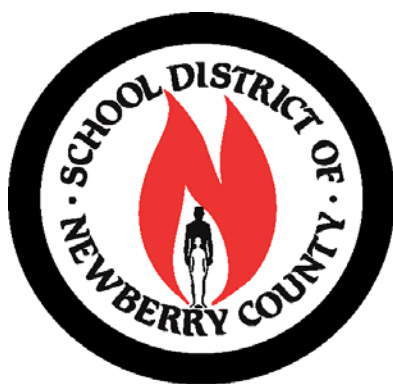


COMPREHENSIVE ANNUAL FINANCIAL REPORT



ONE District
Team
Mission

**The School District of Newberry County
Newberry, South Carolina
Fiscal Year Ended June 30, 2017**

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

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, 2017

PRINCIPAL OFFICIALS

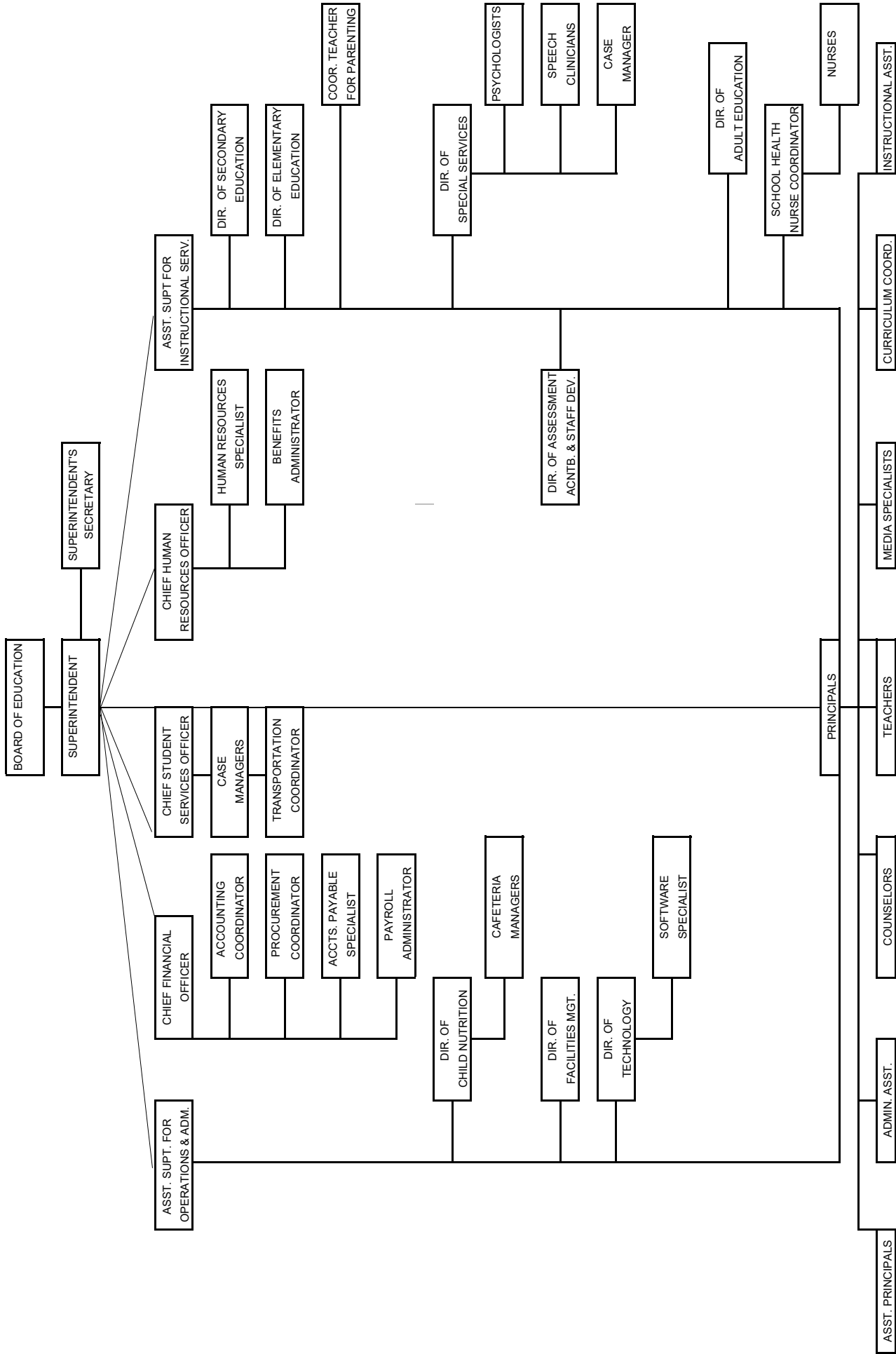
Board of Education

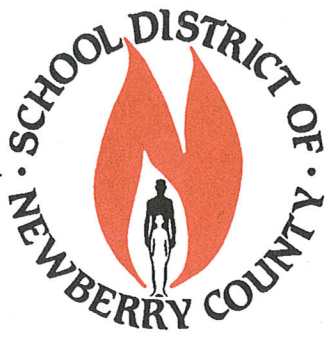
Mr. Jody Hamm, Chairperson
Mr. Lee B. Attaway, Vice-Chairman
Mr. Clyde Hill, Secretary and Claims Liaison
Mr. Ike Bledsoe, Member
Mr. Hugh Gray, Jr., Member
Mrs. Lucy Anne Meetze, Member
Mrs. Jessie Reeder, Member

Administrative Cabinet

Mr. James Suber, Superintendent
Dr. Lynn Cary, Assistant Superintendent for Curriculum and Instruction
Mr. Joey Haney, Assistant Superintendent for Operations & Administration
Mrs. Pamela Arrington, Chief Human Resources Officer
Dr. Timothy Hunter, Chief Student Services Officer
Mrs. Susan Dowd, Chief Financial Officer

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
ORGANIZATIONAL CHART





November 27, 2017

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 “School District”) for the fiscal year ended June 30, 2017.

This report consists of management’s representations concerning the finances of the School 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 has established a comprehensive internal control framework that is designed both to protect the School District’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the School District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the School District’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’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 School District for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the School District’s financial statements for the fiscal year ended June 30, 2017, 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 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.

GAAP 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 SCHOOL DISTRICT

The School District 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.

ONE DISTRICT ... ONE TEAM ... ONE MISSION

The School 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. 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 School District is the responsibility of the Superintendent, who is appointed by the board of trustees.

The School District 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 School District’s reporting entity.

The School District provides a broad spectrum of elementary and secondary programs to meet the needs of its diverse estimated average student enrollment of 5907 students. These programs complement each other to provide a total program that is both comprehensive and highly cost-effective. The School District’s Office of Instruction has established a plan for professional development and instructional improvement.

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 qualifying 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 Comprehensive Family Literacy Program in which they are able to offer all four components of this program under one roof. Newberry Family Literacy provides parent education sessions, interactive activities between parent and child, early childhood education intervention center (Bright Beginnings) and home visitation to high risk families with children birth –five years old. The Parenting and Family Literacy program has joint efforts with 11 other local agencies to help meet the needs of families without duplication of services. The Parenting and Family Literacy Program provides a monthly newsletter in English and Spanish with valuable tips and information for parents of young children on their website. 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, boosting reading scores in grades 3 through 8. A School District literacy plan was developed by practitioners and shared with the entire School District. Each elementary, middle, and high school also has a literacy plan. Academic advancement and enrichment are provided for academically gifted and talented students in grades 3 through 8 where thematic units of instruction are presented using the William and Mary curriculum, which is 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 who assist teachers through mentoring, instructional coaching, professional development, and resource acquisition.

The middle school curriculum 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, STEM, and special interest classes in exploratory subjects. Accelerated programs for academically talented students, such as English 1 and Algebra 1 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 and 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, math, 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, 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 a curriculum 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 26 adults with either a State High School diploma or GED in the 2016-17 school year. The program has received awards from the State Department of Education for its successful rate of students passing the GED. Additional opportunities are provided through community education classes including computer instruction and workforce training. 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 Whitmire Community.

The School District continues to prepare 21st century students for college and outstanding career opportunities. In accordance with industry and collegiate standards, the Newberry County Career Center provides career and technical education for more than 700 high school students in the School District. These students are offered the opportunity to be completers in twenty-two majors in a total of twelve of the sixteen South Carolina Career Clusters.

Dual credit courses are offered through Piedmont Technical College and Rochester Institute of Technology for both college preparatory and career and technology education students. Through vital partnerships with area businesses and industries, a work-based learning program successfully engages students in shadowing, mentoring, and internships, thereby exposing them to excellent opportunities outside of the classroom.

The Board approved and submitted to the South Carolina State Department of Education their District Strategic Plan in April 2017. 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 School 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 School 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 has continued its path for educational excellence. While federal and state accountability ratings have been paused until 2018, we did have six schools receive Palmetto Gold and Silver Awards for the 2015-2016 school year.

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 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 38,709 as of July 2016. 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.

Most recently, Samsung, one of the world's leading technology companies, announced in June 2017, that it is opening a new home appliance manufacturing facility in Newberry County. The \$380 million facility will produce some of Samsung's most popular, industry-leading appliances and generate more than 950 new jobs over the next three years. When fully operational, the plant will employ workers across a broad range of advanced manufacturing roles, including craftsmen, operators, engineers and other technical and non-technical positions. Manufacturing is expected to begin in early 2018.

In addition, MM Technics, a newly formed American subsidiary of Muhr Metalltechnik, GmbH + Co. KG, is constructing a metal stamping facility in Newberry County. The company is expected to invest at least \$12.6 million and create 65 jobs over the next five years.

West Fraser, a diversified wood products company, has announced that it is expanding its Newberry County sawmill operations. The project is expected to bring \$33 million in new capital investment. Established in 1955, West Fraser produces lumber, laminated veneer lumber (LVL), medium-density fiberboard (MDF), plywood, pulp, newsprint and wood chips, as well as energy through several bioenergy initiatives.

Unemployment in the county at June 2017 was 3.8%, a decrease of 1.6% from June 2016. 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. The Opera House hosts many different attractions including Broadway shows, dance companies, country music stars, operas and many cultural events.

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 enrolls over 1000 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.

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 School District has a fund balance policy stating that the School 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 School District has maintained that balance for the 2017 fiscal year at a rate of 29% of 2018 budgeted expenditures.

As of June 30, 2012, the School District completed construction and renovations for all projects that were a part of the 2005 capital needs program. The School District now accommodates all students in permanent facilities, with a reasonable margin for future growth. In October 2014, the School District issued its series 2014 Installment Purchase Refunding Revenue Bonds in the amount of \$61,185,000 for the purposes of refunding the 2005 Installment Purchase Revenue Bonds. Savings resulting from the refunding will be used for future capital needs. The School 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 2016 fiscal year include stadium renovations and HVAC replacement at Newberry High School, lighting upgrades at Whitmire Community School, new tennis courts at Mid-Carolina High School, and a new agriculture field including irrigation at the Newberry County Career Center. During the 2017 fiscal year, the capital projects completed include exterior waterproofing and concrete repair at Little Mountain Elementary School, repairing exterior concrete and window replacement at Newberry Elementary School, and bleacher replacement and painting at Mid-Carolina Middle School gymnasium.

MAJOR INITIATIVES

The School District 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 School 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 School District's technology plan. This plan is not definitive, but simply a guide; a guide that can lead the School District into the next decade and beyond.

During this school year continued progress was made in the technology arena. Schools and teachers increased their use of classroom websites as well as utilizing Office 365 and other School District provided software. Microsoft Teams was introduced to the teachers to utilize with their classrooms. The School District provides several online software programs to the students for home use including Office 365 which allows middle and high school students to access Teams from outside the School District network as well as their School District email accounts.

Infrastructure upgrades continue to take place to help maintain our network in top operating condition as well as expand bandwidth to devices. The School District continues to contract with School In Sites to provide webhosting throughout the School District. Additional laptops carts were purchased early in 2017 to further meet the needs of the classroom instruction. During the summer of 2017, all middle school student computers were replaced with laptops with the exception of the Project Lead the Way labs. Middle school teachers received laptops with the exception of the classrooms that require more advanced computers to utilize specialized software. In those classrooms, the teacher received desktop computers. Microsoft provided an on-site training event for the middle school teachers and continues to offer online training to all staff. The School District has continued the Teacher Technology Leader program to assist the School District Technology Integration Specialist.

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 School 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 School 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 for its twentieth comprehensive annual financial report for fiscal year ended June 30, 2016. 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.

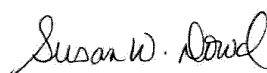
ACKNOWLEDGMENTS

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 School District's financial records and the preparation of this report. We thank them along with the other School District departments for their assistance in the presentation and preparation of data for this report.

Respectfully submitted,



Jim C. Suber, Jr.
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, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

The School District of Newberry County

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to read 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, written over a horizontal line. The signature is cursive and appears to read 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director



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, 2017, 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, 2017, 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.

Adoption of Accounting Principle

As discussed in Note I.B to the financial statements, for the year ended June 30, 2017 the School District adopted the provisions of Governmental Accounting Standards Board Statement (“GASB”) No 77 “*Tax Abatement Disclosures*”. Our opinion is not modified with respect to this matter.

Pending Implementation of GASB Statement on Postemployment Benefits Other Than Pensions

As discussed in Note IV.G, the GASB issued Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“GASB #75”) in 2015. GASB #75, which will be adopted by the School District for the year ended June 30, 2018, will require the School District to report a net other postemployment benefit (“OPEB”) liability on its applicable financial statements for its participation in the South Carolina State Health Plan (“Plan”). Based on recent information provided by the South Carolina Public Employee Benefit Authority, it is anticipated that the School District’s share of the net OPEB liability associated with this Plan will decrease its governmental activities beginning net position for the year ended June 30, 2018 by approximately \$58,500,000 (preliminarily estimated to be approximately 160% of the School District’s covered payroll). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, the budgetary comparison schedule - 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 GASB 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 introductory section, supplementary information, statistical section, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 27, 2017 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 27, 2017

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

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, 2017 ("FY 17" or "2017") compared to fiscal year ended June 30, 2016 ("FY 16" or "2016"). 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 2017 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 approximately \$7.3 million. The School District had a deficit in unrestricted net position of approximately \$50.6 million as a result of pension accounting standards that were implemented in 2015.
- The School District's total net position increased by approximately \$1.6 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$22.8 million, a increase of approximately \$0.8 million from the prior year fund balance. The General Fund increased approximately \$1.6 million. Approximately 70% of the total amount, or approximately \$15.9 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 approximately \$15.9 million, which was approximately 31% of total General Fund expenditures.
- During 2017, the School District's governmental fund revenues were approximately \$74.6 million, compared to approximately \$71.7 million in the prior year. This increase is primarily due to higher revenues from the State of South Carolina and higher property tax revenues. The School District's governmental fund expenditures were approximately \$73.7 million, compared to approximately \$80.1 million in the prior year. This decrease is primarily due to lower principal retirement expenditures in 2017.
- 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 an individual debt service fund in the financial statements.
- The School District's total capital assets decreased by approximately \$0.4 million (<1%) during the current fiscal year to approximately \$115.4 million, as additions of approximately \$3.4 million were partially offset by depreciation expense and net disposals of approximately \$3.8 million.
- The School District's total outstanding debt decreased from approximately \$60.2 million at June 30, 2016 to approximately \$57.3 million at June 30, 2017. This is attributable to making regularly scheduled principal payments on long-term debt of approximately \$2.8 million and changes in short-term debt of approximately \$0.1 million.

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 financial 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 of resources, liabilities, and deferred inflows of resources, 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 SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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).

Government-wide financial statements distinguish functions 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, support services, and community services. The School District does not have 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 Debt Service Fund is also a major fund and therefore shown in a separate column.

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.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Supplementary Information. The School District adopts an annual appropriated budget only for its General Fund. A budgetary comparison schedule has been provided as required supplementary for this fund to demonstrate compliance with the budgets. Required pension plan schedules have been included which provide relevant information regarding the School District’s participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. Required supplementary information can be found as listed in the table of contents.

Supplementary Information. In addition to the financial statements, notes, and required supplementary information, this report includes certain supplementary information. The combining and individual fund financial schedules and the location reconciliation schedule can be found as listed in the table of contents of this report.

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 fiduciary	Instances in which the School District is the trustee/agent for someone else’s resources
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> ▪ Statement of Fiduciary Assets and Liabilities
Accounting and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Balance Sheet Information	All balance sheet elements, both financial and capital, and long-term obligations	All balance sheet elements that come due during the year or soon thereafter; no capital assets – or long-term obligations are included	All balance sheet elements, 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, 2017

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$7.3 million and approximately \$5.7 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, 2017 compared to June 30, 2016:

Net Position - Governmental Activities

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Current and Other Assets	\$ 31,796,478	\$ 30,845,139
Capital Assets, Net	115,354,103	115,787,724
Total Assets	<u>147,150,581</u>	<u>146,632,863</u>
Deferred Outflows of Resources		
Deferred Pension Charges	<u>11,648,711</u>	<u>5,522,778</u>
Liabilities		
Other Liabilities	8,706,183	8,687,856
Net Pension Liability	76,920,398	67,978,368
Long-Term Obligations	64,592,507	67,885,414
Total Liabilities	<u>150,219,088</u>	<u>144,551,638</u>
Deferred Inflows of Resources		
Deferred Pension Credits	<u>1,271,660</u>	<u>1,858,657</u>
Net Position		
Net Investment in Capital Assets	53,273,933	51,829,506
Restricted	4,669,772	4,005,747
Unrestricted	(50,635,161)	(50,089,907)
Total Net Position	<u>\$ 7,308,544</u>	<u>\$ 5,745,346</u>

Current and other assets increased approximately \$1.0 million primarily due to a increase in cash and investments of approximately \$1.6 million (due to the current year increase in net position), partially offset by a decrease in due from other governments of approximately \$0.7 million (timing of collections). Liabilities increased approximately \$5.7 million due primarily to an increase in the net pension liability of approximately \$8.9 million, partially offset by principal payments on outstanding indebtedness. The changes in the net pension liability and deferred outflows/inflows of resources was primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the School District's share of the net pension liability in the State retirement plans.

The School District's government-wide net position increased approximately \$1.6 million (27%) during 2017 as revenues exceeded expenses. See the discussion following the next table regarding this increase.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest positive portion of the School District’s net position (approximately \$53.3 million) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, etc.) less any related outstanding debt obligations used to acquire those assets. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the School District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since generally the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School District’s net position (approximately \$4.7 million) represents resources that are subject to external restrictions on how they may be used. These amounts are restricted primarily for debt service or by revenue source. The remaining portion of the School District’s net position is negative and is approximately (\$50.6) million primarily due to recording the School District’s proportionate share of the net pension liability and related deferred pension balances related to the State retirement plans.

The following table shows the changes in net position for 2017 compared to 2016:

Changes in Net Position - Governmental Activities

	2017	2016
Revenues		
Program Revenues:		
Charges for Services	\$ 1,551,996	\$ 1,521,943
Operating Grants	35,921,628	33,784,566
General Revenues:		
Taxes	26,582,370	25,753,864
State Revenue in Lieu of Taxes	9,988,103	9,876,784
Other	621,891	721,212
Total Revenues	<u>74,665,988</u>	<u>71,658,369</u>
Program Activities		
Instruction	38,291,029	37,089,366
Support Services	32,522,455	30,432,859
Community Services	4,822	5,234
Interest and Other Charges	2,284,484	2,521,574
Total Expenses	<u>73,102,790</u>	<u>70,049,033</u>
Change in Net Position	1,563,198	1,609,336
Net Position, Beginning of Year	<u>5,745,346</u>	<u>4,136,010</u>
Net Position, End of Year	<u>\$ 7,308,544</u>	<u>\$ 5,745,346</u>

Governmental Activities: Net position for Governmental Activities increased approximately \$1.6 million from the previous year, compared to a increase of approximately \$1.6 million in 2016. Key elements are as follows:

- Total revenues increased approximately \$3.0 million (4%), which is primarily attributed to higher operating grants (approximately \$2.1 million) and higher tax revenues and state revenue in lieu of taxes (approximately \$0.9 million).

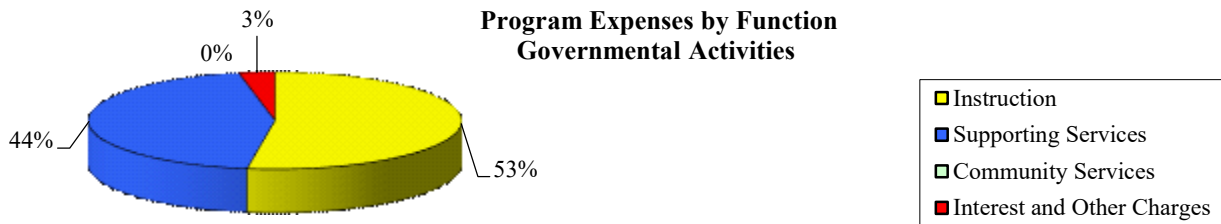
**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- Total expenses increased approximately \$3.1 million (4%), which is primarily attributed to an increase in support services of approximately \$2.1 million and an increase in instruction of approximately \$1.2 million, partially offset by a decrease in interest and other fiscal charges of approximately \$0.2 million.



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, 2017, the School District's governmental funds reported a *combined* fund balance of approximately \$22.8 million, compared to approximately \$22.0 million for the prior year. The increase of approximately \$0.8 million is primarily attributable to the increase in the General Fund of approximately \$1.6 million, the increase in the Special Revenue Fund of approximately \$0.1 million, the increase in the Debt Service Fund of approximately \$0.4 million, and the increase in the Food Service Fund of approximately \$0.3 million. The increases were partially offset by the decrease in the Capital Projects Fund of approximately \$1.5 million. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2017, the School District's unassigned fund balance was approximately \$15.9 million, which includes approximately \$15.9 million in the General Fund. The Special Revenue Funds, which includes Food Services, had a fund balance of approximately \$2.7 million. The remainder of fund balance for governmental funds is restricted primarily for capital projects for the School District's building plans of approximately \$3.0 million and debt service of approximately \$1.2 million.

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 approximately \$15.9 million, which was almost the total fund balance for the General Fund. The fund balance increased by approximately \$1.6 million, or approximately 11%, during the current fiscal year. The current year increase is due to higher than anticipated state and local revenues and lower than expected expenditures associated with instruction and support services.

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 approximately \$1.2 million at June 30, 2017, an increase of approximately \$0.4 million due to higher local and state revenues. In addition, the School District issued a short-term General Obligation Bond for approximately \$1.4 million in May 2017. As this debt is scheduled to be repaid in March 2018, which is less than one year after its issuance, it is reflected on the Debt Service Fund's balance sheet at June 30, 2017 as a short-term obligation, as required by generally accepted accounting principles.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

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

The fund balance for the School District’s Capital Projects Fund was approximately \$3.0 million at June 30, 2017, a decrease of approximately \$1.5 million due to expenditures related to various capital projects.

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 2017, there were no significant amendments to the School District’s General Fund expenditure or revenue budgets. Actual revenues came in higher than budget by approximately \$1.2 million, due to higher property tax revenues of approximately \$0.5 million and state sources came in higher than budget by approximately \$0.5 million. Actual expenditures were less than budget by approximately \$0.4 million due to lower instruction and support service expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017 and 2016, the School District had approximately \$115.4 million and \$115.8 million in capital assets, respectively. The following table shows the capital asset balances as of June 30, 2017 compared to June 30, 2016:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Capital Assets		
Land	\$ 2,101,497	\$ 2,101,497
Construction in Progress	-	3,120,863
Buildings, Improvements, and Equipment	166,752,614	160,316,379
Less Accumulated Depreciation	(53,500,008)	(49,751,015)
Capital Assets, Net	<u>\$ 115,354,103</u>	<u>\$ 115,787,724</u>

The total decrease in the School District’s capital assets was approximately \$0.4 million (<1%), as additions of approximately \$3.4 million were exceeded by depreciation and net disposals of approximately \$3.8 million. Major capital asset additions during the current fiscal year included:

- Mid-Carolina High School tennis courts of approximately \$0.3 million
- Newberry High School stadium of approximately \$2.7 million
- Machinery, furniture, equipment, and other capital assets of approximately \$0.4 million

More detailed information about the School District's capital assets can be found in Note III.D in the notes to the financial statements.

Debt Administration

The following table shows the outstanding debt balances as of June 30, 2017 compared to June 30, 2016:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
NICE Series 2014 IPRR Bonds	\$ 55,970,000	\$ 58,725,000
GO Bond, Series 2016A	-	1,432,000
GO Bond, Series 2017A	1,377,000	-
Total	<u>\$ 57,347,000</u>	<u>\$ 60,157,000</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The School District (including its blended component unit – NICE) issued Installment Purchase Revenue Bonds (“IPR”) in October 2005 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 approximately \$61.2 million in Installment Purchase Revenue Refunding Bonds (“IPRR”) in October 2014 to partially refund the 2005 IPR bonds.

The School District issued an approximately \$1.4 million short-term General Obligation Bond in May 2016; this indebtedness was repaid in March 2017. The School District also issued an approximately \$1.4 million short-term General Obligation Bond in May 2017; this indebtedness is scheduled to be repaid in March 2018. The School District made principal payments on long-term indebtedness totaling approximately \$2.8 million during 2017.

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 School 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.H in the notes to the financial statements.

ECONOMIC FACTORS

The School District's tax base has grown approximately 28% since 2008 to approximately \$140.6 million in 2017. Total property tax collections remain strong averaging around 92%. Although Newberry County's employment base is largely manufacturing, the School District is the second largest employer within the county.

FY 18 BUDGET

The year ended June 30, 2018 (“FY 18”) General Fund Budget represents a 4% increase over FY 17. Many factors were considered by the School District's administration during the process of developing the FY 18 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.

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, 3419 Main Street, Newberry, South Carolina, 29108.

Basic Financial Statements

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2017

	PRIMARY GOVERNMENT
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 3,184,648
Cash and Cash Equivalents, Restricted	16,510
Cash and Investments Held by County Treasurer	26,447,936
Property Taxes Receivable, Net	602,651
Accounts Receivable, Net	5,861
Other Receivables	3,872
Due from Other Governments	1,352,454
Inventory and Prepaid Items	182,546
Capital Assets:	
Non-Depreciable	2,101,497
Depreciable, Net	113,252,606
TOTAL ASSETS	147,150,581
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	11,648,711
LIABILITIES	
Accounts Payable	1,660,060
Accrued Expenses	3,878,933
Accrued Interest Payable	238,110
Due to Other Governments	28,180
Unearned Revenue	1,523,900
Short-Term General Obligation Bond Payable	1,377,000
Non-Current Liabilities:	
Net Pension Liability	76,920,398
Long-Term Obligations - Due Within One Year	3,226,137
Long-Term Obligations - Due in More than One Year	61,366,370
TOTAL LIABILITIES	150,219,088
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	1,271,660
NET POSITION	
Net Investment in Capital Assets	53,273,933
Restricted For:	
Debt Service	2,445,811
Food Service	2,223,961
Unrestricted	(50,635,161)
TOTAL NET POSITION	\$ 7,308,544

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, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Primary Governmental Activities
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	\$ 38,291,029	13,703	21,866,920	-	\$ (16,410,406)
Support Services	32,522,455	1,538,293	14,054,708	-	(16,929,454)
Community Services	4,822	-	-	-	(4,822)
Interest and Other Charges	2,284,484	-	-	-	(2,284,484)
TOTAL PRIMARY GOVERNMENT	\$ 73,102,790	1,551,996	35,921,628	-	(35,629,166)
General Revenues:					
Property Taxes Levied for General Purposes					18,923,030
Property Taxes Levied for Debt Service					7,659,340
State Revenue in Lieu of Taxes					9,988,103
Unrestricted Grants and Contributions					33,395
Unrestricted Investment Earnings					179,355
Unrestricted Intergovernmental General Revenue					47,842
Miscellaneous					361,299
Total General Revenues					<u>37,192,364</u>
CHANGE IN NET POSITION					1,563,198
NET POSITION, Beginning of Year					<u>5,745,346</u>
NET POSITION, End of Year					\$ <u>7,308,544</u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
ASSETS			
Cash and Cash Equivalents	\$ 747,415	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Cash and Investments Held by County Treasurer	20,699,222	26,643	-
Receivables, Net:			
Taxes	442,921	-	-
Accounts	5,112	749	-
Other	3,872	-	-
Due From:			
State Agencies	539,913	121,262	30,447
Federal Agencies	-	509,934	-
Other Governments	143	137,664	-
Other Funds	480,421	351,082	784,734
Prepaid Items	18,026	3,539	3,742
Inventories	-	-	-
TOTAL ASSETS	\$ 22,937,045	1,150,873	818,923
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts and Retainage Payable	\$ 1,630,060	-	-
Accrued Salaries, Fringe & Benefits	3,878,933	-	-
Due To:			
Due to County Treasurer	-	-	-
Other Funds	1,135,817	-	-
Unearned Revenue	-	683,913	818,923
Short-Term General Obligation Bond Payable	-	-	-
TOTAL LIABILITIES	6,644,810	683,913	818,923
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	407,879	-	-
FUND BALANCES:			
Nonspendable:			
Prepaid	18,026	3,539	3,742
Inventories	-	-	-
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Assigned for:			
Special Education Programs	-	463,421	-
Unassigned	15,866,330	-	(3,742)
TOTAL FUND BALANCES	15,884,356	466,960	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 22,937,045	1,150,873	818,923

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

DEBT SERVICE - DISTRICT	DEBT SERVICE - NICE	CAPITAL PROJECTS - DISTRICT	SPECIAL REVENUE - FOOD SERVICE	TOTAL GOVERNMENTAL FUNDS
-	-	-	2,437,233	\$ 3,184,648
-	16,510	-	-	16,510
2,585,147	-	3,136,924	-	26,447,936
159,730	-	-	-	602,651
-	-	-	-	5,861
-	-	-	-	3,872
-	-	-	-	691,622
-	-	-	13,091	523,025
-	-	-	-	137,807
-	-	-	-	1,616,237
-	-	-	-	25,307
-	-	-	157,239	157,239
2,744,877	16,510	3,136,924	2,607,563	\$ 33,412,715
-	-	30,000	-	\$ 1,660,060
-	-	-	-	3,878,933
-	-	28,180	-	28,180
43,490	17,466	56,926	362,538	1,616,237
-	-	-	21,064	1,523,900
1,377,000	-	-	-	1,377,000
1,420,490	17,466	115,106	383,602	10,084,310
138,374	-	-	-	546,253
-	-	-	-	25,307
-	-	-	157,239	157,239
1,186,013	-	-	-	1,186,013
-	-	3,021,818	-	3,021,818
-	-	-	2,066,722	2,066,722
-	-	-	-	463,421
-	(956)	-	-	15,861,632
1,186,013	(956)	3,021,818	2,223,961	22,782,152
2,744,877	16,510	3,136,924	2,607,563	\$ 33,412,715

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

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

JUNE 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 22,782,152
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.	546,253
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 \$168,854,111, and the accumulated depreciation is \$53,500,008.	115,354,103
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 Retirement Plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(66,543,347)
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.	(238,110)
Long-term liabilities, including bond premiums, 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	(55,970,000)
Premium on Bonds	(7,771,498)
Compensated Absences	(851,009)
	<u>(64,592,507)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,308,544</u></u>

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
REVENUES			
Local Sources:			
Taxes	\$ 18,842,469	-	-
Investment Earnings	129,293	51	-
Other Local Sources	59,213	959,219	-
State Sources	32,700,796	1,200,850	4,013,101
Federal Sources	-	3,921,515	-
Intergovernmental Revenue	-	48,842	-
TOTAL REVENUES	51,731,771	6,130,477	4,013,101
EXPENDITURES			
Current:			
Instruction	29,471,171	3,234,787	1,909,186
Support Services	21,370,458	2,472,402	485,890
Community Services	4,822	-	-
Intergovernmental	191,239	-	-
Capital Outlay	855,475	266,373	118,309
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issuance Costs	-	-	-
TOTAL EXPENDITURES	51,893,165	5,973,562	2,513,385
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(161,394)	156,915	1,499,716
OTHER FINANCING SOURCES (USES)			
Transfers In	1,737,276	47,826	-
Transfers Out	-	(139,579)	(1,499,716)
TOTAL OTHER FINANCING SOURCES (USES)	1,737,276	(91,753)	(1,499,716)
NET CHANGES IN FUND BALANCES	1,575,882	65,162	-
FUND BALANCES, Beginning of Year	14,308,474	401,798	-
FUND BALANCES, End of Year	\$ 15,884,356	466,960	-

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

DEBT SERVICE - DISTRICT	DEBT SERVICE - NICE	CAPITAL PROJECTS - DISTRICT	SPECIAL REVENUE - FOOD SERVICE	TOTAL GOVERNMENTAL FUNDS
7,640,450	-	-	-	\$ 26,482,919
20,441	172	29,119	279	179,355
-	-	-	889,201	1,907,633
545,124	-	-	-	38,459,871
-	-	-	3,566,401	7,487,916
-	-	-	-	48,842
8,206,015	172	29,119	4,455,881	74,566,536
-	-	-	-	34,615,144
-	-	658,610	3,875,483	28,862,843
-	-	-	-	4,822
-	-	-	-	191,239
-	-	3,075,316	128,305	4,443,778
-	2,755,000	-	-	2,755,000
27,330	2,755,600	-	-	2,782,930
74,878	-	-	-	74,878
102,208	5,510,600	3,733,926	4,003,788	73,730,634
8,103,807	(5,510,428)	(3,704,807)	452,093	835,902
-	5,510,575	2,197,042	-	9,492,719
(7,707,617)	-	-	(145,807)	(9,492,719)
(7,707,617)	5,510,575	2,197,042	(145,807)	-
396,190	147	(1,507,765)	306,286	835,902
789,823	(1,103)	4,529,583	1,917,675	21,946,250
1,186,013	(956)	3,021,818	2,223,961	\$ 22,782,152

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

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

YEAR ENDED JUNE 30, 2017

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 835,902
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.	99,452
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term obligations in the Statement of Net Position.	2,755,000
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.	575,666
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.	(2,342)
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.	(2,050)
Changes in the School District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the State Retirement Plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(2,229,100)
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.	(37,759)
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 \$3,801,854 exceeded by capital additions of \$3,370,283 in the current period.	<u>(431,571)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,563,198</u>

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

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

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2017

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 721,157
TOTAL ASSETS	<u><u>\$ 721,157</u></u>
LIABILITIES	
Due to Student Organizations	\$ 721,157
TOTAL LIABILITIES	<u><u>\$ 721,157</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, 2017

The School District of Newberry County, South Carolina (the “School District”), established in 1952, is controlled by a Board of Trustees (the “Board”) which has oversight responsibility over public 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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.

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.

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 School District does not have any discretely presented component units.

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. 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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Blending Component Unit (Continued)

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.

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. Capital related activities for NICE were completed in 2014. Debt service activities will continue until its outstanding debt will be repaid. 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 (except for interfund services provided and used between functions) has been removed from these 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, 2017

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 generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, federal and state grant programs, and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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 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 fund types and major funds 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.

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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- 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.

The **Debt Service – District Fund, 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 – NICE Fund, 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 – District Fund, 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.

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.

Adoption of Accounting Principle

The School District implemented GASB Statement No. 77 “*Tax Abatement Disclosures*” (“GASB #77”) for the year ended June 30, 2017. The primary objective of GASB #77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individual and entities that is beneficial to the government or its citizens. Although many governments offer tax abatements, the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future, is lacking. GASB #77 requires disclosures of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

The adoption of GASB #77 had no impact on the School District’s financial statements but did result in new and expanded note disclosures. See Note IV.F for more information regarding the School District’s tax abatements.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Investments

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (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, 2017

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. 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. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72 "Fair Value Measurement and Application", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.
- Open-end mutual funds, primarily money market funds which invest in short term obligations of the United States and related agencies.

2. Restricted Assets

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

3. Receivables and Payables

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

4. Inventories and Prepaid Items

Inventories

Inventories in the Special Revenue - 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 (consumption method).

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Inventories and Prepaid Items (Continued)

Prepaid Items

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

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 estimated acquisition value (as estimated by the School District) at the date of donation. 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	Estimated Useful Lives
Buildings and Improvements	25-40 years
Improvements Other Than Building	20 years
Vehicles	10 years
Machinery and Equipment	5-20 years
Furniture and Office 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, 2017

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 are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Amortization of premiums are included in interest expense. Bond premiums are included with bonds payable and other long-term obligations. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds 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 School 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, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. *Fund Balance*

In accordance with GAAP, the School 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, 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 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 \$5,433,000 as of June 30, 2017, which represents 10% of the original budget for the General Fund for fiscal year 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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. Fair Value

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fair Value (Continued)

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

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

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

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

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

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

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

14. 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent amounts at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

15. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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.

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, 2017, approximately \$121,000 of the School District's bank balances of approximately \$4,114,000 (which had a carrying value of approximately \$3,909,000) were exposed to custodial credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2017, the School District had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating (2)	Fair Value	Weighted Average Maturity
Cash and Investments Held by Newberry County Treasurer ^	N/A	Unrated	\$ 26,447,936	< 1 year
Goldman Sachs Financial Square Government Fund	Level 1	AAAm, Aaa-mf	13,485	< 1 year
Total			<u>\$ 26,461,421</u>	

^ 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").

(1) See Note I.C.13 for details of the School District's fair value hierarchy.

(2) If available, credit ratings are for Standard and Poor's and Moody's Investors Service.

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.

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 Receivable and Unavailable/Unearned Revenue

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, 2017

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

B. Property Taxes Receivable and Unavailable/Unearned Revenue (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 \$140,600,000 at rates of 186.8 mills (same as prior year) and 53.0 mills (same as prior year) 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 \$379,000 at June 30, 2017. Allowances for uncollectible amounts were not necessary for the other receivable accounts.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period (unavailable revenue). Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). At June 30, 2017, the various components of unavailable/unearned revenue reported in the governmental funds were as follows:

Unavailable Revenue - Property Taxes - General Fund	\$	407,879
Unavailable Revenue - Property Taxes - Debt Service Fund		138,374
Unearned Revenue from Special Revenue Funds		1,523,900
Total Unavailable/Unearned Revenue for Governmental Funds	\$	<u>2,070,153</u>

C. Interfund Receivables and Payables

Interfund balances at June 30, 2017 (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	\$ 480,421	\$ 1,135,817
Special Revenue Funds:		
Special Revenue	351,082	-
Education Improvement Act	784,734	-
Food Service	-	362,538
Debt Service - District Fund	-	43,490
Debt Service - NICE Fund	-	17,466
Capital Projects - District Fund	-	56,926
	<u>\$ 1,616,237</u>	<u>\$ 1,616,237</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

C. Interfund Receivables and Payables (Continued)

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

D. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 2,101,497	-	-	-	\$ 2,101,497
Construction in Progress	3,120,863	3,000,284	-	(6,121,147)	-
Total Capital Assets, Non-Depreciable	5,222,360	3,000,284	-	(6,121,147)	2,101,497
Capital Assets, Depreciable:					
Buildings and Improvements	149,218,632	-	-	-	149,218,632
Improvements Other Than Buildings	3,838,923	-	-	6,121,147	9,960,070
Furniture and Equipment	7,258,824	369,999	(54,911)	-	7,573,912
Total Capital Assets Depreciable	160,316,379	369,999	(54,911)	6,121,147	166,752,614
Less: Accumulated Depreciation for:					
Buildings and Improvements	42,186,555	3,277,114	-	-	45,463,669
Improvements Other Than Buildings	2,626,068	193,667	-	-	2,819,735
Furniture and Equipment	4,938,392	331,073	(52,861)	-	5,216,604
Total Accumulated Depreciation	49,751,015	3,801,854	(52,861)	-	53,500,008
Total Capital Assets, Depreciable, Net	110,565,364	(3,431,855)	(2,050)	6,121,147	113,252,606
Governmental Activities Capital Assets, Net	\$ 115,787,724	(431,571)	(2,050)	-	\$ 115,354,103

Capital asset additions and depreciation expense were charged to functions/programs as follows:

	Capital Asset Additions	Depreciation Expense
Governmental Activities:		
Instruction	\$ -	\$ 2,094,784
Support Services	3,370,283	1,707,070
Total	\$ 3,370,283	\$ 3,801,854

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

E. Accounts Payable and Accrued Expenses

The significant components of accrued expenses at June 30, 2017, consisted of the following:

Governmental Activities:	
Accrued Salaries	\$ 2,628,575
Accrued Fringe and Benefits	1,250,358
Total Accrued Expenses	<u>\$ 3,878,933</u>

F. Operating Leases

The School District entered into a new operating lease agreement for copy machine services during fiscal year 2016. The lease runs for a period of 60 months ending December 2020, and the payments are on a cost per copy basis. The estimated future minimum payments are approximately \$119,000 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 \$172,000 for the year ended June 30, 2017.

Future payments on all of these agreements are as follows:

Year Ended June 30,	Payments
2018	\$ 169,767
2019	145,814
2020	119,309
2021	59,655
Total	<u>\$ 494,545</u>

G. Short-Term Obligations

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Series 2016A General Obligation Bond	\$ 1,432,000	-	1,432,000	\$ -
Series 2016B General Obligation Bond	-	6,405,000	6,405,000	-
Series 2017A General Obligation Bond	-	1,377,000	-	1,377,000
Total Governmental Activities	<u>\$ 1,432,000</u>	<u>7,782,000</u>	<u>7,837,000</u>	<u>\$ 1,377,000</u>

In May 2016, the School District issued its Series 2016A General Obligation Bond in the amount of \$1,432,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2016 under the Facilities Agreement. These bonds, including interest of approximately \$10,000 (0.85%), were repaid at maturity in March 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

G. Short-Term Obligations (Continued)

In October 2016, the School District issued its Series 2016B General Obligation Bond in the amount of \$6,405,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2017 under the Facilities Agreement and for additional capital outlay. These bonds, including interest of approximately \$17,000 (0.76%), were repaid at maturity in March 2017.

In May 2017, the School District issued its Series 2017A General Obligation Bond in the amount of \$1,377,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2017 under the Facilities Agreement. These bonds, including interest of approximately \$11,000 (0.98%), will be repaid in March 2018. 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 \$1,377,000 is reflected as a fund liability in the School District's balance sheet for its governmental funds at June 30, 2017.

H. Long-Term Obligations

In October 2005 NICE issued its Series 2005 Installment Purchase Revenue ("IPR") Bonds in the amount of \$84,725,000 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.

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.

In the fall of 2014, NICE issued refunding debt, using the proceeds to defease all but \$7,955,000 of the outstanding bonds related to the Series 2005 IPR Bonds. This remaining amount was redeemed in December 2015, using the funds in the Reserve Account.

The School District had the following outstanding long-term indebtedness at June 30, 2017:

- 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. In connection with the issuance of this indebtedness, a premium of approximately \$9,211,000 was recorded and is being amortized over the life of the bonds. The unamortized premium at June 30, 2017 was approximately \$7,771,000. 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 SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

H. Long-Term Obligations (Continued)

The following is a summary of changes in long-term obligations for the year ended June 30, 2017:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
NICE Series 2014 IPRR Bonds	\$ 58,725,000	-	2,755,000	55,970,000	\$ 2,865,000
Total Debt	<u>58,725,000</u>	<u>-</u>	<u>2,755,000</u>	<u>55,970,000</u>	<u>2,865,000</u>
Premiums	8,347,164	-	575,666	7,771,498	-
Compensated Absences	813,250	382,873	345,114	851,009	361,137
Total Governmental Activities	<u>\$ 67,885,414</u>	<u>382,873</u>	<u>3,675,780</u>	<u>64,592,507</u>	<u>\$ 3,226,137</u>

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

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

Years Ended June 30	Revenue Bonds		Totals
	Principal	Interest	
2018	\$ 2,865,000	2,628,875	\$ 5,493,875
2019	3,010,000	2,482,000	5,492,000
2020	3,160,000	2,327,750	5,487,750
2021	3,320,000	2,165,750	5,485,750
2022	3,485,000	1,995,625	5,480,625
2023-2027	20,210,000	7,114,500	27,324,500
2028-2031	19,920,000	1,896,000	21,816,000
Totals	<u>\$ 55,970,000</u>	<u>20,610,500</u>	<u>\$ 76,580,500</u>

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, 2017.

Section 15 of Article X of the South Carolina State Constitution allows school districts to incur a legal debt limit not to exceed eight 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, 2017, the School District's assessed property valuation was approximately \$140,600,000, and the legal debt limit was approximately \$11,248,000, of which approximately \$1,377,000 in outstanding debt was applicable to this limit at June 30, 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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

I. Transfers In and (Out)

Transfers between funds for the year ended June 30, 2017, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,737,276	\$ -
Special Revenue Funds:		
Special Revenue	47,826	139,579
Education Improvement Act	-	1,499,716
Food Service	-	145,807
Debt Service - District Fund	-	7,707,617
Debt Service - NICE Fund	5,510,575	-
Capital Projects - District Fund	2,197,042	-
	<u>\$ 9,492,719</u>	<u>\$ 9,492,719</u>

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, 2017 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

Transfer to:

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.

Transfer from:

Funds were transferred from the Special Revenue Fund to the Special Revenue - EIA Fund due to funding flexibility transfers.

Debt Service and Capital Projects Funds

Transfers:

Funds were transferred into the Debt Service – NICE Fund and the Capital Projects – District Fund from the Debt Service – District Fund to fund the 2017 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, 2017

IV. OTHER INFORMATION

A. Retirement Plans

The School District participates in the State of South Carolina’s retirement plan, which is 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 (“PEBA Board”), 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 State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (“Systems”) and serves as a co-trustee of the Systems in conducting that review.

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The 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, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership (Continued)

- State ORP - As an alternative to membership in the SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as the SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by the 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, 2017

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. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS (“Plans”) employer and employee contribution rates, but any such increase may not result in a differential between the employee and total 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 PEBA 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 PEBA Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the PEBA 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 earlier, both employees and the School District are required to contribute to the Plan 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:

	SCRS and State ORP Rates			PORS Rates		
	2015	2016	2017	2015	2016	2017
Employer Rate: [^]						
Retirement *	10.75%	10.91%	11.41%	13.01%	13.34%	13.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.90%</u>	<u>11.06%</u>	<u>11.56%</u>	<u>13.41%</u>	<u>13.74%</u>	<u>14.24%</u>
Employee Rate	<u>8.00%</u>	<u>8.16%</u>	<u>8.66%</u>	<u>8.41%</u>	<u>8.74%</u>	<u>9.24%</u>

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

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
2017	\$ 4,023,857	100%	\$ 112,945	100%	\$ 9,380	100%
2016	3,743,161	100%	107,218	100%	8,979	100%
2015	\$ 3,547,564	100%	\$ 109,961	100%	\$ 8,025	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
2017	\$ 34,808,453	1,721,723	65,872	\$ 36,596,048
2016	33,844,132	1,769,274	65,352	35,678,758
2015	\$ 32,546,461	1,863,749	59,842	\$ 34,470,052

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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016 actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017 measurement date.

The June 30, 2016 total pension liability, net pension liability, and sensitivity information were determined by the System's consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2015 actuarial valuations as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2016 using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.75%.

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. Assumptions used in the July 1, 2015 valuations for the SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	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 and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015 actuarial valuations, was based upon the 30-year capital market outlook at the end of the third quarter 2015. The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.5 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Long-term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

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

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. NPL totals, as of the June 30, 2016 measurement date, for the SCRS and PORS are presented in the following table:

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	\$ 45,356,214,752	23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	3,876,035,732	\$ 2,536,474,726	60.4%

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans’ funding requirements.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

At June 30, 2017, the School District reported liabilities of approximately \$76,790,000 and \$130,000 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2016, 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, 2015 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 School 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 the June 30, 2016 measurement date, the School District's SCRS proportion was 0.35951 percent, which was an increase of 0.00163 from its proportion measured as of June 30, 2015. At the June 30, 2016 measurement date, the School District's PORS proportion was 0.00513 percent, which was an increase of 0.00030 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized pension expense of approximately \$6,360,000 and \$15,000 for the SCRS and PORS, respectively. At June 30, 2017, the School District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 796,022	\$ 83,395
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	6,460,538	-
Changes in Proportion and Differences Between the School District's		
Contributions and Proportionate Share of Contributions	224,386	1,187,381
School District's Contributions Subsequent to the Measurement Date	4,136,802	-
Total SCRS	11,617,748	1,270,776
PORS		
Differences Between Expected and Actual Experience	1,929	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,743	-
Changes in Proportion and Differences Between the School District's		
Contributions and Proportionate Share of Contributions	4,911	884
School District's Contributions Subsequent to the Measurement Date	9,380	-
Total PORS	30,963	884
Total SCRS and PORS	\$ 11,648,711	\$ 1,271,660

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

Approximately \$4,137,000 and \$9,000 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2018	\$ 1,304,048	4,778	\$ 1,308,826
2019	887,962	4,680	892,642
2020	2,557,048	6,987	2,564,035
2021	1,461,112	4,254	1,465,366
Total	\$ 6,210,170	20,699	\$ 6,230,869

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 the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. 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 following table presents the sensitivity of the School District’s proportionate share of the net pension liability of the Plans 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	\$ 95,793,894	76,790,378	\$ 60,970,667
School District’s proportionate share of the net pension liability of the PORS	170,402	130,020	93,279
Total	\$ 95,964,296	\$ 76,920,398	\$ 61,063,946

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Payable to Plans

The School District reported payables of approximately \$771,000 and \$2,000 to the PEBA as of June 30, 2017, representing required employer and employee contributions for the month of June 2017 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable on the financial statements and were paid in July 2017.

Plan Developments

House Bill 3726 was signed by the Governor of the State on April 25, 2017 and is effective immediately. This new law increases the employer SCRS and PORS contribution rates to 13.56% and 16.24%, respectively, beginning July 1, 2017. Employer rates will continue to increase annually by 1% through July 1, 2022, which would result in the SCRS and PORS employer rate totaling 18.56% and 21.24%, respectively, for fiscal year 2023 and thereafter. The legislation (a) would also increase and cap the employee SCRS and PORS contribution rates to 9.00% and 9.75%, respectively, provides, after June 30, 2027, for a decrease in employer and employee contribution rates in equal amounts if the ratio between the actuarial value of assets and the actuarial value of liabilities is equal to or greater than 85%, (b) lower the assumed annual rate of return on pension investments from 7.50% to 7.25%, and (c) for some years reduce the funding period of unfunded liabilities from 30 years to 20 years.

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). Basic long-term disability 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 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 5.33%, 5.33%, and 5.00% for the years ended June 30, 2017, 2016, and 2015, respectively. The actual required employer contribution surcharge amounts were approximately \$1,951,000, \$1,902,000, and \$1,724,000 for the years ended June 30, 2017, 2016, and 2015, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

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. Tax Abatements

The School District does not have any of its own tax abatement agreements.

Newberry County's Abatements

The School District's property tax revenues were reduced by approximately \$3,152,000 under agreements entered into by Newberry County, South Carolina.

G. Pending Implementation of GASB Statement on OPEB

GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("Statement"), which was issued by the GASB in June 2015, is required to be implemented by the School District for the year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net OPEB liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the School District's financial obligations to current and former employees for past services rendered.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION (CONTINUED)

G. Pending Implementation of GASB Statement on OPEB (Continued)

The School District has been in communications with the PEBA on the effect of implementing this Statement. Based on recent information provided by the PEBA, it is anticipated that the School District's proportionate share of the net OPEB liability associated with the State Health Plan will decrease its governmental activities beginning net position for the year ended June 30, 2018 by approximately \$58,500,000, although the exact amount has yet to be determined.

H. Subsequent Event

In October 2017, the School District issued its Series 2017B General Obligation Bond in the amount of \$6,600,000 for the purposes of paying to NICE for a portion of the installments of purchase price that are due in fiscal year 2018 under the Facilities Agreement, for additional capital outlay needs of the School District, and for paying certain costs of issuance related to the bonds. The bonds, including interest at 1.15%, are due at maturity on March 1, 2018.

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Required Supplementary Information

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REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 18,300,000	18,300,000	18,842,469	\$ 542,469
Investment Earnings	10,000	10,000	129,293	119,293
Other Local Sources	40,000	40,000	59,213	19,213
State Sources	32,189,521	32,189,521	32,700,796	511,275
TOTAL REVENUES	50,539,521	50,539,521	51,731,771	1,192,250
EXPENDITURES				
Current:				
Instruction	29,695,495	29,695,495	29,471,171	224,324
Support Services	21,496,301	21,496,301	21,370,458	125,843
Community Services	10,000	10,000	4,822	5,178
Intergovernmental	223,100	223,100	191,239	31,861
Capital Outlay	861,065	861,065	855,475	5,590
TOTAL EXPENDITURES	52,285,961	52,285,961	51,893,165	392,796
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,746,440)	(1,746,440)	(161,394)	1,585,046
OTHER FINANCING SOURCES (USES)				
Transfers In	1,687,405	1,687,405	1,737,276	49,871
TOTAL OTHER FINANCING SOURCES (USES)	1,687,405	1,687,405	1,737,276	49,871
NET CHANGES IN FUND BALANCES	(59,035)	(59,035)	1,575,882	1,634,917
FUND BALANCES, Beginning of Year	14,308,474	14,308,474	14,308,474	-
FUND BALANCES, End of Year	\$ 14,249,439	14,249,439	15,884,356	\$ 1,634,917

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.

Note: The School District's original and final budget reflected the use of appropriated fund balance of approximately \$59,000. Actual performance was considerably better than budget and no fund balance was used.

**THE 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 FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
School District 's Proportion of the Net Pension Liability (Asset)	0.359510%	0.357880%	0.370435%	0.370435%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 76,790,378	67,873,098	63,776,626	\$ 66,442,825
School District's Covered Payroll	\$ 35,613,406	34,410,210	34,348,112	\$ 33,981,479
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	215.62%	197.25%	185.68%	195.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The School District implemented GASB #68/71 for the year ended June 30, 2015. Information before 2014 is not available.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 4,136,802	3,850,379	3,657,525	\$ 3,564,846
Contributions in Relation to the Contractually Required Contribution	4,136,802	3,850,379	3,657,525	3,564,846
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 36,530,176	35,613,406	34,410,210	\$ 34,348,112
Contributions as a Percentage of Covered Payroll	11.32%	10.81%	10.63%	10.38%

Notes to Schedule:

The School District implemented GASB #68/71 for the year ended June 30, 2015. Information before 2014 is not available.

**THE 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 FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
School District 's Proportion of the Net Pension Liability (Asset)	0.00513%	0.00483%	0.00490%	0.00490%
School District's Proportionate Share of the Net Pension	\$ 130,020	105,270	93,845	\$ 101,617
School District's Covered Payroll	\$ 65,352	59,842	58,962	\$ 63,092
School District's Proportionate Share of the Net Pension Liability	198.95%	175.91%	159.16%	161.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The School District implemented GASB #68/71 for the year ended June 30, 2015. Information before 2014 is not available.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 9,380	8,979	8,025	\$ 7,571
Contributions in Relation to the Contractually Required Contribution	9,380	8,979	8,025	7,571
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 65,872	65,352	59,842	\$ 58,962
Contributions as a Percentage of Covered-Employee Payroll	14.24%	13.74%	13.41%	12.84%

Notes to Schedule:

The School District implemented GASB #68/71 for the year ended June 30, 2015. Information before 2014 is not available.

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Supplementary Information

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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.

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GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 15,600,000	15,938,890	\$ 338,890
1140 Penalties & Interest on Taxes (Independent)	600,000	584,903	(15,097)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	2,100,000	2,318,676	218,676
1300 Tuition:			
1320 From Other LEAs for Regular Day School	-	13,703	13,703
1350 From Patrons for Summer School	20,000	-	(20,000)
1500 Earnings on Investments:			
1510 Interest on Investments	10,000	129,293	119,293
1900 Other Revenue from Local Sources:			
1910 Rentals	-	2,970	2,970
1950 Refund of Prior Year's Expenditures	-	3,391	3,391
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	12,069	12,069
1999 Revenue from Other Local Sources	20,000	27,080	7,080
Total Revenue from Local Sources	<u>18,350,000</u>	<u>19,030,975</u>	<u>680,975</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	664	664
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	574,261	609,862	35,601
3162 Transportation Workers' Compensation	-	34,888	34,888
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	6,385,423	6,334,640	(50,783)
3181 Retiree Insurance (No Carryover Provision)	1,264,673	1,385,383	120,710
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	743,205	652,481	(90,724)
3312 Primary	2,198,013	2,169,504	(28,509)
3313 Elementary	3,392,027	3,517,916	125,889
3314 High School	1,254,917	1,487,573	232,656
3315 Trainable Mentally Handicapped	29,302	25,736	(3,566)
3316 Speech Handicapped (Part-Time Program)	999,510	1,043,169	43,659
3317 Homebound	\$ 16,896	10,571	\$ (6,325)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 57,204	4,146	\$ (53,058)
3322 Educable Mentally Handicapped	12,640	75,503	62,863
3323 Learning Disabilities	1,392,236	1,389,044	(3,192)
3324 Hearing Handicapped	18,458	29,971	11,513
3325 Visually Handicapped	13,843	13,837	(6)
3326 Orthopedically Handicapped	10,773	13,837	3,064
3327 Vocational	1,935,675	1,628,510	(307,165)
3330 Other EFA Programs:			
3331 Autism	179,818	182,700	2,882
3332 High Achieving Students	216,266	224,319	8,053
3334 Limited English Proficiency	197,862	187,133	(10,729)
3351 Academic Assistance	225,692	555,334	329,642
3352 Pupils in Poverty	1,642,149	1,646,457	4,308
3353 Dual Credit Enrollment	31,780	34,638	2,858
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)	5,512,704	5,510,606	(2,098)
3830 Merchant's Inventory Tax	120,000	158,280	38,280
3840 Manufacturers Depreciation Reimbursement	230,000	199,267	(30,733)
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	185,000	225,632	40,632
Total Revenue from State Sources	<u>32,189,521</u>	<u>32,700,796</u>	<u>511,275</u>
TOTAL REVENUE ALL SOURCES	<u>50,539,521</u>	<u>51,731,771</u>	<u>1,192,250</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,300,015	1,247,167	52,848
140 Terminal Leave	-	950	(950)
200 Employee Benefits	587,809	555,610	32,199
300 Purchased Services	7,691	7,690	1
400 Supplies and Materials	16,885	16,851	34
112 Primary Programs:			
100 Salaries	4,077,313	4,044,510	32,803
140 Terminal Leave	-	2,850	(2,850)
200 Employee Benefits	1,557,646	1,543,506	14,140
300 Purchased Services	27,287	27,159	128
400 Supplies and Materials	91,471	84,244	7,227
600 Other Objects	\$ 154,268	82,614	\$ 71,654

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
113 Elementary Programs:			
100 Salaries	\$ 7,037,288	7,084,172	\$ (46,884)
140 Terminal Leave	-	3,000	(3,000)
200 Employee Benefits	2,785,778	2,737,613	48,165
300 Purchased Services	40,492	61,403	(20,911)
400 Supplies and Materials	107,345	104,980	2,365
114 High School Programs:			
100 Salaries	4,480,067	4,477,419	2,648
200 Employee Benefits	1,743,794	1,656,464	87,330
300 Purchased Services	45,854	69,057	(23,203)
400 Supplies and Materials	183,062	165,570	17,492
115 Career and Technology Education Program:			
100 Salaries	864,946	885,598	(20,652)
200 Employee Benefits	326,557	334,087	(7,530)
300 Purchased Services - Other Than Tuition	3,307	2,442	865
400 Supplies and Materials	34,299	22,369	11,930
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	733,169	751,748	(18,579)
140 Terminal Leave	-	50	(50)
200 Employee Benefits	306,129	310,314	(4,185)
300 Purchased Services	872	1,110	(238)
400 Supplies and Materials	10,327	10,484	(157)
122 Trainable Mentally Handicapped:			
100 Salaries	243,243	237,751	5,492
140 Terminal Leave	-	157	(157)
200 Employee Benefits	99,553	90,528	9,025
300 Purchased Services	36,000	36,000	-
400 Supplies and Materials	3,447	3,144	303
123 Orthopedically Handicapped:			
100 Salaries	4,714	4,667	47
200 Employee Benefits	1,616	1,219	397
300 Purchased Services	2,970	2,001	969
400 Supplies and Materials	504	622	(118)
124 Visually Handicapped:			
100 Salaries	9,429	9,334	95
200 Employee Benefits	8,877	2,438	6,439
300 Purchased Services	12,670	12,234	436
400 Supplies and Materials	324	-	324
125 Hearing Handicapped:			
200 Employee Benefits	7,076	-	7,076
126 Speech Handicapped:			
100 Salaries	205,851	225,570	(19,719)
140 Terminal Leave	-	100	(100)
200 Employee Benefits	76,814	102,510	(25,696)
300 Purchased Services	1,000	1,000	-
400 Supplies and Materials	\$ 5,625	5,658	\$ (33)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
127 Learning Disabilities:			
100 Salaries	\$ 1,192,695	1,184,742	\$ 7,953
140 Terminal Leave	-	1,163	(1,163)
200 Employee Benefits	528,965	455,650	73,315
300 Purchased Services	750	741	9
400 Supplies and Materials	12,954	7,612	5,342
128 Emotionally Handicapped:			
100 Salaries	82,286	81,138	1,148
200 Employee Benefits	36,174	31,452	4,722
400 Supplies and Materials	3,425	2,904	521
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	86,860	102,971	(16,111)
200 Employee Benefits	41,495	41,630	(135)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	91,144	92,374	(1,230)
200 Employee Benefits	64,404	40,482	23,922
300 Purchased Services	2,160	-	2,160
145 Homebound:			
100 Salaries	30,000	31,172	(1,172)
200 Employee Benefits	6,000	7,933	(1,933)
300 Purchased Services	12,600	19,321	(6,721)
148 Gifted and Talented - Artistic:			
300 Purchased Services	-	800	(800)
400 Supplies and Materials	-	10,285	(10,285)
149 Other Special Programs:			
100 Salaries	-	8,244	(8,244)
200 Employee Benefits	-	2,119	(2,119)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	70,544	69,770	774
200 Employee Benefits	42,838	31,902	10,936
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	-	22,841	(22,841)
200 Employee Benefits	-	5,771	(5,771)
182 Adult Secondary Education Programs:			
100 Salaries	-	7,410	(7,410)
200 Employee Benefits	-	1,778	(1,778)
400 Supplies and Materials	1,166	476	690
184 Post Secondary Education Programs:			
100 Salaries	-	9,140	(9,140)
200 Employee Benefits	-	2,347	(2,347)
185 Vocational Adult Education Programs:			
100 Salaries	57,543	56,623	920
200 Employee Benefits	\$ 23,273	23,202	\$ 71

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
188 Parenting/Family Literacy:			
100 Salaries	\$ 44,376	65,001	\$ (20,625)
140 Terminal Leave	-	550	(550)
200 Employee Benefits	20,459	25,713	(5,254)
400 Supplies and Materials	-	(50)	50
Total Instruction	<u>29,695,495</u>	<u>29,471,171</u>	<u>224,324</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	241,964	242,881	(917)
200 Employee Benefits	136,128	90,879	45,249
300 Purchased Services	14,600	15,790	(1,190)
400 Supplies and Materials	5,000	4,985	15
212 Guidance Services:			
100 Salaries	971,280	975,508	(4,228)
140 Terminal Leave	-	1,625	(1,625)
200 Employee Benefits	342,608	341,681	927
213 Health Services:			
100 Salaries	233,630	254,567	(20,937)
140 Terminal Leave	-	400	(400)
200 Employee Benefits	120,875	102,185	18,690
300 Purchased Services	14,678	2,163	12,515
400 Supplies and Materials	4,130	4,709	(579)
600 Other Objects	182	-	182
214 Psychological Services:			
100 Salaries	48,105	48,105	-
200 Employee Benefits	16,916	16,874	42
300 Purchased Services	1,800	1,800	-
400 Supplies and Materials	2,657	2,654	3
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	992,202	989,551	2,651
140 Terminal Leave	-	550	(550)
200 Employee Benefits	370,057	359,780	10,277
300 Purchased Services	26,692	21,449	5,243
400 Supplies and Materials	25,667	21,493	4,174
600 Other Objects	486	878	(392)
222 Library and Media Services:			
100 Salaries	728,497	684,316	44,181
200 Employee Benefits	271,348	262,372	8,976
400 Supplies and Materials	\$ 71,737	71,002	\$ 735

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
223 Supervision of Special Programs:			
100 Salaries	\$ 113,896	73,569	\$ 40,327
140 Terminal Leave	-	337	(337)
200 Employee Benefits	51,375	38,873	12,502
400 Supplies and Materials	2,187	1,863	324
600 Other Objects	194	135	59
224 Improvement of Instruction-Inservice and Staff Training:			
300 Purchased Services	37,139	34,244	2,895
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	53,850	53,850	-
200 Employee Benefits	536,905	17,584	519,321
300 Purchased Services	81,245	48,294	32,951
318 Audit Services	40,900	47,400	(6,500)
400 Supplies and Materials	842	3,505	(2,663)
600 Other Objects	230,853	236,858	(6,005)
232 Office of Superintendent:			
100 Salaries	202,858	199,858	3,000
200 Employee Benefits	62,160	61,723	437
300 Purchased Services	8,754	11,202	(2,448)
400 Supplies and Materials	3,460	3,604	(144)
600 Other Objects	9,067	9,338	(271)
233 School Administration:			
100 Salaries	3,262,849	3,248,666	14,183
140 Terminal Leave	-	47,663	(47,663)
200 Employee Benefits	1,263,806	1,261,349	2,457
300 Purchased Services	25,737	24,710	1,027
400 Supplies and Materials	48,103	40,880	7,223
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	467,135	464,926	2,209
140 Terminal Leave	-	3,710	(3,710)
200 Employee Benefits	177,785	173,932	3,853
300 Purchased Services	12,656	14,328	(1,672)
400 Supplies and Materials	4,600	4,351	249
600 Other Objects	70	70	-
254 Operation and Maintenance of Plant:			
100 Salaries	639,175	644,990	(5,815)
200 Employee Benefits	199,337	232,086	(32,749)
300 Purchased Services	2,219,768	2,206,741	13,027
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	240,000	274,111	(34,111)
400 Supplies and Materials	292,608	360,661	(68,053)
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,719,503	1,954,226	(234,723)
500 Capital Outlay	12,644	9,185	3,459
600 Other Objects	\$ 73,069	70,529	\$ 2,540

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
255 Student Transportation (State Mandated):			
100 Salaries	\$ 1,471,662	1,357,489	\$ 114,173
140 Terminal Leave	-	2,788	(2,788)
200 Employee Benefits	429,215	410,623	18,592
300 Purchased Services	42,339	11,374	30,965
400 Supplies and Materials	5,550	5,710	(160)
256 Food Service:			
140 Terminal Leave	-	2,725	(2,725)
200 Employee Benefits	390,000	556,161	(166,161)
257 Internal Services:			
100 Salaries	-	132,150	(132,150)
200 Employee Benefits	-	10,091	(10,091)
300 Purchased Services	162,904	128,305	34,599
400 Supplies and Materials	23,400	28,144	(4,744)
600 Other Objects	26,732	23,413	3,319
258 Security:			
300 Purchased Services	325,600	371,090	(45,490)
260 Central Support Services:			
264 Staff Services:			
100 Salaries	245,119	246,080	(961)
200 Employee Benefits	97,926	98,112	(186)
300 Purchased Services	53,254	54,455	(1,201)
400 Supplies and Materials	3,587	2,955	632
600 Other Objects	7,000	6,004	996
266 Technology and Data Processing Services:			
100 Salaries	440,751	438,058	2,693
200 Employee Benefits	160,254	164,828	(4,574)
300 Purchased Services	303,800	293,766	10,034
400 Supplies and Materials	9,670	8,986	684
500 Capital Outlay	848,421	846,290	2,131
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	423,995	427,001	(3,006)
200 Employee Benefits (Optional)	61,818	105,210	(43,392)
300 Purchased Services (Optional)	40,000	46,777	(6,777)
400 Supplies and Materials (Optional)	-	1,200	(1,200)
660 Pupil Activity	48,600	48,600	-
Total Support Services	\$ 22,357,366	22,225,933	\$ 131,433

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	\$ 1,000	-	\$ 1,000
390 Other Community Services:			
100 Salaries	-	41	(41)
200 Employee Benefits	-	10	(10)
300 Purchased Services	5,000	152	4,848
600 Other Objects	4,000	4,619	(619)
Total Community Services	<u>10,000</u>	<u>4,822</u>	<u>5,178</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	175,000	174,842	158
412 Payments to Other Governmental Units			
720 Transits	48,100	16,397	31,703
Total Intergovernmental Expenditures	<u>223,100</u>	<u>191,239</u>	<u>31,861</u>
TOTAL EXPENDITURES	<u>52,285,961</u>	<u>51,893,165</u>	<u>392,796</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	1,404,739	1,453,272	48,533
5280 Transfer from Other Funds Indirect Costs	282,666	284,004	1,338
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,687,405</u>	<u>1,737,276</u>	<u>49,871</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(59,035)	1,575,882	1,634,917
FUND BALANCES, Beginning of Year	<u>14,308,474</u>	<u>14,308,474</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 14,249,439</u>	<u>15,884,356</u>	<u>\$ 1,634,917</u>

**SPECIAL REVENUE FUND AND SPECIAL REVENUE -
EDUCATION IMPROVEMENT ACT FUND**

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

The following combining and individual fund schedules have 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**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
REVENUES		
1000 Revenue from Local Sources:		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ -	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
1990 Miscellaneous Local Revenue:		
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue:		
2100 Payments from Other Governmental Units	-	-
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Revenue	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3127 Student Health and Fitness - PE Teachers	-	-
3130 Special Programs:		
3134 Child Development Education Program (CDEP) Expansion Full Day 4K	-	-
3135 Reading Coaches	-	-
3136 Student Health and Fitness - Nurses	-	-
3155 DSS SNAP & E&T Program	-	-
3177 Summer Reading Camps	-	-
3190 Miscellaneous Restricted State Grants:		
3198 Technology Professional Development (Carryover Only)	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3630 K-12 Technology Initiative	-	-
Total Revenue from State Sources	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	-	51	\$ 51
-	-	-	-	41,946	41,946
-	-	-	-	713,184	713,184
-	-	-	-	204,089	204,089
-	-	-	-	959,270	959,270
-	-	-	-	1,000	1,000
-	-	-	-	47,842	47,842
-	-	-	-	48,842	48,842
-	-	-	132,870	-	132,870
-	-	-	45,322	-	45,322
-	-	-	14,570	-	14,570
-	-	-	468,336	-	468,336
-	-	-	232,270	-	232,270
-	-	-	1,478	-	1,478
-	-	-	26,503	-	26,503
-	-	-	4,688	-	4,688
-	-	-	-	6,495	6,495
-	-	-	268,318	-	268,318
-	-	-	1,194,355	6,495	\$ 1,200,850

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I - Career and Technical Education - Basic Grants to States	\$ -	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	1,534,549	-
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4351 Improving Teacher Quality	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4430 State Literacy Resource	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,584,116
4520 Preschool Grants for Children With Disabilities (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,534,549</u>	<u>1,584,116</u>
TOTAL REVENUE ALL SOURCES	<u>1,534,549</u>	<u>1,584,116</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	289,965	-
200 Employee Benefits	101,591	-
300 Purchased Services	218	-
400 Supplies and Materials	\$ 181,272	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	99,697	-	-	-	\$ 99,697
-	-	-	-	14,134	1,548,683
-	-	-	-	130,712	130,712
-	-	-	-	37,535	37,535
-	-	-	-	225,422	225,422
-	-	64,742	-	-	64,742
-	-	9,791	-	-	9,791
-	-	-	-	-	1,584,116
51,418	-	-	-	-	51,418
-	-	-	-	169,399	169,399
<u>51,418</u>	<u>99,697</u>	<u>74,533</u>	<u>-</u>	<u>577,202</u>	<u>3,921,515</u>
51,418	99,697	74,533	1,194,355	1,591,809	6,130,477
-	-	-	-	35,654	35,654
-	-	-	-	14,595	14,595
-	-	-	-	1,911	1,911
-	-	-	-	100,603	390,568
-	-	-	-	27,814	129,405
-	-	-	-	136	354
-	-	-	-	29,472	\$ 210,744

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
113 Elementary Programs:		
100 Salaries	\$ 160,564	-
200 Employee Benefits	49,842	-
300 Purchased Services	-	-
400 Supplies and Materials	244,128	-
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	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	179,012
200 Employee Benefits	-	81,775
300 Purchased Services	-	-
400 Supplies and Materials	-	7,500
122 Trainable Mentally Handicapped:		
100 Salaries	-	45,237
200 Employee Benefits	-	19,548
300 Purchased Services	-	-
400 Supplies and Materials	-	-
124 Visually Handicapped:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
126 Speech Handicapped:		
100 Salaries	-	284,609
200 Employee Benefits	-	85,617
300 Purchased Services	-	-
127 Learning Disabilities:		
100 Salaries	-	182,345
200 Employee Benefits	-	66,235
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	110,842

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	35,083	-	\$ 195,647
-	-	-	10,239	-	60,081
-	-	-	-	5,600	5,600
-	-	-	-	17,249	261,377
-	-	-	-	104,529	104,529
-	-	-	-	59,858	59,858
-	47,979	-	-	-	47,979
-	16,885	-	-	-	16,885
-	8,600	-	-	-	8,600
-	10,368	-	-	16,304	26,672
-	-	-	-	2,218	181,230
-	-	-	-	5,132	86,907
-	-	-	-	10,596	10,596
-	-	-	-	542	8,042
-	-	-	-	-	45,237
-	-	-	-	-	19,548
-	-	-	-	16,002	16,002
-	-	-	-	1,813	1,813
-	-	-	-	1,000	1,000
-	-	-	-	2,614	2,614
-	-	-	-	-	284,609
-	-	-	-	-	85,617
-	-	-	-	10,608	10,608
-	-	-	-	35,071	217,416
-	-	-	-	9,070	75,305
-	-	-	-	4,030	4,030
-	-	-	-	1,215	\$ 112,057

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	\$ -	20,483
200 Employee Benefits	-	9,834
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
147 CDEPP:		
100 Salaries	67,978	-
200 Employee Benefits	27,409	-
400 Supplies and Materials	-	-
149 Other Special Programs		
100 Salaries	-	5,143
400 Supplies and Materials	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	20,182
200 Employee Benefits	-	9,671
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	-	-	\$ 20,483
-	-	-	-	-	9,834
38,835	-	-	-	17,448	56,283
10,463	-	-	-	7,810	18,273
-	-	-	555	-	555
-	-	-	-	-	67,978
-	-	-	-	-	27,409
-	-	-	14,015	-	14,015
-	-	-	-	-	5,143
-	-	-	-	29,763	29,763
-	-	-	-	-	20,182
-	-	-	-	-	9,671
-	-	-	29,508	-	29,508
-	-	-	7,751	-	7,751
-	-	-	1,799	-	1,799
-	-	17,163	-	-	17,163
-	-	4,465	-	-	4,465
-	-	1,500	113	-	1,613
-	-	650	1,364	-	2,014
-	-	21,043	-	-	21,043
-	-	5,505	-	-	5,505
-	-	2,564	-	-	2,564
-	-	6,960	-	-	6,960
-	-	1,770	-	-	1,770
-	-	500	-	-	500
-	-	561	-	-	\$ 561

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
188 Parenting/Family Literacy:		
100 Salaries	\$ 44,169	-
200 Employee Benefits	19,692	-
300 Purchased Services	-	-
400 Supplies and Materials	7,188	-
Total Instruction	<u>1,194,016</u>	<u>1,128,033</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
214 Psychological Services:		
100 Salaries	-	174,260
200 Employee Benefits	-	56,332
300 Purchased Services	-	6,000
400 Supplies and Materials	-	3,480
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	1,431	-
222 Library and Media:		
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	129,753	110,341
200 Employee Benefits	42,075	43,444
300 Purchased Services	2,985	-
400 Supplies and Materials	\$ 26,970	1,939

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	-	23,183	\$ 67,352
-	-	-	-	4,913	24,605
-	-	-	-	7,799	7,799
-	-	-	-	11,948	19,136
<u>49,298</u>	<u>83,832</u>	<u>62,681</u>	<u>100,427</u>	<u>616,500</u>	<u>3,234,787</u>
-	-	-	-	36,829	36,829
-	-	-	-	13,862	13,862
-	-	-	-	1,109	1,109
-	-	-	97,864	-	97,864
-	-	-	35,006	-	35,006
-	-	-	188,383	168,258	356,641
-	-	-	71,158	73,694	144,852
-	-	-	-	11,543	11,543
-	-	-	-	24,992	24,992
-	-	-	-	548	548
-	-	-	-	-	174,260
-	-	-	-	-	56,332
-	-	-	-	56,325	62,325
-	-	-	-	10,614	14,094
-	-	-	344,033	88,479	432,512
-	-	-	132,302	29,827	162,129
-	-	-	-	7,977	7,977
-	-	-	-	2,405	3,836
-	-	-	-	478	478
-	-	-	-	59,059	299,153
-	-	-	-	24,152	109,671
-	-	3,058	-	6,194	12,237
-	-	1,150	-	17,994	\$ 48,053

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	\$ -	-
300 Purchased Services	69,799	-
400 Supplies and Materials	3,355	-
230 General Administration Services:		
232 Office of the Superintendent:		
300 Purchased Services	-	-
233 School Administration:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	672	-
200 Employee Benefits	72	-
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
255 Student Transportation (State Mandated):		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
257 Internal Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	-	9	\$ 9
-	9,160	2,250	4,688	59,134	145,031
-	-	5,394	-	3,564	12,313
-	-	-	-	275	275
-	-	-	-	1,800	1,800
-	-	-	-	486	486
-	-	-	-	7,800	7,800
-	6,705	-	-	16,604	23,309
-	-	-	-	-	672
-	-	-	-	-	72
-	-	-	-	6,100	6,100
-	-	-	-	2,147	2,147
-	-	-	-	14,644	14,644
-	-	-	-	21,430	21,430
-	-	-	-	20,956	20,956
-	-	-	-	6,535	6,535
-	-	-	-	7,298	7,298
-	-	-	-	1,160	1,160
-	-	-	-	9,190	9,190
-	-	-	-	2,975	2,975
-	-	-	22,723	22,264	44,987
-	-	-	728	-	728
-	-	-	244,869	-	\$ 244,869

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
300 Purchased Services (Optional)	\$ -	-
400 Supplies and Materials (Optional)	-	-
Total Support Services	<u>277,112</u>	<u>395,796</u>
TOTAL EXPENDITURES	<u>1,471,128</u>	<u>1,523,829</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
5220 Transfer from Special Revenue Fund (Exclude Indirect Costs)	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	<u>(63,421)</u>	<u>(60,287)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(63,421)</u>	<u>(60,287)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCES, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s/900s)	Totals
-	-	-	-	40,027	\$ 40,027
-	-	-	-	17,659	17,659
-	15,865	11,852	1,141,754	896,396	2,738,775
49,298	99,697	74,533	1,242,181	1,512,896	5,973,562
-	-	-	47,826	-	47,826
(2,120)	-	-	-	(13,751)	(139,579)
(2,120)	-	-	47,826	(13,751)	(91,753)
-	-	-	-	65,162	65,162
-	-	-	-	401,798	401,798
-	-	-	-	466,960	\$ 466,960

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2017

OTHER DESIGNATED RESTRICTED STATE GRANTS

914	Digital Instructional Materials
917	Reading Coaches
918	Technology Professional Development
919	Education License Plates
924	Child Development Education Program (CDEP) Expansion Full Day 4K
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	DSS SNAP & E&T Program
963	Technology Initiative
965	Digital Instructional Materials

OTHER SPECIAL REVENUE PROGRAMS

221	Title I (Neglected and Delinquent)
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
805	NMS Dollar General Foundation
807	Donations - Retirements/TOY
808	Activity Buses
809	Teaching American History
810	Level Data
811	Mechanical Donations
812	Scrap Metal
813	Music Pilot
814	NCCC House Account
815	NAS Donation
816	Special Needs Transportation
817	SP Services
818	Personal Finance - Goldman
824	Adult Ed - Louis Rich
825	Networking Academy
826	Copiers
830	Newberry Soil and Water 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, 2017

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
917	3135	Reading Coaches	-	-	-	-	200
918	3198	Technology Professional Development (Carryover Only)	4,688	4,688	-	-	-
919	3193	Education License Plates	-	-	-	-	2,775
924	3134	Child Development Education Program (CDEP) - Expansion Full Day 4K	14,570	14,570	-	-	23,822
926	3177	Summer Reading Camps	26,503	39,058	12,555	-	37,204
928	3118	EEDA Career Specialists	132,870	132,870	-	-	68,465
935	3135	Reading Coaches	468,336	476,336	8,000	-	56,953
936	3136	Student Health and Fitness - Nurses	232,270	259,541	27,271	-	-
937	3127	Student Health and Fitness - PE Teachers	45,322	45,322	-	-	-
955	3155	DSS SWAP & E&T Program	1,478	1,478	-	-	1,848
963	3630	K-12 Technology Initiative	268,318	268,318	-	-	139,452
965	3699	Other State Lottery Programs	-	-	-	-	32,189
Totals			\$ 1,194,355	1,242,181	47,826	-	\$ 460,500

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3161 EAA Bus Driver Salary and Fringe	\$ 12,803
3500 Education Improvement Act:	
3502 ADEPT	7,257
3511 Professional Development	26,129
3512 Technology Professional Development	32,242
3518 Adoption List of Formative Assessment	65,992
3519 Grade 10 Assessments	6,630
3525 Career and Technology Education Equipment	123,170
3526 Refurbishment of K-8 Science Kits	24,516
3532 National Board Salary Supplement (No Carryover Provision)	449,122
3533 Teacher of the Year Awards (No Carryover Provision)	1,077
3535 Reading Coaches	8,000
3538 Students at Risk of School Failure	693,219
3541 Child Development Education Program (CDEP) - Full Day 4K	656,335
3550 Teacher Salary Increase (No Carryover Provision)	1,267,241
3555 Teacher Salary Fringe (No Carryover Provision)	184,649
3556 Adult Education	168,139
3558 Reading	27,249
3577 Teacher Supplies (No Carryover Provision)	131,725
3578 High Schools That Work/Making Middle Grades Work	29,333
3587 IDEA MOE Tier 1	22,111
3592 Work-Based Learning	22,626
3597 Aid to Districts	39,904
3599 Other EIA	13,632
Total Revenue from State Sources	<u>4,013,101</u>
 TOTAL REVENUE ALL SOURCES	 <u>4,013,101</u>
 EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	79,413
200 Employee Benefits	33,481
400 Supplies and Materials	4,678
112 Primary Programs:	
100 Salaries	333,028
140 Terminal Leave	300
200 Employee Benefits	111,749
400 Supplies and Materials	40,732
113 Elementary Programs:	
100 Salaries	206,190
200 Employee Benefits	79,920
400 Supplies and Materials	\$ 60,730

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
114 High School Programs:	
100 Salaries	\$ 127,502
140 Terminal Leave	150
200 Employee Benefits	37,122
400 Supplies and Materials	26,677
600 Other Objects	6,630
115 Career and Technology Education Program:	
100 Salaries	7,500
200 Employee Benefits	1,881
400 Supplies and Materials	19,812
500 Capital Outlay	108,309
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	22,500
200 Employee Benefits	5,723
300 Purchased Services	9,063
400 Supplies and Materials	17,448
126 Speech Handicapped:	
400 Supplies and Materials	3,025
127 Learning Disabilities:	
400 Supplies and Materials	4,675
130 Pre-School Programs:	
139 Early Childhood Programs:	
400 Supplies and Materials	2,200
140 Special Programs:	
147 CDEPP:	
100 Salaries	452,196
200 Employee Benefits	197,690
300 Purchased Services	1,191
400 Supplies and Materials	5,150
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
400 Supplies and Materials	1,554
182 Adult Secondary Education Programs:	
400 Supplies and Materials	2,048
184 Post Secondary Education Programs:	
100 Salaries	5,473
200 Employee Benefits	1,755
Total Instruction	<u>\$ 2,017,495</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	\$ 5,500
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	16,000
200 Employee Benefits	6,626
300 Purchased Services	65,992
400 Supplies and Materials	10,263
222 Library and Media:	
100 Salaries	22,500
200 Employee Benefits	5,769
400 Supplies and Materials	3,025
223 Supervision of Special Programs:	
100 Salaries	164,606
140 Terminal Leave	150
200 Employee Benefits	61,239
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	36,700
200 Employee Benefits	9,395
300 Purchased Services	77,073
400 Supplies and Materials	948
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	89
200 Employee Benefits	15
260 Central Support Services:	
266 Technology and Data Processing Services:	
500 Capital Outlay	10,000
Total Support Services	<u>495,890</u>
TOTAL EXPENDITURES	<u>2,513,385</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	38,838
420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,451,890)
421-710 Transfer to Special Revenue Fund	(47,826)
422-710 Transfer to EIA Fund	(38,838)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,499,716)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2017

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	\$ 12,803	-	(12,803)	-	\$ -
3500 Education Improvement Act:					
3502 ADEPT	7,257	46,095	38,838	-	-
3511 Professional Development	26,129	26,129	-	-	29,829
3512 Technology Professional Development	32,242	22,472	(9,770)	-	31,943
3518 Adoption List of Formative Assessment	65,992	65,992	-	-	-
3519 Grade 10 Assessments	6,630	6,630	-	-	-
3525 Career and Technology Education Equipment	123,170	123,170	-	-	33,529
3526 Refurbishment of K-8 Science Kits	24,516	24,516	-	-	19,187
3528 Industry Certificates	-	-	-	-	28,337
3532 National Board Salary Supplement (No Carryover Provision)	449,122	449,122	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3535 Reading Coaches	8,000	-	-	(8,000)	-
3538 Students at Risk of School Failure	693,219	693,219	-	-	7,624
3541 Child Development Education Program (CDEP) - Full Day 4K	656,335	656,335	-	-	15,919
3550 Teacher Salary Increase (No Carryover Provision)	1,267,241	-	-	(1,267,241)	-
3555 Teacher Salary Fringe (No Carryover Provision)	184,649	-	-	(184,649)	-
3556 Adult Education	168,139	168,139	-	-	18,609
3557 Summer Reading Camps	-	-	-	-	29,549
3558 Reading	27,249	14,694	-	(12,555)	29,656
3577 Teacher Supplies (No Carryover Provision)	131,725	131,725	-	-	-
3578 High Schools That Work/Making Middle Grades Work	29,333	29,333	-	-	27,105
3587 IDEA MOE Tier 1	22,111	22,111	-	-	272,648
3592 Work-Based Learning	22,626	22,626	-	-	-
3595 EEDA-Supplies and Materials	-	-	-	-	30,379
3597 Aid to Districts	39,904	-	(12,633)	(27,271)	74,172
3599 Other EIA	13,632	10,000	(3,632)	-	170,437
Totals	\$ 4,013,101	2,513,385	-	(1,499,716)	\$ 818,923

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

YEAR ENDED JUNE 30, 2017

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

DEBT SERVICE FUNDS

The Debt Service Funds account for resources that will be used to service the bonded debt of the School District and its blended component unit.

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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DEBT SERVICE FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 6,704,902
1140 Penalties & Interest on Taxes (Independent)	277,679
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	657,869
1500 Earnings on Investments:	
1510 Interest on Investments	20,441
Total Revenue from Local Sources	<u>7,660,891</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	414,235
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	56,537
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	63,997
Total Revenue from State Sources	<u>545,124</u>
TOTAL REVENUE ALL SOURCES	<u>8,206,015</u>
EXPENDITURES	
500 Debt Service:	
620 Interest	26,330
690 Other Objects (Includes Fees for Servicing Bonds)	75,878
Total Debt Service	<u>102,208</u>
TOTAL EXPENDITURES	<u>102,208</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(5,510,575)
424-710 Transfer to Capital Projects Fund - District	(2,197,042)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,707,617)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	396,190
FUND BALANCE, Beginning of Year	<u>789,823</u>
FUND BALANCE, End of Year	<u>\$ 1,186,013</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, 2017

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 172
Total Revenue from Local Sources	<u>172</u>
TOTAL REVENUE ALL SOURCES	<u>172</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	2,755,000
620 Interest	2,755,600
Total Debt Service	<u>5,510,600</u>
TOTAL EXPENDITURES	<u>5,510,600</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	5,510,575
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,510,575</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	147
FUND BALANCE, Beginning of Year	<u>(1,103)</u>
FUND BALANCE, End of Year	\$ <u>(956)</u>

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts 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, 2017

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 29,119
Total Revenue from Local Sources	<u>29,119</u>
TOTAL REVENUE ALL SOURCES	<u>29,119</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	539,592
400 Supplies and Materials	119,017
500 Capital Outlay:	
530 Improvements Other Than Buildings	2,941,504
540 Equipment	100,677
590 Other Capital Outlay	33,136
Total Support Services	<u>3,733,926</u>
TOTAL EXPENDITURES	<u>3,733,926</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund - District	2,197,042
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,197,042</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,507,765)
FUND BALANCE, Beginning of Year	<u>4,529,583</u>
FUND BALANCE, End of Year	<u>\$ 3,021,818</u>

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SPECIAL REVENUE - FOOD SERVICE FUND

The Special Revenue - Food Service Fund accounts for the provision of food services to students of the School 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.

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**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, 2017

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 279
1600 Food Service:	
1610 Lunch Sales to Pupils	461,848
1620 Breakfast Sales to Pupils	1,844
1630 Special Sales to Pupils	222,968
1640 Lunch Sales to Adults	113,980
1650 Breakfast Sales to Adults	3,597
1660 Special Sales to Adults	24,702
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	60,262
Total Revenue from Local Sources	<u>889,480</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	2,109,452
4830 School Breakfast Program	1,104,774
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	352,175
Total Revenue from Federal Sources	<u>3,566,401</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 4,455,881</u>

(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, 2017

	<u>ACTUAL</u>
EXPENDITURES	
256 Food Service:	
100 Salaries	\$ 1,521,527
200 Employee Benefits	223,187
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	45,912
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	2,052,588
500 Capital Outlay	128,305
600 Other Objects	32,269
Total Food Service Expenditures	<u>4,003,788</u>
TOTAL EXPENDITURES	<u>4,003,788</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(145,807)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(145,807)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	306,286
FUND BALANCE, Beginning of Year	<u>1,917,675</u>
FUND BALANCE, End of Year	<u>\$ 2,223,961</u>

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.

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PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,227
1700 Pupil Activities:	
1710 Admissions	234,983
1720 Bookstore Sales	14,607
1730 Pupil Organization Membership Dues and Fees	17,984
1740 Student Fees	212,177
1790 Other	212,125
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	116,875
1999 Revenue from Other Local Sources	1,531,021
Total Receipts from Local Sources	<u>2,341,999</u>
TOTAL RECEIPTS ALL SOURCES	<u>2,341,999</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
600 Other Objects (Optional)	694,803
Total Instruction	<u>694,803</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
660 Pupil Activity	1,639,486
Total Pupil Activity Expenditures	<u>1,639,486</u>
TOTAL DISBURSEMENTS	<u>2,334,289</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	7,710
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>713,447</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 721,157</u>

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2017

	<u>BALANCE - BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE - END OF YEAR</u>
ASSETS				
Cash and Cash Equivalents	\$ 713,447	-	(7,710)	\$ 721,157
TOTAL ASSETS	<u>\$ 713,447</u>	<u>-</u>	<u>(7,710)</u>	<u>\$ 721,157</u>
LIABILITIES				
Due to Student Organizations	\$ 713,447	-	(7,710)	\$ 721,157
TOTAL LIABILITIES	<u>\$ 713,447</u>	<u>-</u>	<u>(7,710)</u>	<u>\$ 721,157</u>

LOCATION RECONCILIATION SCHEDULE

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

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LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2017

LOCATION ID	LOCATION DESCRIPTION	EDUCATION LEVEL	COST TYPE	TOTAL EXPENDITURES
05	Boundary Street	Elementary	School	\$ 4,169,479
40	Gallman Elementary	Elementary	School	3,971,969
15	Little Mountain	Elementary	School	3,474,148
07	Newberry Elementary	Elementary	School	3,625,745
14	Pomaria-Garmany	Elementary	School	2,956,295
11	Prosperity-Rikard	Elementary	School	3,267,537
08	Reuben Elementary	Elementary	School	1,485,567
17	Mid-Carolina Middle	Middle	School	4,652,365
30	Newberry Middle	Middle	School	5,112,009
16	Mid-Carolina High	High School	School	5,734,542
02	Newberry High	High School	School	9,076,043
04	Newberry Alternative School	Alternative School	School	714,616
26	Adult Education	Adult Education	School	212,566
20	Newberry Career Center	Vocational School	School	1,956,244
09	Whitmire Community School	K-12 School	School	4,723,711
00/01/10	District Office	Non-school	Central	20,932,087
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS				\$ 76,064,923

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

General Fund	\$ 51,893,165
Special Revenue Fund	5,973,562
Special Revenue Fund - EIA Fund	2,513,385
Special Revenue Fund - Food Service	4,003,788
Debt Service - District Fund	102,208
Debt Service - NICE Fund	5,510,600
Capital Projects - District Fund	3,733,926
Pupil Activity Fund	2,334,289
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS	\$ 76,064,923

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STATISTICAL SECTION

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

Contents	Page
Financial Trends Information <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>	129
Revenue Capacity Information <i>These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.</i>	133
Debt Capacity Information <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>	137
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>	141
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>	143

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 56,311,926	54,543,987	52,373,186	50,705,535	49,419,826	49,626,844	51,822,272	50,753,158	51,829,506	\$ 53,273,933
Restricted	3,838,812	4,506,065	5,833,225	7,167,992	7,836,273	7,345,835	3,839,204	3,273,223	4,005,747	4,669,772
Unrestricted	8,918,028	8,022,018	9,181,608	10,063,835	10,980,906	12,612,115	12,527,607	(49,890,371)	(50,089,907)	(50,635,161)
Total Governmental Activities/Primary Government Net Position	\$ 66,701,775	69,068,766	67,072,070	67,388,019	67,937,362	68,237,005	69,584,794	4,136,010	5,745,346	\$ 7,308,544

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.

Table 2

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
Instruction	\$ 34,134,897	35,091,390	33,666,768	32,517,676	32,752,100	33,684,925	33,994,208	36,327,569	37,089,366	\$ 38,291,029
Support Services	27,574,078	28,944,592	26,255,546	25,399,391	25,867,707	26,661,529	29,373,394	29,708,242	30,432,859	32,522,455
Community Services	12,530	4,920	5,456	7,017	5,640	4,275	6,179	9,799	5,234	4,822
Interest on Long-Term Obligations	4,351,185	4,280,507	4,210,584	4,128,344	4,123,207	4,037,128	4,712,433	5,707,410	2,521,574	2,284,484
Total Governmental Activities and Primary Government Expenses	66,072,690	68,321,409	64,138,354	62,052,428	62,748,654	64,387,857	68,086,214	71,753,020	70,049,033	73,102,790
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	10,881	33,317	23,320	23,906	8,647	8,600	9,162	9,697	12,040	13,703
Support	1,503,461	1,420,225	1,324,606	1,405,757	1,467,404	2,212,353	1,468,701	1,514,283	1,509,903	1,538,293
Operating Grants and Contributions	34,816,148	32,990,306	31,680,245	29,626,039	29,455,417	31,101,661	31,949,497	33,618,211	33,784,566	35,921,628
Capital Grants and Contributions	16,724	-	7,700	344,024	279,318	-	-	-	-	-
Total Governmental Activities and Primary Government Expenses	36,347,214	34,443,848	33,035,871	31,399,726	31,210,786	33,322,614	33,427,360	35,142,191	35,306,509	37,473,624
Net (Expense)/Revenue										
Total Governmental Activities and Primary Government Net (Expense)/Revenue	\$ 29,725,476	33,877,561	31,102,483	30,652,702	31,537,868	31,065,243	34,658,854	36,610,829	34,742,524	\$ 35,629,166
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 14,245,770	15,141,155	15,191,279	14,925,763	15,414,043	15,614,930	16,123,210	17,838,525	18,336,483	\$ 18,923,030
Property Tax - Debt Service	5,699,205	5,919,474	5,959,554	6,318,080	6,454,966	6,512,615	6,648,983	7,276,232	7,417,381	7,659,340
Other Taxes	8,668,929	8,628,135	8,884,782	8,889,593	9,058,317	9,336,789	9,581,301	9,637,032	9,876,784	9,988,103
Unrestricted Grants and Contributions	38,094	94,706	47,777	18,758	28,802	25,722	22,006	17,122	17,805	33,395
Intergovernmental Revenue	51,800	50,147	43,563	36,129	57,586	36,495	35,886	32,523	32,923	47,842
Unrestricted Investment Earnings	2,760,326	1,495,310	792,864	483,487	402,498	386,827	365,283	381,585	288,759	179,355
Miscellaneous	628,343	551,938	498,613	530,235	421,299	499,654	486,474	332,641	381,725	361,299
Gain on disposal of Capital Assets	-	-	-	-	-	-	-	14,120	-	-
Total Governmental Activities and Primary Government	\$ 32,092,467	31,880,865	31,418,432	31,202,045	31,837,511	32,413,032	33,263,143	35,529,780	36,351,860	\$ 37,192,364
Change in Net Position:										
Total Governmental Activities and Primary Government	\$ 236,699	(1,996,696)	315,949	549,343	299,643	1,347,789	(1,395,711)	(1,081,049)	1,609,336	\$ 1,563,198

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2008 (3)	2009 (3)	2010 (3)	2011 (1)	2012	2013 (4)	2014	2015	2016	2017
General Fund										
Pre-GASB 54 (1)	\$ 15,795	9,330	17,226	-	-	-	-	-	-	\$ -
Reserved	8,579,992	8,005,618	9,003,457	-	-	-	-	-	-	-
Unreserved	-	-	-	1,850	7,459	44,581	2,158	24,695	13,946	18,026
Post-GASB 54 (1)										
Nonspendable	-	-	-	1,252,813	640,754	639,793	434,434	-	-	-
Assigned	-	-	-	8,720,664	10,196,988	11,211,103	11,696,230	13,591,232	14,294,528	15,866,330
Unassigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 8,595,787	8,014,948	9,020,683	9,975,327	10,845,201	11,895,477	12,132,822	13,615,927	14,308,474	\$ 15,884,356
All Other Governmental Funds										
Pre-GASB 54 (1)	\$ 42,217,492	24,106,936	19,467,370	-	-	-	-	-	-	\$ -
Reserved	-	-	-	51,229	45,426	51,854	44,220	57,255	134,465	164,520
Post-GASB 54 (1)										
Nonspendable	-	-	-	20,433,355	22,770,992	18,950,554	15,851,196	16,258,111	7,125,459	6,274,553
Restricted	-	-	-	-	-	707,560	481,747	446,968	387,627	463,421
Assigned	-	-	-	-	-	(590)	(433,133)	(47,083)	(9,775)	(4,698)
Unassigned	-	-	-	-	-	19,709,378	15,944,030	16,715,251	7,637,776	6,897,796
Total all other governmental funds	\$ 42,217,492	24,106,936	19,467,370	20,484,584	22,816,418	19,709,378	15,944,030	16,715,251	7,637,776	\$ 6,897,796

Note: (1) The School 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 School 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 14,376,104	15,127,985	15,090,893	14,909,724	15,338,588	15,737,515	16,243,418	17,874,820	18,352,301	\$ 18,842,469
Property Tax - Debt Service	5,721,221	5,918,948	5,938,187	6,313,674	6,439,131	6,548,580	6,691,737	7,282,995	7,416,889	7,640,450
Investment Earnings	2,760,325	1,495,309	792,868	483,486	402,498	386,828	365,285	381,584	288,759	179,355
Other Local Sources	1,978,057	973,123	1,747,266	1,700,423	1,833,150	2,751,235	1,871,838	1,871,063	1,906,157	1,907,633
State Sources	36,092,732	34,240,366	29,824,231	29,247,792	31,218,097	32,487,089	33,771,108	35,615,908	36,316,423	38,459,871
Federal Sources	7,611,800	8,145,261	10,585,417	9,890,100	7,688,107	7,946,454	7,870,894	7,642,015	7,360,244	7,487,916
Intergovernmental Revenue	51,800	50,147	43,563	36,129	37,436	36,495	39,185	32,523	32,923	48,842
Total Revenues	\$ 68,592,039	65,951,139	64,022,425	62,581,328	62,957,007	65,894,196	66,853,465	70,700,908	71,673,696	\$ 74,566,536
Expenditures										
Current:										
Instruction	\$ 32,497,487	32,946,557	31,269,795	30,159,073	30,184,033	31,465,077	31,996,566	32,749,297	33,722,330	\$ 34,615,144
Support Services	26,836,067	29,153,426	24,355,108	23,426,490	24,171,217	25,189,670	26,527,941	26,939,480	29,150,702	28,862,843
Community Services	12,530	4,920	5,456	7,017	5,640	4,275	6,179	9,799	5,234	4,822
Intergovernmental	202,955	244,468	376,487	248,873	255,271	260,720	263,293	260,030	226,304	191,239
Capital Outlay	25,158,014	16,908,010	6,189,902	1,274,842	1,120,354	3,833,454	5,721,058	4,209,306	3,406,412	4,443,778
Debt Service:										
Principal	1,720,000	1,045,000	1,185,000	1,335,000	7,711,634	3,101,634	1,866,634	2,066,634	10,415,000	2,755,000
Interest and Fiscal Charges	4,420,979	4,345,778	4,277,309	4,163,375	4,121,893	4,037,399	3,911,138	2,417,890	3,061,611	2,782,930
Bond Issuance Costs	-	-	-	-	133,989	58,731	79,393	545,707	74,307	74,878
Total Expenditures	\$ 90,848,032	84,648,159	67,659,057	60,614,670	67,704,031	67,950,960	70,372,202	69,198,143	80,061,900	73,730,634
Excess of Revenues Over (Under) Expenditures	(22,255,993)	(18,697,020)	(3,636,632)	1,966,658	(4,747,024)	(2,056,764)	(3,518,737)	1,502,765	(8,388,204)	835,902
Other Financing Sources (Uses)										
Transfers In	6,604,530	7,147,800	6,844,598	7,544,483	16,023,687	9,236,991	9,758,921	8,781,832	8,787,533	9,492,719
Transfers Out	(6,604,530)	(7,147,800)	(6,844,598)	(7,544,483)	(16,023,687)	(9,236,991)	(9,758,921)	(8,781,832)	(8,787,533)	(9,492,719)
Premium on Bonds Sold	-	-	-	-	63,080	-	-	9,210,663	-	-
Issuance of General Obligation Bonds	-	-	-	-	7,620,000	-	-	-	-	-
Issuance of NICE Bonds	-	-	-	-	-	-	-	61,185,000	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-	-	-	-	(69,654,768)	-	-
Sale of Capital Assets	20,000	5,625	2,801	5,200	265,652	-	-	1,400	3,276	-
Total Other Financing Sources (Uses)	20,000	5,625	2,801	5,200	265,652	-	-	1,400	3,276	-
Net Change in Fund Balances	\$ (22,235,993)	(18,691,395)	(3,633,831)	1,971,858	3,201,708	(2,056,764)	(3,518,737)	2,245,060	(8,384,928)	\$ 835,902
Capital Asset Expenditures	\$ 14,831,491	25,567,634	18,996,679	5,909,934	1,004,542	914,979	4,878,289	2,873,450	3,571,100	\$ 3,370,283
Debt Service as a Percentage of Noncapital Expenditures	8.1%	9.1%	11.2%	10.1%	17.7%	10.6%	8.8%	6.8%	17.6%	7.9%

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

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Total Taxable Assessed Value	Total Personal Property	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					
2008	\$ 38,600,160	38,383,280	76,983,440	13,500,440	19,002,360	32,502,800	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	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	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	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	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	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	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	239.8	2,386,730,391	5.7%
2016	51,740,140	39,577,656	91,317,796	15,650,570	30,831,220	46,481,790	239.8	2,519,523,476	5.5%
2017	\$ 52,698,370	39,393,430	92,091,800	15,783,827	32,764,360	48,548,187	239.8	\$ 2,561,093,755	5.5%

Source: Newberry County Auditor

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	The 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	
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
2016	186.8	53.0	239.8	125.0	10.5	135.5	90.5	465.8
2017	186.8	53.0	239.8	125.0	9.3	134.3	90.7	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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
Oscar Mayer Foods Corp. (Kraft Foods)	\$ 7,006,764	1	5.0%	\$ 3,228,189	1	2.9%
Newberry Electric Coop., Inc.	3,764,070	2	2.7%	2,265,990	2	2.1%
Caterpillar Newberry LLC	2,932,086	3	2.1%			0.0%
Georgia Pacific Wood Products LLC	2,957,670	4	2.1%	809,840	9	0.7%
Duke Energy Corporation	2,340,790	5	1.7%	1,563,080	7	1.4%
West Fraser Inc	2,349,821	6	1.7%			0.0%
South Carolina Electric and Gas Co	2,043,320	7	1.5%	1,640,500	6	1.5%
Kiswire Inc.	1,991,810	8	1.4%			
International Paper Company	1,332,300	9	0.9%			0.0%
Bellsouth Telecomm Inc.	973,710	10	0.7%	2,138,710	3	2.0%
Federal Paper Board Co, Inc. (Newberry)				1,334,532	8	1.2%
FG Wilson USA				1,976,734	4	
Pioneer Frozen Goods				1,666,141	5	
Federal Paper Board Co, Inc. (Prosperity)				615,320	10	
Totals	<u>\$ 27,692,341</u>		<u>19.7%</u>	<u>\$ 17,239,036</u>		<u>15.7%</u>

Source: Newberry County Auditor

- (1) Total assessed valuation for 2017: \$ 140,639,987
- (2) Total assessed valuation for 2008: \$ 109,486,240

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for		Adjustments to Original Tax Levy for		Adjusted Tax Levy for		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
2008	\$ 25,726,029		2,101,297		27,827,326		\$ 27,096,074	97.4%	\$ 704,142		\$ 27,800,216	99.9%
2009	30,322,516		1,458,868		31,781,384		31,321,511	98.5%	111,620		31,433,131	98.9%
2010	31,377,705		2,526,665		33,904,370		32,805,047	96.7%	327,871		33,132,918	97.7%
2011	27,037,457		1,478,193		28,515,650		27,443,004	96.2%	1,110,374		28,553,378	100.1%
2012	29,393,870		2,168,293		31,562,163		29,631,846	94.0%	1,021,394		30,653,240	97.1%
2013	29,624,855		2,429,277		32,054,132		30,686,499	96.0%	104,155		30,790,654	96.1%
2014	32,403,449		184,058		32,587,507		30,594,831	95.0%	1,132,020		31,726,851	97.4%
2015	35,004,947		816,754		35,821,701		32,860,813	94.0%	831,635		32,860,813	91.7%
2016	35,918,681		1,268,143		37,186,824		34,584,075	93.0%	975,354		35,559,429	95.6%
2017	\$ 36,474,666		1,341,885		37,816,551		\$ 34,675,286	91.7%	-		\$ 34,675,286	91.7%

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			
2008	\$ -	85,834,490	-	\$ 83,365,000	7.7%	\$ 2,217
2009	-	84,679,735	-	82,320,000	7.6%	2,190
2010	-	83,384,980	-	81,135,000	7.4%	2,093
2011	-	81,940,225	39,339	81,979,564	7.5%	2,186
2012	1,420,000	80,362,010	34,902	81,816,912	7.5%	2,188
2013	-	78,550,715	23,268	78,573,983	7.2%	2,101
2014	-	76,585,960	11,634	76,597,594	6.4%	2,038
2015	-	78,062,830	-	78,062,830	6.6%	2,080
2016	-	67,072,164	-	67,072,164	5.6%	1,784
2017	\$ -	63,741,498	-	\$ 63,741,498	5.3%	\$ 1,677

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

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Long-Term General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	\$ -	-	\$ -		-
2009	-	-	-		-
2010	-	-	-		-
2011	-	-	-		-
2012	1,420,000	623,280	796,720	0.04%	21
2013	-	89,256	(89,256)	0.00%	(2)
2014	-	(433,133)	433,133	0.02%	12
2015	-	(42,098)	42,098	0.00%	1
2016	-	789,823	(789,823)	-0.03%	(21)
2017	\$ -	1,186,013	\$ (1,186,013)	-0.05%	\$ (31)

Note: Details regarding the School District of Newberry County's outstanding long-term 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, 2017

UNAUDITED

Governmental Unit	Governmental Activities LT Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping LT Debt
Debt Repaid with Property Taxes:			
2007 County General Obligation Bond	\$ 85,000	100.0%	\$ 85,000
2007A County General Obligation Bond	117,318	100.0%	117,318
2010A County General Obligation Bond	166,000	100.0%	166,000
2010B County General Obligation Bond	870,000	100.0%	870,000
2013A County Spec Building	1,200,000	100.0%	1,200,000
2017 CPST/GOB	\$ 19,200,000	100.0%	19,200,000
Subtotal, Overlapping Long-Term ("LT") Debt			21,638,318
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			55,970,000
Total Direct and Overlapping LT Debt			\$ 77,608,318

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

Table 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 8,760,000	9,533,577	8,990,002	9,534,721	9,727,288	9,863,846	10,199,027	10,839,834	11,023,967	\$ 11,251,199
Total Net Debt Applicable to Debt Limit	-	-	-	-	3,287,000	-	1,786,634	1,704,000	1,432,000	1,377,000
Legal Debt Margin	\$ 8,760,000	9,533,577	8,990,002	9,534,721	6,440,288	9,863,846	8,412,393	9,135,834	9,591,967	\$ 9,874,199
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	0.0%	0.0%	0.0%	0.0%	33.8%	17.5%	17.5%	15.7%	13.0%	12.2%

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 140,639,987
Debt Limit (8% of Total Assessed Value)	11,251,199
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	1,377,000
Total Amount of Debt Applicable to Debt Limit	1,377,000
Legal Debt Margin	\$ 9,874,199

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(1) Personal Income	(2) Per Capita Personal Income	(3) Median Age	(4) Education Level in Years of Formal Schooling	(5) School Enrollment	(6) Unemployment Rate
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	1,192,522,749	31,727	39.9	12.9	5,621	9.6%
2013	37,535	1,190,872,945	31,727	39.9	12.9	5,717	8.1%
2014	37,593	1,192,713,111	31,727	39.9	12.9	5,846	5.5%
2015	38,012	1,206,006,724	31,727	39.9	13.1	5,888	6.0%
2016	38,016	1,206,133,632	31,727	39.9	13.1	5,889	5.4%
2017	37,900	\$ 1,276,699,400	\$ 33,686	39.9	13.1	5,910	3.8%

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 through 2017 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 2017 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 2017 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

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

Table 14

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Kraft Foods Corp.	2,500	1	6.67%	1,375	1	3.66%
School District of Newberry County	981	2	2.62%	1,093	2	2.91%
Newberry County Memorial Hospital	489	3	1.30%	489	4	1.30%
Newberry College	320	4	0.85%			
Walmart	300	5	0.80%	300	5	0.80%
Georgia Pacific Corporation	278	6	0.74%	275	6	0.73%
Caterpillar, inc.	275	7	0.73%	200	10	0.53%
Valmont Composite Structures (Shakespeare)	205	8	0.55%	205	9	0.55%
Komatsu America	200	9	0.53%	265	7	0.71%
Pioneer Frozen Foods	200	10	0.53%			
Renfro Corporation				559	3	1.49%
Blue Water Marine Group				250	8	0.67%
Totals	5,748		15.32%	5,011		13.35%

Source: School District Compiled Information.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction	680	683	687	600	634	633	638	649	647	652
Support Services	413	415	340	328	367	366	418	347	323	329
Total	1,093	1,098	1,027	928	1,001	999	1,056	996	970	981

Source: School District compiled information.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

Table 16

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Pupil Enrollment	Modified Accrual Basis of Accounting		Accrual Basis of Accounting		Teaching Staff	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
		Operating Expenditures	Cost per Pupil	Percentage Change	Expenses			
2008	5,766	\$ 54,268,815	\$ 9,748	\$ 58,289,787	\$ 10,109	523	11	71.0%
2009	5,736	55,335,647	9,647	60,416,951	10,533	465	12	62.0%
2010	5,695	52,319,936	9,187	56,895,312	9,990	446	13	66.0%
2011	5,595	50,619,682	9,047	54,849,918	9,803	432	13	65.0%
2012	5,621	51,084,476	9,088	55,234,651	9,826	480	12	66.0%
2013	5,717	52,903,411	9,254	56,685,974	9,915	496	12	67.0%
2014	5,846	55,437,887	9,483	59,535,859	10,184	494	12	67.0%
2015	5,888	56,961,332	9,674	61,176,471	10,390	486	12	70.0%
2016	5,888	58,571,628	9,948	67,527,459	11,469	488	12	70.0%
2017	5,907	60,380,112	10,222	70,818,306	11,989	492	12	69.0%

Sources: District compiled information

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

Note: Operating expenses are total expenses in the statement of activities less interest and other charges.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Elementary										
Boundary Street										
Square Feet	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
Enrollment	417	400	386	389	376	372	414	446	457	468
Gallman Elementary										
Square Feet	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
Enrollment	424	428	438	425	432	439	561	457	454	431
Little Mountain										
Square Feet	38,341	38,341	38,341	69,121	69,121	69,121	69,121	69,121	69,121	69,121
Capacity	301	301	301	500	500	500	500	500	500	500
Enrollment	247	245	264	372	401	401	403	438	439	422
Newberry Elementary										
Square Feet	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
Enrollment	414	400	385	357	379	378	412	412	412	433
Pomaria-Garmany (3)										
Square Feet	35,423	35,423	70,881	70,881	70,881	70,881	70,881	70,881	70,881	70,881
Capacity	232	232	500	500	500	500	500	500	500	500
Enrollment	382	382	388	369	361	345	322	302	328	326
Prosperity-Rikard (4)										
Square Feet	39,990	39,990	39,990	43,232	43,232	43,232	43,232	43,232	43,232	43,232
Capacity	400	400	400	500	500	500	500	500	500	500
Enrollment	504	510	469	363	332	357	358	368	382	365
Reuben Elementary										
Square Feet	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
Enrollment	182	189	172	167	144	142	142	145	142	131
Middle										
Mid-Carolina Middle (2) (5)										
Square Feet	73,898	146,957	146,957	146,957	146,957	146,957	146,957	146,957	128,257	128,257
Capacity	413	915	915	915	915	915	915	915	803	803
Enrollment	573	570	603	589	591	605	597	600	547	612
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	618	622	666	652	688	679	650	611	615	614

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
High											
Mid-Carolina High (2)											
Square Feet	73,059	161,695	161,695	161,695	161,695	161,695	161,695	161,695	161,695	161,695	
Capacity	502	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	
Enrollment	688	718	714	721	711	750	768	778	799	763	
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	818	767	721	724	742	799	821	820	789	805	
Whitmore High											
Square Feet	51,445	51,445	51,445	51,445	51,445	51,445	51,445	-	-	-	
Capacity	295	295	295	295	295	295	295	-	-	-	
Enrollment	-	-	-	-	-	-	-	-	-	-	
Other											
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	92	92	92	92	90	83	54	49	-	-	
Newberry Alternative Center (1) (5)											
Square Feet									18,700	18,700	
Capacity									112	112	
Enrollment									42	39	
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	705	755	697	668	681	672	637	673	581	604	
Whitmore Community School											
Square Feet	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966	102,966	
Capacity	567	567	567	567	567	567	567	567	567	567	
Enrollment	499	505	489	467	464	450	498	511	525	537	

See 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.

5. In August 2015, a free standing building on the site of Mid-Carolina Middle School was converted to the new Newberry Alternative Center thus reducing the square footage and capacity at Mid-Carolina Middle School.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE				
Pass-through State Department of Education:				
600	Food Distribution - Non-Cash Assistance	10.555	N/A	\$ 352,175
600	National School Breakfast Program	10.553	N/A	1,104,774
600	National School Lunch Program	10.555	N/A	2,109,452
Total 10.553 & 10.555 Cluster				<u>3,566,401</u>
Total Passed Through State Department of Education				<u>3,566,401</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	64,870
TOTAL US DEPARTMENT OF AGRICULTURE				<u>3,631,271</u>
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	16/17 Title I	1,534,549
221	Title I - Neglected & Delinquent	84.010	16/17 Title I N & D	14,134
Total 84.010				<u>1,548,683</u>
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	17 IDEA	1,439,087
204	Special Education - Grants to States	84.027	16 IDEA	145,029
205	Special Education - Preschool Grants	84.173	17 IDEA Preschool	51,418
Total 84.027 & 84.173 Cluster				<u>1,635,534</u>
207	Occupational Education	84.048	17 CATE	99,697
243	Adult Education - State - Administered Basic Grant Program	84.002	17 Adult Education	74,533
251	Rural and Low Income, Title VI	84.358	17 REAP	130,712
264	ESOL - Title III	84.365A	17 English Language Acquisition - Title III	37,535
267	Title II - Improving Teacher Quality	84.367A	17 Title II Improving Teacher Quality	225,422
TOTAL US DEPARTMENT OF EDUCATION				<u>3,752,116</u>
US DEPARTMENT OF DEFENSE				
Direct Programs:				
272	JROTC	12.000	N/A	104,529
TOTAL US DEPARTMENT OF DEFENSE				<u>104,529</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 7,487,916</u>

Note: There were no expenditures to subrecipients for the year ended June 30, 2017.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

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, 2017. 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.

E – Indirect Cost Rate

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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, 2017, 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 27, 2017.

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

Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 27, 2017



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
 INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2017.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 27, 2017

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

There were no findings in the prior year.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

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 the Uniform Guidance?	_____ 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
84.027 & 84.173	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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Section II - 2017 Financial Statement Findings

No matters to report.

Section III - 2017 Federal Award Findings and Questioned Costs

No matters to report.