	-	-	1,581	88,540
-	-	-	-	4,379	4,379
-	-	-	-	922	922
-	-	-	-	-	43,896
-	-	-	-	-	18,781
-	-	-	-	3,187	3,187
-	-	-	-	7,403	7,403
-	-	-	-	2,901	2,901
-	-	-	-	-	202,864
-	-	-	-	-	75,024
-	-	-	-	5,141	5,141
-	-	-	-	328	328
-	-	-	-	37,427	205,500
-	-	-	-	9,243	97,993
-	-	-	-	2,815	2,815
-	-	-	-	207	\$ 207

(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, 2015**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
130 Pre-School Programs:		
136 Pre-School Handicapped Itinerant (3 & 4-Yr. Olds):		
400 Supplies and Materials	\$ -	-
139 Early Childhood Programs:		
100 Salaries	112,600	-
200 Employee Benefits	40,440	-
140 Special Programs:		
147 CDEPP:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
149 Other Special Programs		
100 Salaries	-	10,246
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	19,436
200 Employee Benefits	-	9,003
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
172 Elementary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
173 High School Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	9,300	-
200 Employee Benefits	2,284	-
300 Purchased Services	\$ 920	-

Schedule B-1

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	493	\$ 493
34,560	-	-	-	16,521	163,681
14,818	-	-	-	7,200	62,458
-	-	-	40,592	-	40,592
-	-	-	9,248	-	9,248
-	-	-	36,816	-	36,816
-	-	-	-	-	10,246
-	-	-	-	-	19,436
-	-	-	-	-	9,003
-	-	-	20,418	-	20,418
-	-	-	4,993	-	4,993
-	-	-	4,866	-	4,866
-	-	-	-	7,581	7,581
-	-	-	-	1,898	1,898
-	-	-	11,883	-	11,883
-	-	-	-	3,650	3,650
-	-	-	-	914	914
-	-	-	-	-	9,300
-	-	-	-	-	2,284
-	-	-	-	-	\$ 920

(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, 2015**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
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	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
188 Parenting/Family Literacy:		
100 Salaries	67,000	-
200 Employee Benefits	20,065	-
300 Purchased Services	-	-
400 Supplies and Materials	10,490	-
Total Instruction	<u>1,303,506</u>	<u>928,760</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	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
214 Psychological Services:		
100 Salaries	-	187,521
200 Employee Benefits	-	62,814
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Schedule B-1

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	28,220	7,200	-	\$ 35,420
-	-	6,924	1,823	-	8,747
-	-	2,025	-	-	2,025
-	-	7,000	1,167	-	8,167
-	-	1,240	-	-	1,240
-	-	17,704	-	-	17,704
-	-	4,391	-	-	4,391
-	-	4,000	-	-	4,000
-	-	1,000	-	-	1,000
-	-	-	-	20,045	87,045
-	-	-	-	7,788	27,853
-	-	-	-	2,276	2,276
-	-	-	-	4,528	15,018
<b>49,378</b>	<b>92,934</b>	<b>72,504</b>	<b>338,987</b>	<b>951,232</b>	<b>3,737,301</b>
-	-	-	-	35,411	35,411
-	-	-	-	12,837	12,837
-	-	-	93,482	-	93,482
-	-	-	33,673	-	33,673
-	7,909	-	-	-	7,909
-	-	-	199,481	188,535	388,016
-	-	-	70,141	80,338	150,479
-	-	-	-	2,198	2,198
-	-	-	-	23,370	23,370
-	-	-	-	1,050	188,571
-	-	-	-	260	63,074
-	-	-	-	37,803	37,803
-	-	-	-	16,157	\$ 16,157

(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, 2015**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	\$ 59,636	-
200 Employee Benefits	25,410	-
300 Purchased Services	8,100	-
400 Supplies and Materials	-	-
222 Library and Media:		
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	124,737	80,032
200 Employee Benefits	37,323	26,145
300 Purchased Services	6,513	-
400 Supplies and Materials	6,454	-
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	147,190	-
400 Supplies and Materials	5,275	-
230 General Administration Services:		
233 School Administration:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	1,482	-
200 Employee Benefits	323	-
300 Purchased Services	3,365	-
254 Operation and Maintenance of Plant:		
400 Supplies and Materials	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	\$ -	-



Schedule B-1

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	256,552	44,448	\$ 360,636
-	-	-	95,328	15,594	136,332
-	-	-	-	21,283	29,383
-	-	-	-	29,259	29,259
-	-	-	-	1,955	1,955
-	-	-	4,000	35,315	244,084
-	-	-	1,000	12,904	77,372
-	-	825	47	7,732	15,117
-	-	-	-	37,216	43,670
-	-	-	-	48,803	48,803
-	-	-	-	15,630	15,630
-	7,000	-	8,674	100,942	263,806
-	-	-	744	4,000	10,019
-	-	-	-	3,000	3,000
-	-	-	-	11,850	11,850
-	-	-	-	-	1,482
-	-	-	-	-	323
-	-	-	-	-	3,365
-	-	-	-	2,011	2,011
-	-	-	-	4,899	4,899
-	-	-	-	1,302	1,302
-	-	-	-	10,645	10,645
-	-	-	-	2,242	2,242
-	-	-	-	1,331	\$ 1,331

(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, 2015**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
258 Security:		
400 Supplies and Materials	\$ -	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
300 Purchased Services (Optional)	-	-
400 Supplies and Materials (Optional)	-	-
Total Support Services	<u>425,808</u>	<u>356,512</u>
410 Intergovernmental Expenditures:		
412 Payments to Other Governmental Units		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,729,314</u></b>	<b><u>1,285,272</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund Transfers, From (To) Other Funds:		
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(45,162)	(35,504)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(45,162)</u>	<u>(35,504)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ -</u></b>	<b><u>-</u></b>

Schedule B-1

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	9,998	\$ 9,998
-	-	-	-	4,327	4,327
-	-	-	61,386	22,417	83,803
-	-	-	1,681	-	1,681
-	-	-	195,346	39,234	234,580
-	-	-	-	51,443	51,443
-	-	-	-	24,030	24,030
<b>-</b>	<b>14,909</b>	<b>825</b>	<b>1,021,535</b>	<b>961,769</b>	<b>2,781,358</b>
-	-	-	-	852	852
-	-	-	-	852	852
<b>49,378</b>	<b>107,843</b>	<b>73,329</b>	<b>1,360,522</b>	<b>1,913,853</b>	<b>6,519,511</b>
(1,353)	-	-	-	(21,682)	(103,701)
<b>(1,353)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,682)</b>	<b>(103,701)</b>
-	-	-	-	<b>(34,694)</b>	<b>(34,694)</b>
-	-	-	-	489,712	489,712
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455,018</b>	<b>\$ 455,018</b>

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2015

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OTHER DESIGNATED RESTRICTED STATE GRANTS

914	Digital Instructional Materials
918	Technology Professional Development
919	Education License Plates
924	Child Development Education Pilot Program (CDEPP)
926	Summer Reading Camp
928	EEDA Career Specialists
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
955	Adult Education Supplemental Program
960	K-5 Enhancement (Carryover Provision)
963	Technology Initiative
965	Digital Instructional Materials
967	6-8 Enhancement (Carryover Provision)

OTHER SPECIAL REVENUE PROGRAMS

221	Title I (Neglected and Delinquent)
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
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	USDA Forest Service Grant
850	E-Rate
852	Copy Center/Special Ed. Transition
854	Maintenance
899	School to Pay
981	First Steps Parent

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2015

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned
					Interfund Transfers In (Out)	Other Fund Transfers Sources (Uses)	
914	3620	Digital Instructional Materials	\$ -	-	-	-	\$ 97,592
918	3198	Technology Professional Development	-	-	-	-	32,517
919	3193	Education License Plates	4,316	4,316	-	-	-
924	3134	Child Development Education Pilot Program (CDEPP)	86,656	86,656	-	-	7,053
926	3177	Summer Reading Camp	42,161	42,161	-	-	29,071
928	3118	EEDA Career Specialists	127,155	127,155	-	-	-
935	3135	Reading Coaches	350,404	350,404	-	-	25,976
936	3136	Student Health and Fitness - Nurses	269,622	269,622	-	-	-
937	3127	Student Health and Fitness - PE Teachers	44,676	44,676	-	-	-
955	3155	Adult Education Supplemental Program	15,237	15,237	-	-	8,282
960	3610	K-5 Enhancement (Carryover Provision)	159,044	159,044	-	-	52,386
963	3630	K-12 Technology Initiative	254,097	254,097	-	-	31,762
965	3620	Digital Instructional Materials	-	-	-	-	32,189
967	3607	6-8 Enhancement (Carryover Provision)	7,154	7,154	-	-	14,995
<b>Totals</b>			<b>\$ 1,360,522</b>	<b>1,360,522</b>	<b>-</b>	<b>-</b>	<b>\$ 331,823</b>

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2015

	<u>ACTUAL</u>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3161 EAA Bus Driver Salary and Fringe	\$ 1,707
3500 Education Improvement Act:	
3502 ADEPT	10,575
3504 Level Data	9,549
3511 Professional Development	34,656
3518 Formative Assessment	28,295
3525 Career and Technology Education Equipment	63,505
3526 Refurbishment of K-8 Science Kits	22,174
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	447,869
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	695,248
3541 CDEPP (Child Development Education Pilot Program)	596,953
3550 Teacher Salary Increase (No Carryover Provision)	1,030,252
3555 School Employer Contributions (No Carryover Provision)	178,240
3556 Adult Education	143,303
3558 Reading	23,343
3577 Teacher Supplies (No Carryover Provision)	115,250
3578 High Schools That Work/Making Middle Grades Work	29,223
3592 Work-Based Learning	22,304
3597 Aid to Districts	305,631
3599 Other EIA	15,118
Total Revenue from State Sources	<u>3,774,272</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>3,774,272</b></u>
<b>EXPENDITURES</b>	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	135,517
200 Employee Benefits	54,571
400 Supplies and Materials	4,753
112 Primary Programs:	
100 Salaries	359,947
200 Employee Benefits	121,144
400 Supplies and Materials	\$ 45,252

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2015

	<u>ACTUAL</u>
113 Elementary Programs:	
100 Salaries	\$ 325,717
200 Employee Benefits	115,800
400 Supplies and Materials	51,845
114 High School Programs:	
100 Salaries	87,500
200 Employee Benefits	21,379
400 Supplies and Materials	22,600
115 Career and Technology Education Program:	
100 Salaries	7,500
200 Employee Benefits	1,781
400 Supplies and Materials	4,250
500 Capital Outlay	63,505
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	22,500
200 Employee Benefits	5,480
400 Supplies and Materials	5,250
122 Trainable Mentally Handicapped:	
100 Salaries	52,948
200 Employee Benefits	22,471
126 Speech Handicapped:	
100 Salaries	46,982
200 Employee Benefits	17,899
400 Supplies and Materials	2,500
127 Learning Disabilities:	
400 Supplies and Materials	5,250
130 Pre-School Programs:	
137 Preschool Handicapped Self-Contained (3- and 4- Yr. Olds):	
100 Salaries	28,513
200 Employee Benefits	12,867
139 Early Childhood Programs:	
400 Supplies and Materials	2,250
140 Special Programs:	
147 CDEPP:	
100 Salaries	401,862
200 Employee Benefits	181,297
300 Purchased Services	193
400 Supplies and Materials	13,602
Total Instruction	<u>\$ 2,244,925</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2015

	<u>ACTUAL</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	\$ 5,000
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	22,304
300 Purchased Services	28,295
400 Supplies and Materials	13,205
222 Library and Media:	
100 Salaries	7,500
200 Employee Benefits	1,826
400 Supplies and Materials	3,000
223 Supervision of Special Programs:	
100 Salaries	117,026
200 Employee Benefits	41,377
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	36,302
200 Employee Benefits	8,925
300 Purchased Services	24,839
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	1,707
260 Central Support Services:	
266 Technology and Data Processing Services:	
400 Supplies and Materials	9,549
Total Support Services	<u>320,855</u>
<b>TOTAL EXPENDITURES</b>	<b><u>2,565,780</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	181,679
420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,208,492)
422-710 Transfer to EIA Fund	(181,679)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,208,492)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>
FUND BALANCE, Beginning of Year	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ -</u></b>



EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2015

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3100 Restricted State Funding:					
3161 EAA Bus Driver Salary and Fringe	\$ 1,707	1,707	-	-	\$ -
3500 Education Improvement Act:					
3502 ADEPT	10,575	10,575	-	-	-
3504 Level Data	9,549	9,549	-	-	1,928
3505 Technology Support	-	-	-	-	10,000
3511 Professional Development	34,656	34,656	-	-	2,069
3518 Formative Assessment	28,295	28,295	-	-	7,122
3525 Career and Technology Education Equipment	63,505	63,505	-	-	17,779
3526 Refurbishment of K-8 Science Kits	22,174	22,174	-	-	2,060
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	447,869	447,869	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3538 EAA Principal Leader (No Carryover Provision)	695,248	695,248	-	-	-
3541 Child Development Education Pilot Program (CDEPP)	596,953	596,953	-	-	77,927
3550 Teacher Salary Increase (No Carryover Provision)	1,030,252	-	-	(1,030,252)	-
3555 School Employer Contributions (No Carryover Provision)	178,240	-	-	(178,240)	-
3556 Adult Education	143,303	143,303	-	-	1,186
3558 Reading	23,343	23,343	-	-	3,475
3577 Teacher Supplies (No Carryover Provision)	115,250	115,250	-	-	-
3578 High Schools That Work	29,223	29,223	-	-	23,955
3592 Work-Based Learning	22,304	22,304	-	-	-
3595 EEDA-Supplies and Materials - Career Awareness	-	-	-	-	10,733
3597 Aid to Districts	305,631	305,631	-	-	-
3598 Cost Savings Allocations	-	-	-	-	12,748
3599 Other EIA	15,118	15,118	-	-	171,921
<b>Totals</b>	<b>\$ 3,774,272</b>	<b>2,565,780</b>	<b>-</b>	<b>(1,208,492)</b>	<b>\$ 342,903</b>

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

YEAR ENDED JUNE 30, 2015

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<u>Program</u>	<u>Project/Grant Number</u>	<u>Revenue &amp; 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>
Improving Teacher Quality	15-TQ064	4351	Reimbursement	\$ 954	Paid after year end

## **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, 2015

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 6,328,653
1140 Penalties & Interest on Taxes (Independent)	337,982
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	616,360
1500 Earnings on Investments:	
1510 Interest on Investments	2,289
Total Revenue from Local Sources	<u>7,285,284</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	404,976
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	53,301
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	46,021
Total Revenue from State Sources	<u>514,653</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>7,799,937</b></u>
<b>EXPENDITURES</b>	
500 Debt Service:	
620 Interest	31,793
690 Other Objects (Includes Fees for Servicing Bonds)	43,109
Total Debt Service	<u>74,902</u>
<b>TOTAL EXPENDITURES</b>	<u><b>74,902</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(3,894,010)
424-710 Transfer to Capital Projects Fund - District	(3,439,990)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,334,000)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>391,035</b>
FUND BALANCE, Beginning of Year	<u>(433,133)</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ (42,098)</b></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, 2015**

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 343,554
Total Revenue from Local Sources	<u>343,554</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>343,554</b></u>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	2,055,000
620 Interest	2,147,800
630 Discounts on Bonds Sold	238,296
690 Other Objects (Includes Fees for Servicing Bonds)	502,599
Total Debt Service	<u>4,943,695</u>
<b>TOTAL EXPENDITURES</b>	<u><b>4,943,695</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
5110 Premium on Bonds Sold	9,210,663
5130 Proceeds of Refunding Debt	61,185,000
441-720 Payment to Refunded Debt Escrow Agent	(69,654,768)
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	3,894,010
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,634,905</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>34,764</b>
FUND BALANCE, Beginning of Year	<u>7,951,891</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 7,986,655</b></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.

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**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, 2015**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 12,411
Total Revenue from Local Sources	<u>12,411</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>12,411</b></u>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	310,679
400 Supplies and Materials	182,522
500 Capital Outlay:	
520 Construction Services	1,521,828
530 Improvements Other Than Buildings	681,733
540 Equipment	86,827
600 Other Objects:	
690 Other Objects	1,610
Total Support Services	<u>2,785,199</u>
<b>TOTAL EXPENDITURES</b>	<u><b>2,785,199</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund - District	3,439,990
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,439,990</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>667,202</b>
FUND BALANCE, Beginning of Year	<u>5,864,233</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 6,531,435</b></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, 2015**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 269
1600 Food Service:	
1610 Lunch Sales to Pupils	520,376
1620 Breakfast Sales to Pupils	2
1630 Special Sales to Pupils	227,937
1640 Lunch Sales to Adults	96,014
1650 Breakfast Sales to Adults	4,696
1660 Special Sales to Adults	25,079
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	35,371
Total Revenue from Local Sources	909,744
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	278
Total Revenue from State Sources	278
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	2,032,756
4830 School Breakfast Program	1,045,490
4860 Fresh Fruit and Vegetable Program (FFVP) (Carryover Provision)	48,934
4870 School Food Service (Equipment)	10,000
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	225,100
Total Revenue from Federal Sources	3,362,280
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 4,272,302</b>

(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, 2015**

	<u><b>ACTUAL</b></u>
<b>EXPENDITURES</b>	
256 Food Service:	
100 Salaries	\$ 1,509,459
140 Terminal Leave	2,063
200 Employee Benefits	209,009
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	57,329
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	2,170,871
500 Capital Outlay	453,639
600 Other Objects	30,645
Total Food Service Expenditures	<u>4,433,015</u>
<b>TOTAL EXPENDITURES</b>	<u><b>4,433,015</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(135,639)
TOTAL OTHER FINANCING SOURCES (USES)	<u><b>(135,639)</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(296,352)</b>
FUND BALANCE, Beginning of Year	<u>2,080,593</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 1,784,241</b></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, 2015**

	<u><b>ACTUAL</b></u>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,769
1700 Pupil Activities:	
1710 Admissions	251,223
1720 Bookstore Sales	12,514
1730 Pupil Organization Membership Dues and Fees	14,298
1740 Student Fees	191,489
1790 Other	232,309
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	56,075
1999 Revenue from Other Local Sources	1,505,660
Total Receipts from Local Sources	<u>2,266,337</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<u><b>2,266,337</b></u>
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity:	
500 Capital Outlay (Optional)	799
600 Other Objects (Optional)	658,978
Total Instruction	<u>659,777</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
660 Pupil Activity	1,558,279
Total Pupil Activity Expenditures	<u>1,558,279</u>
<b>TOTAL DISBURSEMENTS</b>	<u><b>2,218,056</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>48,281</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>696,614</u>
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<u><b>\$ 744,895</b></u>



PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2015

	<u>BALANCE - BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE - END OF YEAR</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 696,614	48,281	-	\$ 744,895
<b>TOTAL ASSETS</b>	<u><u>\$ 696,614</u></u>	<u><u>48,281</u></u>	<u><u>-</u></u>	<u><u>\$ 744,895</u></u>
<b>LIABILITIES</b>				
Due to Student Organizations	\$ 696,614	48,281	-	\$ 744,895
<b>TOTAL LIABILITIES</b>	<u><u>\$ 696,614</u></u>	<u><u>48,281</u></u>	<u><u>-</u></u>	<u><u>\$ 744,895</u></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, 2015

<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	\$ 3,958,306
40	Gallman Elementary	Elementary	School	3,868,925
15	Little Mountain	Elementary	School	3,138,017
07	Newberry Elementary	Elementary	School	3,226,456
14	Pomaria-Garmany	Elementary	School	2,822,921
11	Prosperity-Rikard	Elementary	School	3,023,155
08	Reuben Elementary	Elementary	School	1,534,516
17	Mid-Carolina Middle	Middle	School	4,373,495
30	Newberry Middle	Middle	School	5,004,175
16	Mid-Carolina High	High School	School	5,436,856
02	Newberry High	High School	School	6,711,142
04	Newberry Alternative School	Alternative School	School	773,214
26	Adult Education	Adult Education	School	143,141
20	Newberry Career Center	Vocational School	School	3,676,672
09	Whitmire Community School	K-12 School	School	4,295,057
00/01/10/11	District Office	Non-school	Central	19,430,151
<b>TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS</b>				<b>\$ 71,416,199</b>

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

General Fund	\$ 47,876,041
Special Revenue Fund	6,519,511
Special Revenue Fund - EIA Fund	2,565,780
Special Revenue Fund - Food Service	4,433,015
Debt Service - District Fund	74,902
Debt Service - NICE Fund	4,943,695
Capital Projects - District Fund	2,785,199
Pupil Activity Fund	2,218,056
<b>TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS</b>	<b>\$ 71,416,199</b>

## 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.

<b>Contents</b>	<b>Page</b>
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>	127
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>	131
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>	135
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>	139
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>	141

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 55,612,409	55,805,574	56,311,926	54,543,987	52,373,186	50,705,535	49,419,826	49,626,844	51,822,272.00	\$ 50,753,158
Restricted	3,977,793	4,017,103	3,838,812	4,506,065	5,833,225	7,167,992	7,836,273	7,345,835	3,839,204.00	3,273,223
Unrestricted	4,935,783	6,879,098	8,918,028	8,022,018	9,181,608	10,063,835	10,980,906	12,612,115	12,527,607.00	(49,889,417)
Total Governmental Activities and Primary Government Net Position	\$ 61,100,146	64,525,985	66,701,775	69,068,766	67,072,070	67,388,019	67,937,362	68,237,005	69,584,794	\$ 4,136,964

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											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
<b>Expenses</b>												
Governmental Activities:												
Instruction	\$ 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	\$ 36,327,569		
Support Services	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	29,708,242		
Community Services	11,127	4,409	12,530	4,920	5,456	7,017	5,640	4,275	6,179	9,799		
Interest on Long-Term Obligations	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	5,707,410		
Total governmental Activities and Primary Government Expenses	\$ 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	\$ 71,753,020		
<b>Program Revenues</b>												
Governmental Activities:												
Charges for Services:												
Instruction	\$ 26,757	21,939	10,881	33,317	23,320	23,906	8,647	8,600	9,162	\$ 9,697		
Support	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	1,514,283		
Operating Grants and Contributions	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	33,619,165		
Capital Grants and Contributions	-	22,022	16,724	-	7,700	344,024	279,318	-	-	-		
Total governmental Activities and Primary Government Expenses	\$ 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	\$ 35,143,145		
<b>Net (Expense)/Revenue</b>												
Total Governmental Activities and Primary Government Net (Expense)/Revenue	\$ 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	\$ 36,609,875		
<b>General Revenues and Other Changes in Net Position</b>												
Governmental Activities:												
Taxes by Source:												
Property Tax - General Operations	\$ 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	\$ 17,838,525		
Property Tax - Debt Service	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	7,276,232		
Other Taxes	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	9,637,032		
Unrestricted Grants and Contributions	20,553	36,682	38,094	94,706	47,777	18,758	28,802	25,722	22,006	17,122		
Intergovernmental Revenue	52,296	51,800	51,800	50,147	43,563	36,129	57,586	36,495	35,886	32,523		
Unrestricted Investment Earnings	2,692,523	3,577,754	2,760,326	1,495,310	792,864	483,487	402,498	386,827	365,283	381,585		
Miscellaneous	380,191	381,204	628,343	551,938	498,613	530,235	421,299	499,654	486,474	332,641		
Gain on disposal of Capital Assets	-	-	-	-	-	-	-	-	-	14,120		
Total Governmental Activities and Primary Government	\$ 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	\$ 35,529,780		
<b>Change in Net Position:</b>												
Total Governmental Activities and Primary Government	\$ 1,331,944	2,175,790	236,699	(1,996,696)	315,949	549,343	299,643	1,347,789	(1,395,711)	\$ (1,080,095)		

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 3

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006 (2)	2007 (3)	2008 (3)	2009 (3)	2010 (3)	2011 (1)	2012	2013 (4)	2014	2015
General Fund										
Pre-GASB 54 (1)										
Reserved	\$ 3,070	8,644	15,795	9,330	17,226	-	-	-	-	\$ -
Unreserved	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	24,695
Assigned	-	-	-	-	-	1,252,813	640,754	639,793	434,434	-
Unassigned	-	-	-	-	-	8,720,664	10,196,988	11,211,103	11,696,230	13,591,232
Total General Fund	\$ 4,185,441	6,187,819	8,595,787	8,014,948	9,020,683	-	10,845,201	11,895,477	12,132,822	\$ 13,615,927
All Other Governmental Funds										
Pre-GASB 54 (1)										
Reserved	\$ 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	44,220	57,255
Restricted	-	-	-	-	-	20,433,355	22,770,992	18,950,554	15,851,196	16,258,111
Assigned	-	-	-	-	-	-	-	707,560	481,747	446,968
Unassigned	-	-	-	-	-	-	-	(590)	(433,133)	(47,083)
Total all other governmental funds	\$ 81,241,234	66,861,453	42,217,492	24,106,936	19,467,370	20,484,584	22,816,418	19,709,378	15,944,030	\$ 16,715,251

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.

Table 4

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 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	\$ 17,874,820
Property Tax - Debt Service	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	7,282,995
Investment Earnings	2,692,524	3,577,754	2,760,325	1,495,309	792,868	483,486	402,498	386,828	365,285	381,584
Other Local Sources	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	1,871,063
State Sources	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	35,615,908
Federal Sources	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	7,642,015
Intergovernmental Revenue	51,246	51,800	51,800	50,147	43,563	36,129	37,436	36,495	39,185	32,523
Total Revenues	\$ 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	\$ 70,700,908
<b>Expenditures</b>										
Current:										
Instruction	\$ 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	\$ 32,749,297
Support Services	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	26,939,481
Community Services	11,127	4,409	12,530	4,920	5,456	7,017	5,640	4,275	6,179	9,799
Intergovernmental	172,211	204,441	202,955	244,468	376,487	248,873	255,271	260,720	263,293	260,030
Capital Outlay	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	4,209,306
Debt Service:										
Principal	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	2,066,634
Interest and Fiscal Changes	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	2,417,890
Bond Issuance Costs	1,210,665	--	--	--	--	--	133,989	58,731	79,393	545,707
Total Expenditures	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	69,198,144
Excess of Revenues Over (Under) Expenditures	(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)	1,502,764
<b>Other Financing Sources (Uses)</b>										
Transfers In	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	8,781,832
Transfers Out	(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)	(8,781,831)
Premium on Bonds Sold	2,743,878	--	--	--	--	--	63,080	--	--	--
Issuance of General Obligation Bonds	--	--	--	--	--	--	7,620,000	--	--	1,704,000
Issuance of NICE Bonds	84,725,000	--	--	--	--	--	--	--	--	1,400
Sale of Capital Assets	100	--	20,000	5,625	2,801	5,200	265,652	--	--	--
Total Other Financing Sources (Uses)	87,468,978	--	20,000	5,625	2,801	5,200	7,948,732	--	--	1,705,401
Net Change in Fund Balances	\$ 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)	\$ 3,208,165
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	4,878,289	\$ 2,873,450
Debt Service as a Percentage of Noncapital Expenditures	15.7%	9.8%	8.1%	9.1%	11.2%	10.1%	17.7%	10.6%	8.8%	6.8%

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 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 Property					
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%	
2015	\$ 50,851,120	39,904,030	90,755,150	14,741,880	30,000,890	44,742,770	135,497,920	239.8	\$ 2,386,730,391	5.7%	

Source: Newberry County Auditor

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 Service Millage	Total Millage	Operating Millage	Debt Service Millage	Total Millage	Other Governments	
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
2015	186.8	53.0	239.8	125.5	9.1	134.6	90.4	464.8

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	2015			2006		
	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)	\$ 5,978,212	1	4.4%	\$ 3,026,633	1	3.1%
F G Wilson USA LLC	3,382,863	2	2.5%	1,085,910	8	1.1%
Newberry Electric Coop., Inc.	3,275,850	3	2.4%	2,120,820	3	2.2%
Georgia Pacific Wood Products LLC	2,833,930	4	2.1%	837,030	10	0.9%
South Carolina Electric & Gas Co.	1,941,840	5	1.4%	1,723,090	5	1.8%
Kiswire	1,861,096	6	1.4%	904,046	9	0.9%
Duke Energy Corporation	1,860,440	7	1.4%	1,803,580	4	1.9%
International Paper Corp.	1,177,330	8	0.9%	-		0.0%
BellSouth Telecomm, Inc	1,037,590	9	0.8%	1,700,680	6	1.8%
Pioneer Frozen Foods SC Inc.	1,029,404	10	0.8%	2,259,319	2	2.3%
Federal Paper Board Co. Inc.	-			1,420,942	7	1.5%
Totals	<u>\$ 24,378,555</u>		<u>18.0%</u>	<u>\$ 16,882,050</u>		<u>17.5%</u>

Source: Newberry County Auditor

(1) Total assessed valuation for 2015: \$135,497,920

(2) Total assessed valuation for 2006: \$96,390,989

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		Adjustments to Original Tax		Adjusted Tax		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
	Levy for Fiscal Year	Levy for Fiscal Year	Levy for Fiscal Year	Levy for Fiscal Year	Levy for Fiscal Year	Amount	Percentage of Levy	Amount	Years	Amount	Percentage of Levy	
2006	\$ 20,744,068	1,940,622	1,940,622	22,684,690	21,699,508	95.7%	21,699,508	984,092	\$ 22,683,600	100.0%		
2007	21,974,557	2,044,374	2,044,374	24,018,931	23,198,347	96.6%	23,198,347	818,321	24,016,668	100.0%		
2008	25,726,029	2,101,297	2,101,297	27,827,326	27,096,074	97.4%	27,096,074	704,142	27,800,216	99.9%		
2009	30,322,516	1,458,868	1,458,868	31,781,384	31,321,511	98.5%	31,321,511	111,620	31,433,131	98.9%		
2010	31,377,705	2,526,665	2,526,665	33,904,370	32,805,047	96.7%	32,805,047	327,871	33,132,918	97.7%		
2011	27,037,457	1,478,193	1,478,193	28,515,650	27,443,004	96.2%	27,443,004	1,110,374	28,553,378	100.1%		
2012	29,393,870	2,168,293	2,168,293	31,562,163	29,631,846	94.0%	29,631,846	1,021,394	30,653,240	97.1%		
2013	29,624,855	2,429,277	2,429,277	32,054,132	30,686,499	96.0%	30,686,499	104,155	30,790,654	96.1%		
2014	32,403,449	184,058	184,058	32,219,391	30,594,831	95.0%	30,594,831	1,132,020	31,726,851	98.5%		
2015	\$ 35,004,947	816,754	816,754	34,188,191	32,860,813	94.0%	32,860,813	N/A	\$ 32,860,813	96.1%		

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			
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	7.5%	2,183
2013	1,815,000	76,630,000	23,268	78,468,268	7.2%	2,098
2014	1,775,000	74,775,000	11,634	76,561,634	7.0%	2,037
2015	\$ 1,704,000	69,140,000		\$ 70,844,000	6.4%	\$ 1,888

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

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
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	1,775,000	(433,133)	2,208,133	0.1%	59
2015	\$ 1,704,000	(42,098)	\$ 1,746,098	0.1%	46

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, 2015

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	\$ 250,000	100.0%	\$ 250,000
2007A County General Obligation Bond	339,415	100.0%	339,415
2010A County General Obligation Bond	157,062	100.0%	157,062
2010B County General Obligation Bond	295,382	100.0%	295,382
2013A County Spec Building	24,000	100.0%	24,000
Lease Purchase	\$ 780,000	100.0%	\$ 780,000
Subtotal, Overlapping Debt			1,845,859
School District of Newberry County - Direct Debt			9,444,332
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			<u>69,140,000</u>
Total Direct and Overlapping Debt			<u>\$ 80,430,191</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 7,769,124	8,758,609	8,760,000	9,533,577	8,990,002	9,534,721	9,727,288	9,863,846	10,839,834	\$ 10,839,834
Total Net Debt Applicable to Debt Limit	2,600,000	800,000	-	-	-	-	3,287,000	-	1,786,634	1,704,000
Legal Debt Margin	\$ 5,169,124	7,958,609	8,760,000	9,533,577	8,990,002	9,534,721	6,440,288	9,863,846	9,053,200	\$ 9,135,834
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	33.5%	9.1%	0.0%	0.0%	0.0%	0.0%	33.8%	17.5%	16.5%	15.7%

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 135,497,920
Debt Limit (8% of Total Assessed Value)	10,839,834
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	70,844,000
Less: Debt Service Fund Balance	(69,140,000)
Less: Debt Issued Through Referendum	1,704,000
Total Amount of Debt Applicable to Debt Limit	\$ 9,135,834
Legal Debt Margin	

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

<b>Fiscal Year Ended June 30</b>	<b>(1) Population</b>	<b>(1) Personal Income</b>	<b>(2) Per Capita Personal Income</b>	<b>(3) Median Age</b>	<b>(4) Education Level in Years of Formal Schooling</b>	<b>(5) School Enrollment</b>	<b>(6) Unemployment Rate</b>
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	37,395	1,088,194,500	29,100	39.9	12.9	5,595	10.5%
2012	37,587	1,101,299,100	29,300	39.9	12.9	5,621	9.6%
2013	37,521	1,099,365,300	29,300	39.9	12.9	5,717	8.1%
2014	37,783	1,107,041,900	29,300	39.9	12.9	5,846	5.5%
2015	37,783	\$ 1,107,041,900	\$ 29,300	39.9	13.1	5,888	6.0%

Data Sources:

- (1) South Carolina Budget and Control Board Office of Research and Statistics. 2006 through 2009 are actual figures 2010 figure was taken from 2009 American Community Survey. 2011 through 2013 are estimates from the US Census Bureau 2014 and 2015 are estimates by The School District of Newberry County.
- (2) Computed by dividing Personal Income by Population
- (3) Fiscal years 2006 through 2009 figure taken from 2000 Census. 2010 figure taken from 2009 American Community Survey. 2011 through 2015 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 2006 through 2009. 2010 figure taken from 2009 American Community Survey. 2011 through 2015 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	2015			2006		
	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%	1,387	1	3.84%
School District of Newberry County	860	2	2.29%	996	2	2.76%
Caterpillar, Inc.	400	3	1.07%			
Georgia Pacific Corporation	356	4	0.95%	287	5	0.79%
Newberry College	320	5	0.85%	170	9	0.47%
Newberry County Memorial Hospital	314	6	0.84%	435	4	1.20%
Walmart	250	7	0.67%			
Komatsu America	200	8	0.53%			
Pioneer Frozen Foods	200	9	0.53%			
Valmont Composite Structures (Shakespeare)	200	10	0.53%	282	6	0.78%
Renfro				560	3	1.55%
Sea-Pro Boats Inc.				160	10	0.44%
County of Newberry				180	7	0.50%
McKechnie Vehicle Components				171	8	0.47%
Totals	<u>5,800</u>		<u>15.46%</u>	<u>4,628</u>		<u>12.82%</u>

Source: District Compiled Information

FULL-TIME EQUIVALENT SCHOOL DISTRICT OR DISTRICT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction	714	725	680	683	687	600	634	633	638	649
Support Services	426	432	413	415	340	328	367	366	418	347
Total	1,140	1,157	1,093	1,098	1,027	928	1,001	999	1056	996

Source: District compiled information.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

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%
2015	5,888	\$ 56,961,332	9,674	4.5%	61,176,471	\$ 10,390	4.8%	486	12	70.0%

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										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>Elementary</b>											
Boundary Street											
Square Feet	77,574	77,574	77,574	77,574	77,574	77,574	77,574	77,574	77,574	77,574	77,574
Capacity	558	558	558	558	558	558	558	558	558	558	558
Enrollment	402	409	417	400	386	389	376	372	414	446	446
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	357	394	424	428	438	425	432	439	561	457	457
Little Mountain (5)											
Square Feet	38,341	38,341	38,341	38,341	38,341	69,121	69,121	69,121	69,121	69,121	69,121
Capacity	301	301	301	301	301	500	500	500	500	500	500
Enrollment	271	257	247	245	264	372	401	401	403	438	438
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	432	402	414	400	385	357	379	378	412	412	412
Pomaria-Garmany (3)											
Square Feet	35,423	35,423	35,423	35,423	70,881	70,881	70,881	70,881	70,881	70,881	70,881
Capacity	232	232	232	232	500	500	500	500	500	500	500
Enrollment	362	387	382	382	388	369	361	345	322	302	302
Prosperity-Rikard (4)											
Square Feet	39,990	39,990	39,990	39,990	39,990	43,232	43,232	43,232	43,232	43,232	43,232
Capacity	400	400	400	400	400	500	500	500	500	500	500
Enrollment	505	525	504	510	469	363	332	357	358	368	368
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	192	176	182	189	172	167	144	142	142	145	145

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Middle</b>										
Mid-Carolina Middle (2)										
Square Feet	73,898	73,898	73,898	146,957	146,957	146,957	146,957	146,957	146,957	146,957
Capacity	413	413	413	915	915	915	915	915	915	915
Enrollment	584	554	573	570	603	589	591	605	597	600
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	671	636	618	622	666	652	688	679	650	611
<b>High</b>										
Mid-Carolina High (2)										
Square Feet	73,059	73,059	73,059	161,695	161,695	161,695	161,695	161,695	161,695	161,695
Capacity	502	502	502	1165	1,165	1165	1,165	1,165	1,165	1,165
Enrollment	620	667	688	718	714	721	711	750	768	778
Newberry High										
Square Feet	130,309	130,309	130,309	130,309	130,309	130,309	130,309	130,309	130,309	130,309
Capacity	872	872	872	872	872	872	872	872	872	872
Enrollment	827	820	818	767	721	724	742	799	821	820
Whitmire High										
Square Feet	51,445	51,445	51,445	51,445	51,445	51,445	51,445	51,445	51,445	51,445
Capacity	295	295	295	295	295	295	295	295	295	295
Enrollment	-	-	-	-	-	-	-	-	-	-

(Continued)



THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 17

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Other</b>										
Gallman Education Center (1)										
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	70	95	92	92	92	92	90	83	54	49
Newberry Career Center (1)										
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	659	715	705	755	697	668	681	672	637	673
Whitnire Community School										
Square Feet	55,326	55,326	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966
Capacity	347	347	567	567	567	567	567	567	567	567
Enrollment	501	506	499	505	489	467	464	450	498	511

Sources: Various School District of Newberry County departments.

- Note:
1. This student count is included in the student's home school enrollment figure therefore should not be included in total enrollment.
  2. In 2009 a new Mid-Carolina High School was completed. The previous MCHS building became additional space for Mid-Carolina Middle School.
  3. In August 2009 a new Pomaria-Garmany School was completed increasing capacity to 500 and allowing the discontinuance of portable classroom usage.
  4. 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.

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY  
NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<b>US DEPARTMENT OF AGRICULTURE</b>				
Pass-through State Department of Education:				
600	Food Distribution - Non-Cash Assistance	10.555	N/A	\$ 225,100
600	National School Breakfast Program	10.553	N/A	1,045,490
600	National School Lunch Program	10.555	N/A	2,032,756
Total 10.553, 10.555 Cluster				<u>3,303,346</u>
600	Fresh Fruits and Vegetables Program	10.582	N/A	48,934
600	National School Lunch Program Equipment Assistance Grant	10.579	N/A	10,000
Total Passed Through State Department of Education				<u>3,362,280</u>
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>				<b><u>3,362,280</u></b>
<b>US DEPARTMENT OF EDUCATION</b>				
Pass-through State Department of Education:				
201	Title I	84.010	15-BA064	1,774,476
221	Title I - Neglected & Delinquent	84.010	15-BJ064	16,941
Total 84.010				<u>1,791,417</u>
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	15-CA064	1,218,637
204	Special Education - Grants to States	84.027	14-CA064	102,139
205	Special Education - Preschool Grants	84.173	15-CG064	50,731
Total 84.027, 84.173 Cluster				<u>1,371,507</u>
207	Occupational Education	84.048	15-VA064	107,843
234	School Improvement Grant	84.377A	15-BH064	341,808
243	Adult Education - State - Administered Basic Grant Program	84.002	15-EA064	73,329
251	Rural and Low Income, Title VI	84.358	15-BS064	127,880
264	ESOL - Title III	84.365A	15-BP064	45,019
267	Title II - Improving Teacher Quality	84.367A	15-TQ064	299,916
<b>TOTAL US DEPARTMENT OF EDUCATION</b>				<b><u>\$ 4,158,719</u></b>

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY  
 NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<b>US DEPARTMENT OF DEFENSE</b>				
272	Direct Programs: JROTC	12.000	N/A	\$ 121,016
<b>TOTAL US DEPARTMENT OF DEFENSE</b>				<b>121,016</b>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>				<b>\$ 7,642,015</b>

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, 2015**

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**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, 2015. 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, 2015, 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, 2015.

**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, 2015

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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, 2015. 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, 2015.

**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, 2015

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2015**

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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, 2015**

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**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>
84.010	Title I Cluster
84.027; 84.173	IDEA 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 - 2015 Financial Statements Audit**

No matters to report.

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

No matters to report.