



COMPREHENSIVE ANNUAL FINANCIAL REPORT



**The School District of Newberry County
Newberry, South Carolina
Fiscal Year Ended June 30, 2018**

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Prepared by the Office of Finance

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

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

JUNE 30, 2018

PRINCIPAL OFFICIALS

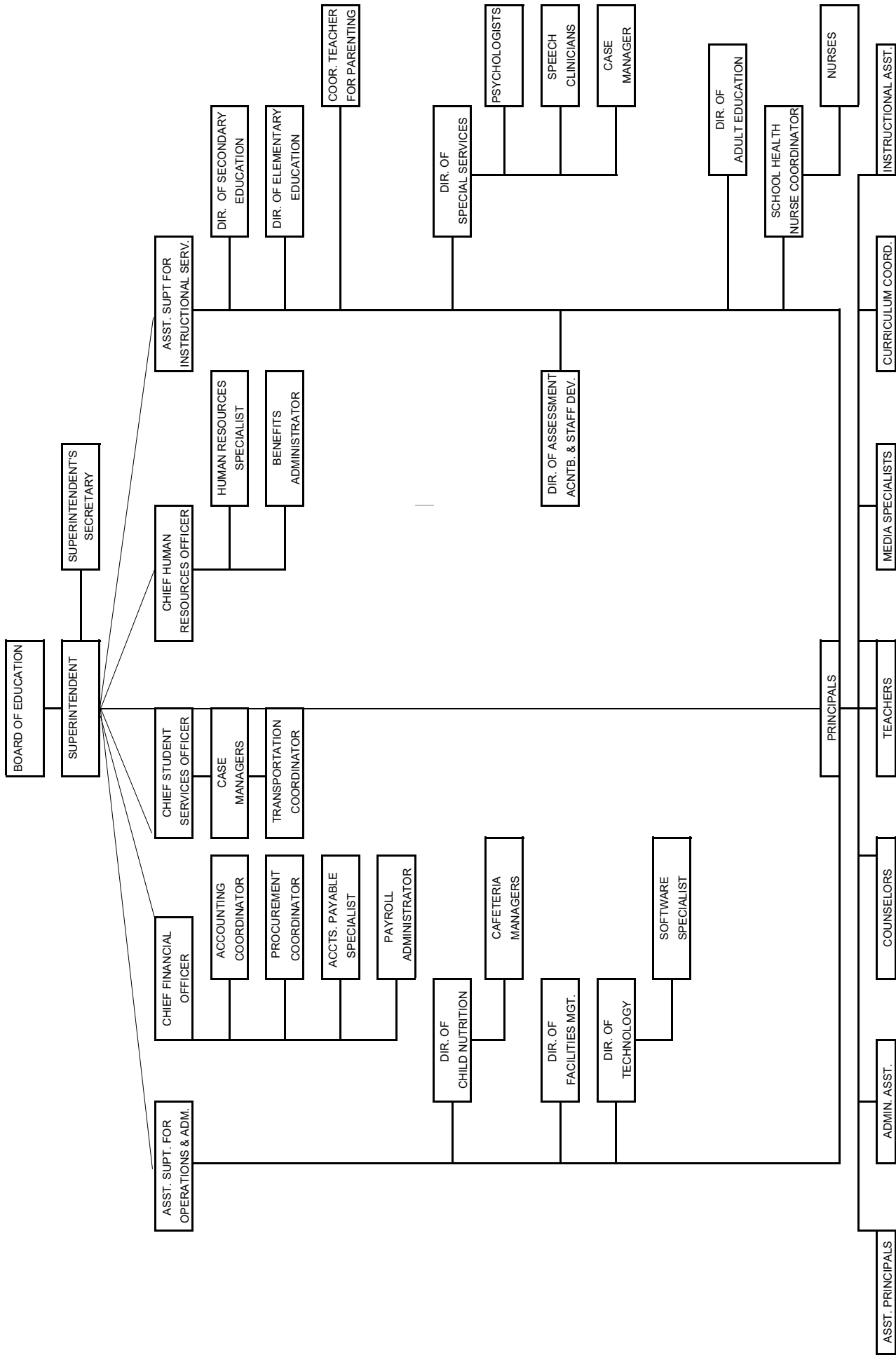
Board of Education

Mr. Jody Hamm, Chairperson
Mr. Lee B. Attaway, Vice-Chairman
Mr. Clyde Hill, Secretary and Claims Liaison
Mrs. Lucy Anne Meetze, Legislative Liaison
Mr. Ike Bledsoe, Member
Mr. Hugh Gray, Jr., 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, 2018

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, 2018.

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 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, 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, 2018, 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, 2018, 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 of Newberry County Board of Education (“Board”) is the basic level of government, which has financial accountability, and control over all activities related to the public school education in the county of Newberry. The Board receives funding from local, state, and federal government sources and must comply with the mandated requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined by the GASB pronouncement. 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, as amended, 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 5,813 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 the 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 in an effort to foster growth in reading in grades Kindergarten through six. A literacy plan was developed by practitioners at the School District and school levels. Academic advancement and enrichment are provided for academically gifted and talented students in grades three through eight 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 provide standards-based instruction. Media specialists help teachers expand classroom learning opportunities. In addition, all elementary schools are served by full-time assistant principals who assist teachers through mentoring, instructional coaching, professional development, and resource acquisition. At the elementary level, reading coaches provide literacy coaching and support at each school.

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 character education. Accelerated programs for academically talented students, such as English 1-Honors and Algebra 1-Honors 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, and dual enrollment courses are offered in English, math, social studies, science, career and technology education, and biology. All high schools offer SAT/ACT preparation classes for 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. During the 2018-19 school year, the School District implemented the employability credential for qualified students. Middle and high schools also offer transition services, which provide an interface between school and work for students needing these services. Homebound instruction is provided for students when needed.

The School District funds the Newberry Adult Education Program to provide educational services to uneducated or undereducated adults in the County. The program offers: 1) courses to obtain a State High School diploma; 2) GED preparation classes; 3) courses in adult basic education for improvement in reading, writing and math skills; 4) classes for non-English speaking persons to learn to read and write the English Language; 5) and workplace training programs. The Newberry Adult Education Program graduated 34 adults with either a State High School diploma or GED in the 2017-18 school year. 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, SC Works, First Steps and many others to serve undereducated adults throughout the county. The program offers day and evening classes in Newberry County.

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-four majors in a total of twelve of the sixteen South Carolina Career Clusters.

Dual credit courses are offered through Piedmont Technical other post-secondary institutions for students preparing for college or the work force. 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 Strategic Plan in April 2018. 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 in 2023 and we will then be developing a new strategic plan.

The School District pursued and was successful in achieving national accreditation through AdvancEd for the second time. As of December 2013, all schools and the Career Center have been accredited by this entity for the next five years. Our School District will have another accreditation visit in early 2019 in order to continue our status. 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 estimated enrollment for the 2018-2019 school year is anticipated to remain between 5800 to 5900 students.

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.

In January of 2018, Samsung, one of the world's leading technology companies, opened 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 over 1000 new jobs over the next three years. The plant employs workers across a broad range of advanced manufacturing roles, including craftsmen, operators, engineers and other technical and non-technical positions..

In addition, MM Technics, a newly formed American subsidiary of Muhr Metalltechnik, GmbH + Co. KG, a metal stamping facility, began construction in April 2017 in Newberry County's Mid-Carolina Commerce Park and opened its doors in September 2017. The company is expected to invest at least \$12.6 million and create 65 jobs over within five years.

West Fraser, a diversified wood products company, recently expanded its Newberry County sawmill operations. The project brings \$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 2018 was 3.4%, a decrease of 0.4% from June 2017. 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 serving 2000 students and 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. The hospital has over 50 physicians on its medical staff and employs approximately 489 people. 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. 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 an average age range of 24 years, and 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. Capital projects completed during 2018 include the construction of a storage building for the Agriculture program at the Career Center and bleacher replacement at Newberry High School.

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 provided software. Microsoft Teams continues to be implemented in 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 in the fall of 2017 to futher meet the needs of the classroom instruction. During the summer of 2018, all elementary school computers were replaced with laptops with the exception of the labs which received new computers. Elementary school teachers received laptops. The elementary schools each received one iPad cart as well. The laptops at Newberry Alternative were replaced in the fall of 2018. Microsoft provided an on-site training event for all teachers that could attend and continues to offer online training to all staff. The School District has continued the Teacher Technology Leader program to assist the 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 twenty-first comprehensive annual financial report for fiscal year ended June 30, 2017. 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.

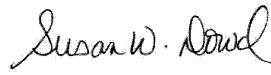
ACKNOWLEDGMENTS

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, 2017

Christopher P. Morill

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, 2017.

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



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.' The signature is written in a cursive style.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink that reads 'John D. Musso'. The signature is written in a cursive style.

John D. Musso, CAE
Executive Director

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Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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, 2018, 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As discussed in Note I.B in the notes to the financial statements, for the year ended June 30, 2018 the School District adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. 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, the pension plan schedules, and other postemployment benefit plans 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, 2018 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, LLP

Greene Finney, LLP
Mauldin, South Carolina
November 27, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

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, 2018 ("FY 18" or "2018") compared to fiscal year ended June 30, 2017 ("FY 17" or "2017"). 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 2018 are as follows:

- The liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by approximately \$53.8 million. The School District had a deficit in unrestricted net position of approximately \$113.9 million as a result of pension accounting standards that were implemented in 2015 and other postemployment benefit ("OPEB") accounting standards that were implemented in 2018.
- The School District's total net position decreased by approximately \$0.1 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$26.0 million, an increase of approximately \$3.2 million from the prior year fund balance. The General Fund increased approximately \$1.5 million. Approximately 67% of the total amount, or approximately \$17.3 million, is unassigned and available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$17.4 million, which was approximately 32% of total General Fund expenditures.
- During 2018, the School District's governmental fund revenues were approximately \$78.1 million, compared to approximately \$74.6 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 \$74.9 million, compared to approximately \$73.7 million in the prior year. This increase is primarily due to higher instruction and support services expenditures offset by lower capital outlay expenditures in 2018.
- Newberry Investing in Children's Education ("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 \$2.9 million (3.0%) during the current fiscal year to approximately \$112.4 million, as depreciation expense and net disposals of approximately \$3.8 million exceeded capital asset additions of approximately \$0.9 million.
- The School District's total outstanding debt decreased from approximately \$57.3 million at June 30, 2017 to approximately \$54.4 million at June 30, 2018. This is attributable to making regularly scheduled principal payments on long-term debt of approximately \$2.8 million and a decrease in short-term debt of approximately \$0.1 million.
- The School District adopted Government Accounting Standards Board ("GASB") Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("GASB #75") for the year ended June 30, 2018. GASB #75 requires the School District to recognize a net OPEB liability and any related deferred outflows/inflows of resources for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund, cost-sharing multiple-employer defined benefit OPEB plans ("OPEB Plans"), on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. The adoption has resulted in the restatement of the School District's net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plans in accordance with the provisions of GASB #75. Net position of the School District's government-wide financial statements as of July 1, 2017 was decreased by approximately \$61.0 million, reflecting the cumulative change in accounting principle related to the adoption of GASB #75. See Note IV.B in the notes to the financial statements for more information regarding the School District's OPEB Plans.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

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 *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.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 OPEB plan schedules have been included which provide relevant information regarding the School District’s participation in the South Carolina Retiree Health Insurance Trust Fund. 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, 2018

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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$53.8 million at the close of the current fiscal year. The following table provides a summary of the School District's net position as of June 30, 2018 compared to June 30, 2017:

Net Position - Governmental Activities

	<u>June 30, 2018 *</u>	<u>June 30, 2017</u>
Assets		
Current and Other Assets	\$ 34,416,382	\$ 31,796,478
Capital Assets, Net	112,441,618	115,354,103
Total Assets	<u>146,858,000</u>	<u>147,150,581</u>
Deferred Outflows of Resources		
Deferred Pension Charges	12,291,537	11,648,711
Deferred Other Postemployment Benefit Charges	2,060,487	-
Total Deferred Outflows of Resources	<u>14,352,024</u>	<u>11,648,711</u>
Liabilities		
Other Liabilities	8,221,746	8,706,183
Net Pension Liability	79,977,038	76,920,398
Net Other Postemployment Benefit Liability	58,780,526	-
Long-Term Obligations	61,101,430	64,592,507
Total Liabilities	<u>208,080,740</u>	<u>150,219,088</u>
Deferred Inflows of Resources		
Deferred Pension Credits	1,400,323	1,271,660
Deferred Other Postemployment Benefit Credits	5,557,324	-
Total Deferred Inflows of Resources	<u>6,957,647</u>	<u>1,271,660</u>
Net Position		
Net Investment in Capital Assets	54,957,433	53,273,933
Restricted	5,100,940	4,669,772
Unrestricted	(113,886,736)	(50,635,161)
Total Net Position	<u>\$ (53,828,363)</u>	<u>\$ 7,308,544</u>

* The School District adopted GASB #75 in FY 2018. See Financial Highlights section for more details.

Current and other assets increased approximately \$2.6 million primarily due to a increase in cash and investments of approximately \$1.8 million and an increase in due from other governments of approximately \$0.8 million (timing of collections). Capital assets decreased approximately \$2.9 million as depreciation expense and net disposals of approximately \$3.8 million exceeded capital asset additions of approximately \$0.9 million. Liabilities increased approximately \$57.9 million from the prior year primarily due to the implementation of GASB #75 and the new OPEB liability of approximately \$58.8 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 OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The School District's government-wide net position decreased approximately \$0.1 million during 2018 as expenses exceeded revenues. See the discussion following the next table regarding this increase.

The largest positive portion of the School District's net position (approximately \$55.0 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 \$5.1 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 (\$113.9) million primarily due to recording the School District's proportionate share of the net pension and OPEB liability and the related deferred balances related to the State retirement and OPEB plans.

The following table shows the changes in net position for 2018 compared to 2017:

Changes in Net Position - Governmental Activities

	2018 *	2017
Revenues		
Program Revenues:		
Charges for Services	\$ 1,513,608	\$ 1,551,996
Operating Grants	37,497,415	35,921,628
Capital Grants	170,217	-
General Revenues:		
Taxes	27,078,832	26,582,370
State Revenue in Lieu of Taxes	10,182,951	9,988,103
Other	769,424	621,891
Total Revenues	77,212,447	74,665,988
Program Activities		
Instruction	40,060,482	38,291,029
Support Services	35,108,313	32,522,455
Community Services	9,326	4,822
Interest and Other Charges	2,167,826	2,284,484
Total Expenses	77,345,947	73,102,790
Change in Net Position	(133,500)	1,563,198
Net Position, Beginning of Year, As Previously Reported	7,308,544	5,745,346
Cumulative Change in Accounting Principle - GASB #75 *	(61,003,407)	-
Net Position, Beginning of Year, Restated	(53,694,863)	5,745,346
Net Position, End of Year	\$ (53,828,363)	\$ 7,308,544

* The School District adopted GASB #75 in FY 2018. See Financial Highlights section for more details.

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

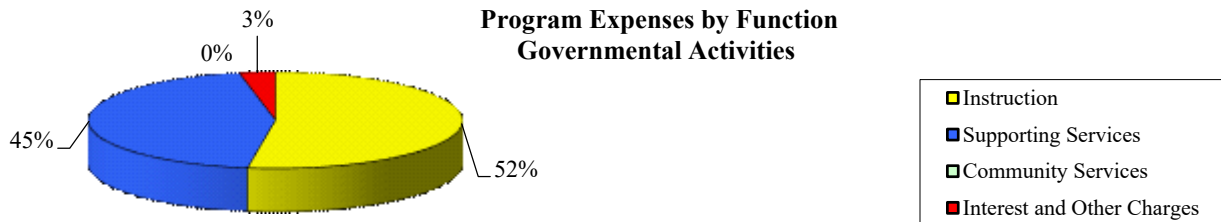
MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities: Net position for Governmental Activities decreased approximately \$0.1 million from the previous year, compared to an increase of approximately \$1.6 million in 2017. Key elements are as follows:

- Total revenues increased approximately \$2.5 million (3%), which is primarily attributed to higher operating grants (approximately \$1.6 million) and higher tax revenues and state revenue in lieu of taxes (approximately \$0.7 million).
- Total expenses increased approximately \$4.2 million (6%), which is primarily attributed to an increase in support services of approximately \$2.5 million and an increase in instruction of approximately \$1.8 million, partially offset by a decrease in interest and other fiscal charges of approximately \$0.1 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, 2018, the School District's governmental funds reported a *combined* fund balance of approximately \$26.0 million, compared to approximately \$22.8 million for the prior year. The increase of approximately \$3.2 million is primarily attributable to the increase in the General Fund of approximately \$1.5 million, the increase in the Special Revenue Fund of approximately \$0.1 million, the increase in the Debt Service Fund of approximately \$0.5 million, and the increase in the Capital Projects Fund of approximately \$1.1 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, 2018, the School District's unassigned fund balance was approximately \$17.3 million. The General Fund has a fund balance of approximately \$17.4 million. The Special Revenue Funds, which includes Food Services, had a fund balance of approximately \$2.8 million. The remainder of fund balance for governmental funds is restricted primarily for capital projects for the School District's building plans of approximately \$4.1 million and debt service of approximately \$1.7 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 \$17.4 million, which was almost the total fund balance for the General Fund. The fund balance increased by approximately \$1.5 million, or approximately 9.0%, 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 SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

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

Governmental Funds (Continued)

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 \$1.7 million at June 30, 2018, an increase of approximately \$0.5 million due to higher local and state revenues. In addition, the School District issued a short-term general obligation bond for approximately \$1.3 million in May 2018. As this debt is scheduled to be repaid in March 2019, which is less than one year after its issuance, it is reflected on the Debt Service Fund's balance sheet at June 30, 2018 as a short-term obligation, as required by generally accepted accounting principles.

The fund balance for the School District's Capital Projects Fund was approximately \$4.1 million at June 30, 2018, an increase of approximately \$1.1 million due to lower capital outlay expenditures.

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 2018, 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 \$1.1 million, due to higher property tax revenues of approximately \$0.7 million, higher investment earnings of approximately \$0.2 million, and higher state revenues of approximately \$0.2 million. Actual expenditures were less than budget by approximately \$0.3 million due to lower instruction and support service expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018 and 2017, the School District had approximately \$112.4 million and \$115.4 million in capital assets, respectively. The following table shows the capital asset balances as of June 30, 2018 compared to June 30, 2017:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Capital Assets		
Land	\$ 2,181,497	\$ 2,101,497
Buildings, Improvements, and Equipment	167,563,766	166,752,614
Less Accumulated Depreciation	(57,303,645)	(53,500,008)
Capital Assets, Net	<u>\$ 112,441,618</u>	<u>\$ 115,354,103</u>

The total decrease in the School District's capital assets was approximately \$2.9 million (3.0%), as depreciation and net disposals of approximately \$3.8 million exceeded capital asset additions of approximately \$0.9 million. Major capital asset additions during the current fiscal year included:

- Building purchase of approximately \$0.5 million
- Purchase of land of \$0.1 million
- Machinery, furniture, equipment, and other capital assets of approximately \$0.3 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

The following table shows the outstanding debt balances as of June 30, 2018 compared to June 30, 2017:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
NICE Series 2014 IPRR Bonds	\$ 53,105,000	\$ 55,970,000
GO Bond, Series 2017A	-	1,377,000
GO Bond, Series 2018A	1,282,000	-
Total	<u>\$ 54,387,000</u>	<u>\$ 57,347,000</u>

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 2017; this indebtedness was repaid in March 2018. The School District issued an approximately \$6.6 million short-term general obligation bond in October 2017 which was repaid in March 2018. The School District also issued an approximately \$1.3 million short-term general obligation bond in May 2018; this indebtedness is scheduled to be repaid in March 2019. The School District made principal payments on long-term indebtedness totaling approximately \$2.9 million during 2018.

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 bond premiums and 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 21% since 2009 to approximately \$143.8 million in 2018. 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 19 BUDGET

The year ended June 30, 2019 (“FY 19”) General Fund Budget represents a 3% increase over the FY 18 budget. Many factors were considered by the School District's administration during the process of developing the FY 19 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, 2018

	PRIMARY GOVERNMENT Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 3,484,210
Cash and Cash Equivalents, Restricted	992
Cash and Investments Held by County Treasurer	27,949,111
Property Taxes Receivable, Net	618,759
Accounts Receivable, Net	11,438
Other Receivables	3,946
Due from Other Governments	2,171,271
Inventory and Prepaid Items	176,655
Capital Assets:	
Non-Depreciable	2,181,497
Depreciable, Net	110,260,121
TOTAL ASSETS	146,858,000
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	12,291,537
Deferred Other Postemployment Benefit Charges	2,060,487
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,352,024
LIABILITIES	
Accounts Payable	1,852,865
Accrued Expenses	4,013,284
Accrued Interest Payable	240,525
Due to Other Governments	1,405
Unearned Revenue	831,667
Short-Term General Obligation Bond Payable	1,282,000
Non-Current Liabilities:	
Net Pension Liability	79,977,038
Net Other Postemployment Benefit Liability	58,780,526
Long-Term Obligations - Due Within One Year	3,299,133
Long-Term Obligations - Due in More than One Year	57,802,297
TOTAL LIABILITIES	208,080,740
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	1,400,323
Deferred Other Postemployment Benefit Credits	5,557,324
TOTAL DEFERRED INFLOWS OF RESOURCES	6,957,647
NET POSITION	
Net Investment in Capital Assets	54,957,433
Restricted For:	
Debt Service	2,828,685
Food Service	2,272,255
Unrestricted	(113,886,736)
TOTAL NET POSITION	\$ (53,828,363)

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, 2018

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	\$ 40,060,482	18,139	22,977,030	-	\$ (17,065,313)
Support Services	35,108,313	1,495,469	14,520,385	170,217	(18,922,242)
Community Services	9,326	-	-	-	(9,326)
Interest and Other Charges	2,167,826	-	-	-	(2,167,826)
TOTAL PRIMARY GOVERNMENT	\$ 77,345,947	1,513,608	37,497,415	170,217	(38,164,707)
General Revenues:					
Property Taxes Levied for General Purposes					19,274,041
Property Taxes Levied for Debt Service					7,804,791
State Revenue in Lieu of Taxes					10,182,951
Unrestricted Grants and Contributions					24,629
Unrestricted Investment Earnings					352,885
Unrestricted Intergovernmental General Revenue					62,575
Miscellaneous					329,335
Total General Revenues					<u>38,031,207</u>
CHANGE IN NET POSITION					(133,500)
NET POSITION, Beginning of Year, As Previously Reported					7,308,544
Cumulative Change in Accounting Principle - GASB #75					<u>(61,003,407)</u>
NET POSITION, Beginning of Year, Restated					<u>(53,694,863)</u>
NET POSITION, End of Year					<u>\$ (53,828,363)</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, 2018

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
ASSETS			
Cash and Cash Equivalents	\$ 816,821	51,741	-
Cash and Cash Equivalents, Restricted	-	-	-
Cash and Investments Held by County Treasurer	20,957,483	16,987	-
Receivables, Net:			
Taxes	456,641	-	-
Accounts	7,595	3,843	-
Other	3,946	-	-
Due From:			
State Agencies	677,989	-	93,262
Federal Agencies	-	1,224,630	-
Other Governments	143	150,818	-
Other Funds	1,120,853	-	383,514
Prepaid Items	8,191	1,859	9,345
Inventories	-	-	-
TOTAL ASSETS	\$ 24,049,662	1,449,878	486,121
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts and Retainage Payable	\$ 1,852,865	-	-
Accrued Salaries, Fringe & Benefits	4,013,284	-	-
Due To:			
Due to County Treasurer	-	-	-
Other Funds	475,981	555,880	-
Unearned Revenue	-	324,481	486,121
Short-Term General Obligation Bond Payable	-	-	-
TOTAL LIABILITIES	6,342,130	880,361	486,121
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenue - Property Taxes	335,083	-	-
FUND BALANCES:			
Nonspendable:			
Prepaid	8,191	1,859	9,345
Inventories	-	-	-
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	-
Food Service	-	-	-
Assigned for:			
Special Education Programs	-	567,658	-
Unassigned	17,364,258	-	(9,345)
TOTAL FUND BALANCES	17,372,449	569,517	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 24,049,662	1,449,878	486,121

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
-	-	-	2,615,648	\$ 3,484,210
-	992	-	-	992
2,968,048	-	4,006,593	-	27,949,111
162,118	-	-	-	618,759
-	-	-	-	11,438
-	-	-	-	3,946
-	-	-	-	771,251
-	-	-	24,429	1,249,059
-	-	-	-	150,961
-	-	92,467	-	1,596,834
-	-	-	-	19,395
-	-	-	157,260	157,260
3,130,166	992	4,099,060	2,797,337	\$ 36,013,216
-	-	-	-	\$ 1,852,865
-	-	-	-	4,013,284
-	-	1,405	-	1,405
43,490	17,466	-	504,017	1,596,834
-	-	-	21,065	831,667
1,282,000	-	-	-	1,282,000
1,325,490	17,466	1,405	525,082	9,578,055
111,354	-	-	-	446,437
-	-	-	-	19,395
-	-	-	157,260	157,260
1,693,322	-	-	-	1,693,322
-	-	4,097,655	-	4,097,655
-	-	-	2,114,995	2,114,995
-	-	-	-	567,658
-	(16,474)	-	-	17,338,439
1,693,322	(16,474)	4,097,655	2,272,255	25,988,724
3,130,166	992	4,099,060	2,797,337	\$ 36,013,216

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

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

JUNE 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 25,988,724**

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.	446,437
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 \$169,745,263, and the accumulated depreciation is \$57,303,645.	112,441,618
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.	(69,085,824)
The School District's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State OPEB plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(62,277,363)
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.	(240,525)
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	(53,105,000)
Premium on Bonds	(7,195,832)
Compensated Absences	(800,598)
	(61,101,430)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (53,828,363)**

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, 2018

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
REVENUES			
Local Sources:			
Taxes	\$ 19,346,837	-	-
Investment Earnings	252,667	33	-
Other Local Sources	60,945	1,014,161	-
State Sources	34,154,135	1,839,845	4,571,227
Federal Sources	-	3,976,744	-
Intergovernmental Revenue	-	62,575	-
TOTAL REVENUES	53,814,584	6,893,358	4,571,227
EXPENDITURES			
Current:			
Instruction	29,878,517	3,641,519	2,272,321
Support Services	22,570,253	2,460,730	694,881
Community Services	8,826	500	-
Intergovernmental	195,134	466,016	-
Capital Outlay	1,408,633	104,142	133,399
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issuance Costs	-	-	-
TOTAL EXPENDITURES	54,061,363	6,672,907	3,100,601
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(246,779)	220,451	1,470,626
OTHER FINANCING SOURCES (USES)			
Transfers In	1,734,872	-	10,640
Transfers Out	-	(117,894)	(1,481,266)
TOTAL OTHER FINANCING SOURCES (USES)	1,734,872	(117,894)	(1,470,626)
NET CHANGES IN FUND BALANCES	1,488,093	102,557	-
FUND BALANCES, Beginning of Year	15,884,356	466,960	-
FUND BALANCES, End of Year	\$ 17,372,449	569,517	-

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
7,831,811	-	-	-	\$ 27,178,648
38,925	7,284	53,421	555	352,885
-	-	-	826,481	1,901,587
559,725	-	-	273	41,125,205
-	-	-	3,542,688	7,519,432
-	-	-	-	62,575
8,430,461	7,284	53,421	4,369,997	78,140,332
-	-	-	-	35,792,357
-	-	1,293,588	3,815,016	30,834,468
-	-	-	-	9,326
-	-	-	-	661,150
-	-	23,873	360,335	2,030,382
-	2,865,000	-	-	2,865,000
41,152	2,628,875	-	-	2,670,027
71,050	-	-	-	71,050
112,202	5,493,875	1,317,461	4,175,351	74,933,760
8,318,259	(5,486,591)	(1,264,040)	194,646	3,206,572
-	5,471,073	2,339,877	-	9,556,462
(7,810,950)	-	-	(146,352)	(9,556,462)
(7,810,950)	5,471,073	2,339,877	(146,352)	-
507,309	(15,518)	1,075,837	48,294	3,206,572
1,186,013	(956)	3,021,818	2,223,961	22,782,152
1,693,322	(16,474)	4,097,655	2,272,255	\$ 25,988,724

**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, 2018

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,206,572
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.	(99,816)
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term obligations in the Statement of Net Position.	2,865,000
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.	(2,415)
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.	(1,743)
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.	(2,542,477)
Changes in the School District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(1,273,956)
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.	50,411
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 \$3,821,894 exceeded capital asset additions of \$911,152 in the current year.	<u>(2,910,742)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (133,500)</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, 2018

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 652,301
TOTAL ASSETS	<u><u>\$ 652,301</u></u>
LIABILITIES	
Due to Student Organizations	\$ 652,301
TOTAL LIABILITIES	<u><u>\$ 652,301</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, 2018

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, 2018

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, 2018

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, 2018

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.

Change in Accounting Principle

The School District adopted GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“GASB #75”) for the year ended June 30, 2018. The primary objective of GASB #75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (“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 its proportionate share of the net OPEB liability of that plan. It is GASB’s intention that GASB #75 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Change in Accounting Principle (Continued)

In particular, GASB #75 requires the School District to recognize a net OPEB liability, any related deferred outflows/inflows of resources, and a more comprehensive measure of OPEB expense for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund, cost-sharing multiple-employer defined benefit OPEB plans (“OPEB Plans”), on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption has resulted in the restatement of the School District’s net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plans in accordance with the provisions of GASB #75. Net position of the School District’s government-wide financial statements as of July 1, 2017 was decreased by approximately \$61,003,000 reflecting the cumulative change in accounting principle related to the adoption of GASB #75. See Note IV.B for more information regarding the School District’s OPEB Plans.

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

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Investments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Investments (Continued)

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

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

- Cash and Investments held by the County Treasurer which are property taxes and other funds collected by the School District's fiscal agent that have not been remitted to the School District. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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).

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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.

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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. *Deferred Outflows/Inflows of Resources*

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

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Balance (Continued)

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 \$5,603,000 as of June 30, 2018, which represents 10% of the original budget for the General Fund for fiscal year 2019.

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 and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The School District recognizes net pension and net OPEB liabilities (assets) for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the 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 and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Pensions and Other Postemployment Benefits (Continued)

Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

12. Fair Value

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the 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.

13. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the School District's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

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, 2018, none of the School District's bank balances of approximately \$4,736,000 (which had a carrying value of approximately \$4,138,000) were exposed to custodial credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2018, 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	\$ 27,949,111	< 1 year

^ 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.12 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, 2018

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 \$143,800,000 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 \$423,000 at June 30, 2018. 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, 2018, the various components of unavailable/unearned revenue reported in the governmental funds were as follows:

Unavailable Revenue - Property Taxes - General Fund	\$	335,083
Unavailable Revenue - Property Taxes - Debt Service Fund		111,354
Unearned Revenue from Special Revenue Funds		831,667
Total Unavailable/Unearned Revenue for Governmental Funds	\$	<u>1,278,104</u>

C. Interfund Receivables and Payables

Interfund balances at June 30, 2018 (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	\$ 1,120,853	\$ 475,981
Special Revenue Funds:		
Special Revenue	-	555,880
Education Improvement Act	383,514	-
Food Service	-	504,017
Debt Service - District Fund	-	43,490
Debt Service - NICE Fund	-	17,466
Capital Projects - District Fund	92,467	-
	<u>\$ 1,596,834</u>	<u>\$ 1,596,834</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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 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, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 2,101,497	80,000	-	-	\$ 2,181,497
Total Capital Assets, Non-Depreciable	<u>2,101,497</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>2,181,497</u>
Capital Assets, Depreciable:					
Buildings and Improvements	149,218,632	478,384	-	-	149,697,016
Improvements Other Than Buildings	9,960,070	78,007	(20,000)	-	10,018,077
Furniture and Equipment	7,573,912	274,761	-	-	7,848,673
Total Capital Assets Depreciable	<u>166,752,614</u>	<u>831,152</u>	<u>(20,000)</u>	<u>-</u>	<u>167,563,766</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	45,463,669	3,266,411	-	-	48,730,080
Improvements Other Than Buildings	2,819,735	224,274	(18,257)	-	3,025,752
Furniture and Equipment	5,216,604	331,209	-	-	5,547,813
Total Accumulated Depreciation	<u>53,500,008</u>	<u>3,821,894</u>	<u>(18,257)</u>	<u>-</u>	<u>57,303,645</u>
Total Capital Assets, Depreciable, Net	<u>113,252,606</u>	<u>(2,990,742)</u>	<u>(1,743)</u>	<u>-</u>	<u>110,260,121</u>
Governmental Activities Capital Assets, Net	<u>\$ 115,354,103</u>	<u>(2,910,742)</u>	<u>(1,743)</u>	<u>-</u>	<u>\$ 112,441,618</u>

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

	Capital Asset Additions	Depreciation Expense
Governmental Activities:		
Instruction	\$ -	\$ 1,971,056
Support Services	911,152	1,850,838
Total	<u>\$ 911,152</u>	<u>\$ 3,821,894</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

E. Accounts Payable and Accrued Expenses

The significant components of accrued expenses at June 30, 2018, consisted of the following:

Governmental Activities:	
Accrued Salaries	\$ 2,666,657
Accrued Fringe and Benefits	1,346,627
Total Accrued Expenses	<u>\$ 4,013,284</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 \$30,000. The School District entered into a 10- year agreement with the Town of Whitmire for use of their softball and tennis facilities totaling \$40,000 in expenditures for fiscal year 2018. Total charges under these agreements were approximately \$189,000 for the year ended June 30, 2018.

Future payments on all of these agreements are as follows:

Year Ended June 30,	Payments
2019	\$ 145,814
2020	119,309
2021	59,655
Total	<u>\$ 324,778</u>

G. Short-Term Obligations

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Series 2017A General Obligation Bond	\$ 1,377,000	-	1,377,000	\$ -
Series 2017B General Obligation Bond	-	6,600,000	6,600,000	-
Series 2018A General Obligation Bond	-	1,282,000	-	1,282,000
Total Governmental Activities	<u>\$ 1,377,000</u>	<u>7,882,000</u>	<u>7,977,000</u>	<u>\$ 1,282,000</u>

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%), were repaid at maturity in March 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

G. Short-Term Obligations (Continued)

In October 2017, the School District issued its Series 2017B General Obligation Bond in the amount of \$6,600,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2018 under the Facilities Agreement and for additional capital outlay. These bonds, including interest of approximately \$31,000 (1.15%), were repaid at maturity in March 2018.

In May 2018, the School District issued its Series 2018A General Obligation Bond in the amount of \$1,282,000 for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2018 under the Facilities Agreement. These bonds, including interest of approximately \$23,000 (2.19%), will be repaid in March 2019. 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 \$1,282,000 is reflected as a fund liability in the School District's balance sheet for its governmental funds at June 30, 2018.

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, 2018:

- 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, 2018 was approximately \$7,196,000. 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, 2018

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, 2018:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
NICE Series 2014 IPRR Bonds	\$ 55,970,000	-	2,865,000	53,105,000	\$ 3,010,000
Total Debt	<u>55,970,000</u>	<u>-</u>	<u>2,865,000</u>	<u>53,105,000</u>	<u>3,010,000</u>
Premiums	7,771,498	-	575,666	7,195,832	-
Compensated Absences	851,009	256,928	307,339	800,598	289,133
Total Governmental Activities	<u>\$ 64,592,507</u>	<u>256,928</u>	<u>3,748,005</u>	<u>61,101,430</u>	<u>\$ 3,299,133</u>

Resources from the General Fund and Special Revenue funds 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	
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	3,660,000	1,817,000	5,477,000
2024-2028	21,220,000	6,078,750	27,298,750
2029-2031	15,250,000	1,114,750	16,364,750
Totals	<u>\$ 53,105,000</u>	<u>17,981,625</u>	<u>\$ 71,086,625</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, 2018.

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, 2018, the School District's assessed property valuation was approximately \$143,800,000, and the legal debt limit was approximately \$11,504,000, of which approximately \$1,282,000 in outstanding debt was applicable to this limit at June 30, 2018.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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

I. Transfers In and (Out)

Transfers between funds for the year ended June 30, 2018, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 1,734,872	\$ -
Special Revenue Funds:		-
Special Revenue	-	117,894
Education Improvement Act	10,640	1,481,266
Food Service	-	146,352
Debt Service - District Fund	-	7,810,950
Debt Service - NICE Fund	5,471,073	-
Capital Projects - District Fund	2,339,877	-
	<u>\$ 9,556,462</u>	<u>\$ 9,556,462</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, 2018 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 2018 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, 2018

IV. OTHER INFORMATION

A. Retirement Plans

The School District participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors (“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. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (“RSIC”) as co-trustees of the Retirement Trust Funds.

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 (“State ORP”) is a defined contribution plan that is offered as an alternative to the SCRS 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, 2018

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. 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 the PORS. Magistrates are required to participate in the 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/current annual salary. A brief summary of benefit terms for each system is presented below.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Benefits (Continued)

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in the SCRS and PORS (“Plans”) employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and 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; this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act of 2017 increases employer contribution rates to 13.56 percent for the SCRS and 16.24 percent for the PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eighty-five.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

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

	SCRS and State ORP Rates			PORS Rates		
	2016	2017	2018	2016	2017	2018
Employer Rate: [^]						
Retirement *	10.91%	11.41%	13.41%	13.34%	13.84%	15.84%
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>11.06%</u>	<u>11.56%</u>	<u>13.56%</u>	<u>13.74%</u>	<u>14.24%</u>	<u>16.24%</u>
Employee Rate	<u>8.16%</u>	<u>8.66%</u>	<u>9.00%</u>	<u>8.74%</u>	<u>9.24%</u>	<u>9.75%</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 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
2018	\$ 4,694,293	100%	153,642	100%	\$ 10,234	100%
2017	4,023,857	100%	112,945	100%	9,380	100%
2016	\$ 3,743,161	100%	107,218	100%	\$ 8,979	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
2018	\$ 34,618,679	1,794,883	63,018	\$ 36,476,580
2017	34,808,453	1,721,723	65,872	36,596,048
2016	\$ 33,844,132	1,769,274	65,352	\$ 35,678,758

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The June 30, 2017 total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2016 valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.25%	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (“2016 PRSC”), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.07%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Commodities	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

Pension Liabilities, 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, 2017 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	\$ 48,244,437,494	25,732,829,268	\$ 22,511,608,226	53.3%
PORS	\$ 7,013,684,001	4,274,123,178	\$ 2,739,560,823	60.9%

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

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.

At June 30, 2018, the School District reported liabilities of approximately \$79,843,000 and \$134,000 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, 2017, 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, 2016 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, 2017 measurement date, the School District's SCRS proportion was 0.354675 percent, which was a decrease of 0.004835 from its proportion measured as of June 30, 2016. At the June 30, 2017 measurement date, the School District's PORS proportion was 0.00489 percent, which was a decrease of 0.00024 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized pension expense of approximately \$7,384,000 and \$16,000 for the SCRS and PORS, respectively. At June 30, 2018, 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	\$ 355,940	\$ 44,254
Change in Assumptions	4,673,953	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,228,843	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	152,375	1,351,438
School District's Contributions Subsequent to the Measurement Date	4,847,935	-
Total SCRS	12,259,046	1,395,692
PORS		
Differences Between Expected and Actual Experience	1,195	-
Change in Assumptions	12,717	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,774	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	-	-
School District's Contributions Subsequent to the Measurement Date	3,571	4,631
Total PORS	10,234	-
Total SCRS and PORS	\$ 12,291,537	\$ 1,400,323

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

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

Approximately \$4,848,000 and \$10,000 that was reported as deferred outflows of resources related to the School District’s contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2019	\$ 1,474,812	5,365	\$ 1,480,177
2020	3,127,627	7,569	3,135,196
2021	2,046,780	4,953	2,051,733
2022	(633,800)	(261)	(634,061)
Total	\$ 6,015,419	17,626	\$ 6,033,045

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, 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.

Sensitivity Analysis

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 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District’s proportionate share of the net pension liability of the SCRS	\$ 102,906,719	79,843,046	\$ 65,848,817
School District’s proportionate share of the net pension liability of the PORS	180,915	133,992	97,032
Total	\$ 103,087,634	79,977,038	\$ 65,945,849

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 for the SCRS and PORS. 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, 2018

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Payable to Plans

The School District reported a payable of approximately \$669,000 to the PEBA as of June 30, 2018, representing required employer and employee contributions for the month of June 2018 for the SCRS and PORS. This amount is included in Accounts Payable on the financial statements and was paid in July 2018.

B. Other Postemployment Benefit Plans

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts, and retirement systems. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note 10 for more details on the PEBA and the SFAA.

The PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB trust funds. This information is publicly available through the Insurance Benefits' link on the PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 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, OPEB trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

The Other Postemployment Benefits Trust Funds ("OPEB Trusts" or "OPEB Plans"), collectively refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability ("BLTD") Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA, Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The PEBA Board has been designated as the Trustee.

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

Plan Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Plan Benefits (Continued)

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the School District, no SCLTDITF OPEB amounts have been recorded in these financial statements and only limited note disclosures have been provided related to these benefits.

Plan Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

The covered payroll surcharge rates for the past three years were as follows:

	Year Ended June 30,		
	2016	2017	2018
Employer Contribution Rate [^]	5.33%	5.33%	5.50%

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

The required payroll surcharge, percentages of amounts contributed, and eligible payroll by the School District covered by the SCRHITF for the past three years were as follows:

Year Ended June 30,	Contributions		Eligible Payroll
	Required	% Contributed	
2018	\$ 2,006,212	100%	\$ 36,476,580
2017	1,950,569	100%	36,596,048
2016	\$ 1,901,678	100%	\$ 35,678,758

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Plan Contributions and Funding Policies (Continued)

The State (via state appropriations) and the PEBA - Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the School District approximately \$344,000 for the year ended June 30, 2017 (measurement period). The contributions from these nonemployer contributing entities were approximately \$464,000 for the year ended June 30, 2018 and are recognized as state revenues and intergovernmental expenditures in the School District's governmental fund financial statements.

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

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability, net OPEB liability, and sensitivity information were determined by the consulting actuary and are based on the June 30, 2016 actuarial valuation. The total OPEB liability was rolled-forward from the valuation date to the OPEB plan's fiscal year ended June 30, 2017 using generally accepted actuarial principles.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The following table provides a summary of the actuarial assumptions and methods used in the latest valuation for the SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of plan investment expense: including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement System for the five-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the based tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

Long-Term Expected Rate of Return

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the 4.00 percent assumed annual investment rate of return includes a 1.75 percent real rate of return and a 2.25 percent inflation component. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Conservative Fixed Income	100.0%		
US Domestic Fixed Income	80.0%	2.09%	1.67%
Cash	20.0%	0.84%	0.17%
Total Expected Real Return	100.0%		1.84%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			4.09%
Investment Return Assumption			4.00%

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Single Discount Rate

The Single Discount Rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the SCRHITF’s investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

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

The net OPEB liability (“NOL”) is calculated separately for each system and represents that particular system’s total OPEB liability determined in accordance with GASB No. 74 less its fiduciary net position. NOL totals, as of the June 30, 2017 measurement date for the SCRHITF, are presented in the following table:

System	Total OPEB Liability	OPEB Plan Fiduciary Net Position	Employers' Net OPEB Liability (Asset)	OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 14,659,610,970	1,114,774,760	\$ 13,544,836,210	7.6%

The total OPEB liability is calculated by PEBA’s actuary, and the fiduciary net position is reported in the PEBA’s financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the PEBA’s notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 are not applicable for other purposes, such as determining the OPEB Plans’ funding requirements.

At June 30, 2018, the School District reported a liability of approximately \$58,781,000 for its proportionate share of the net OPEB liability for the SCRHITF. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability for the SCRHITF used to calculate the net OPEB liability was determined based on the most recent actuarial valuation report of June 30, 2016 that was projected forward to the measurement date. The School District’s proportion of the net OPEB liability was based on a projection of the School District’s long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2017 measurement date, the School District’s proportion was 0.433970 percent; which was unchanged from its proportion measured as of June 30, 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

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

For the year ended June 30, 2018, the School District recognized OPEB expense of approximately \$3,578,000 for the SCRHITF. At June 30, 2018, the School District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 25,511
Change in Assumptions	-	5,530,974
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	101,001	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	-	839
Employer Contributions Subsequent to the Measurement Date	1,959,486	-
Total	\$ 2,060,487	\$ 5,557,324

Approximately \$1,959,000 that was reported as deferred outflows of resources related to the School District's contributions subsequent to the measurement date to the SCRHITF, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Increase (Decrease) OPEB Expense
2019	\$ (864,491)
2020	(864,491)
2021	(864,491)
2022	(864,491)
2023	(889,741)
Thereafter	(1,108,618)
Total	\$ (5,456,323)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the School District's net OPEB liability for the SCRHITF to changes in the discount rate, calculated using the discount rate of 3.56%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.56%) or 1% point higher (4.56%) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB Liability	\$ 69,226,845	58,780,526	\$ 50,358,235

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plans (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the School District’s net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.15%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.15%) or 1% point higher (8.00% decreasing to 5.15%) than the current rate:

	1% Decrease (6.00% decreasing to 3.15%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.15%)	1% Increase (8.00% decreasing to 5.15%)
Net OPEB Liability	\$ 48,202,467	58,780,526	\$ 72,476,569

OPEB Plans’ Fiduciary Net Position

Detailed information regarding the fiduciary net position of the OPEB Plans administered by the PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Postemployment Benefits Trust Funds. This information is publicly available through the Insurance Benefits’ link on the PEBA’s website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to SCRHITF

The School District reported a payable of approximately \$168,000 to the PEBA as of June 30, 2018, representing required employer contributions for the month of June 2018 for the SCRHITF. This amount is included in Accounts Payable on the financial statements and was paid in July 2018.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

IV. OTHER INFORMATION (CONTINUED)

E. Commitments and Contingencies

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.

Construction Commitment

In June 2018, the School District awarded Pyramid Contractors a construction contract for approximately \$2,767,000 for the Facilities Services and Adult Education Conversion as well as gymnasium lighting replacements at Newberry High School and Mid-Carolina Middle School. No work has been started on this project as of June 30, 2018, but work is expected to begin in the early part of the next fiscal year.

F. Tax Abatements

School District's Tax Abatements

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

Newberry County's Tax Abatements

The School District's property tax revenues were reduced by approximately \$3,168,000 under agreements entered into by Newberry County, South Carolina.

G. Subsequent Event

In October 2018, the School District issued its Series 2018B General Obligation Bond in the amount of \$6,827,000 for the purposes of paying a portion of the NICE purchase price installments that are due in fiscal year 2019 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 2.25%, are due at maturity on March 1, 2019

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, 2018

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 18,650,000	18,650,000	19,346,837	\$ 696,837
Investment Earnings	100,000	100,000	252,667	152,667
Other Local Sources	32,000	32,000	60,945	28,945
State Sources	33,975,945	33,975,945	34,154,135	178,190
TOTAL REVENUES	52,757,945	52,757,945	53,814,584	1,056,639
EXPENDITURES				
Current:				
Instruction	30,097,344	30,097,344	29,878,517	218,827
Support Services	23,141,157	23,141,157	22,570,253	570,904
Community Services	10,000	10,000	8,826	1,174
Intergovernmental	223,100	223,100	195,134	27,966
Capital Outlay	858,421	858,421	1,408,633	(550,212)
TOTAL EXPENDITURES	54,330,022	54,330,022	54,061,363	268,659
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,572,077)	(1,572,077)	(246,779)	1,325,298
OTHER FINANCING SOURCES (USES)				
Transfers In	1,743,291	1,743,291	1,734,872	(8,419)
TOTAL OTHER FINANCING SOURCES (USES)	1,743,291	1,743,291	1,734,872	(8,419)
NET CHANGES IN FUND BALANCES	171,214	171,214	1,488,093	1,316,879
FUND BALANCES, Beginning of Year	15,884,356	15,884,356	15,884,356	-
FUND BALANCES, End of Year	\$ 16,055,570	16,055,570	17,372,449	\$ 1,316,879

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 an expected surplus of approximately \$171,000.

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST FIVE FISCAL YEARS

	Year Ended June 30,				
	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability (Asset)	0.354680%	0.359510%	0.357880%	0.370435%	0.370435%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 79,843,046	76,790,378	67,873,098	63,776,626	\$ 66,442,825
School District's Covered Payroll	\$ 36,530,176	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	218.57%	215.62%	197.25%	185.68%	195.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.34%	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 discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST FIVE FISCAL YEARS

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 4,847,935	4,136,802	3,850,379	3,657,525	\$ 3,564,846
Contributions in Relation to the Contractually Required Contribution	4,847,935	4,136,802	3,850,379	3,657,525	3,564,846
Contribution Deficiency (Excess)	\$ -	-	-	-	\$ -
School District's Covered Payroll	\$ 36,413,562	36,530,176	35,613,406	34,410,210	\$ 34,348,112
Contributions as a Percentage of Covered Payroll	13.31%	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 contractually required contribution rate was increased from 11.56% to 13.56% of eligible payroll for the year ended June 30, 2018.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST FIVE FISCAL YEARS

	Year Ended June 30,			
	2018	2017	2016	2015
School District's Proportion of the Net Pension Liability (Asset)	0.00489%	0.00513%	0.00483%	0.00490%
School District's Proportionate Share of the Net Pension	\$ 133,992	130,020	105,270	93,845
School District's Covered Payroll	\$ 65,872	65,352	59,842	58,962
School District's Proportionate Share of the Net Pension	203.41%	198.95%	175.91%	159.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.94%	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 discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

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

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

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

LAST FIVE FISCAL YEARS

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 10,234	9,380	8,979	8,025	7,571
Contributions in Relation to the Contractually Required Contribution	10,234	9,380	8,979	8,025	7,571
Contribution Deficiency (Excess)	\$ -	-	-	-	-
School District's Covered Payroll	\$ 63,018	65,872	65,352	59,842	58,962
Contributions as a Percentage of Covered Payroll	16.24%	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. The contractually required contribution rate was increased from 14.24% to 16.24% of eligible payroll for the year ended June 30, 2018

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

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2018	2017
School District's Proportion of the Net OPEB Liability	0.43397%	0.43397%
School District's Proportionate Share of the Net OPEB Liability	\$ 58,780,526	\$ 62,789,518
School District's Covered Payroll	\$ 36,596,048	\$ 35,678,758
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	160.6%	176.0%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.6%	6.6%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).
 The School District adopted GASB #75 during the year ended June 30, 2018. Information before 2017 is not available.
 The discount rate changed from 2.92% as of the June 30, 2016 measurement date to 3.56% for the June 30, 2017 measurement date.

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

REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES

**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2018	2017
Contractually Required Contribution	\$ 2,006,212	\$ 1,950,569
Contributions in Relation to the Contractually Required Contribution	2,006,212	1,950,569
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 36,476,580	\$ 36,566,048
Contributions as a Percentage of Covered Payroll	5.50%	5.33%

Notes to Schedule:

The School District adopted GASB #75 during the year ended June 30, 2018. Information before 2017 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, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 15,750,000	16,458,157	\$ 708,157
1140 Penalties & Interest on Taxes (Independent)	600,000	503,306	(96,694)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	2,300,000	2,385,374	85,374
1300 Tuition:			
1320 From Other LEAs for Regular Day School	-	18,139	18,139
1350 From Patrons for Summer School	12,000	-	(12,000)
1500 Earnings on Investments:			
1510 Interest on Investments	100,000	252,667	152,667
1900 Other Revenue from Local Sources:			
1910 Rentals	-	3,210	3,210
1950 Refund of Prior Year's Expenditures	-	147	147
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	11,202	11,202
1999 Revenue from Other Local Sources	20,000	28,247	8,247
Total Revenue from Local Sources	<u>18,782,000</u>	<u>19,660,449</u>	<u>878,449</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	652	652
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	519,560	660,777	141,217
3162 Transportation Workers' Compensation	-	34,502	34,502
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	6,772,934	6,589,188	(183,746)
3181 Retiree Insurance (No Carryover Provision)	1,385,383	1,472,031	86,648
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	674,255	696,700	22,445
3312 Primary	2,241,902	2,098,723	(143,179)
3313 Elementary	3,635,311	3,644,640	9,329
3314 High School	1,537,214	997,480	(539,734)
3315 Trainable Mentally Handicapped	26,595	27,328	733
3316 Speech Handicapped (Part-Time Program)	1,077,980	1,039,148	(38,832)
3317 Homebound	\$ 10,924	4,200	\$ (6,724)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 4,284	23,628	\$ 19,344
3322 Educable Mentally Handicapped	78,023	69,034	(8,989)
3323 Learning Disabilities	1,435,397	1,380,985	(54,412)
3324 Hearing Handicapped	30,972	36,802	5,830
3325 Visually Handicapped	14,299	11,361	(2,938)
3326 Orthopedically Handicapped	14,299	8,197	(6,102)
3327 Vocational	1,682,855	2,340,978	658,123
3330 Other EFA Programs:			
3331 Autism	188,797	181,844	(6,953)
3332 High Achieving Students	231,805	250,637	18,832
3334 Limited English Proficiency	193,378	193,002	(376)
3351 Academic Assistance	573,866	607,184	33,318
3352 Pupils in Poverty	1,701,401	1,670,422	(30,979)
3353 Dual Credit Enrollment	35,794	31,214	(4,580)
3375 Education Foundation Supplement	-	37,000	37,000
3392 NBC Excess EFA	-	59,306	59,306
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)	5,661,251	5,658,547	(2,704)
3830 Merchant's Inventory Tax	120,000	158,280	38,280
3840 Manufacturers Depreciation Reimbursement	230,000	208,471	(21,529)
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	185,000	248,735	63,735
3900 Other State Revenue:			
3993 PEBA Credit	363,272	363,944	672
Total Revenue from State Sources	<u>33,975,945</u>	<u>34,154,135</u>	<u>178,190</u>
TOTAL REVENUE ALL SOURCES	<u>52,757,945</u>	<u>53,814,584</u>	<u>1,056,639</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,215,593	1,232,204	(16,611)
140 Terminal Leave	-	825	(825)
200 Employee Benefits	571,716	578,999	(7,283)
300 Purchased Services	7,691	24,359	(16,668)
400 Supplies and Materials	16,260	15,024	1,236
112 Primary Programs:			
100 Salaries	4,024,409	4,050,011	(25,602)
140 Terminal Leave	-	2,950	(2,950)
200 Employee Benefits	1,583,928	1,625,765	(41,837)
300 Purchased Services	27,287	72,918	(45,631)
400 Supplies and Materials	92,226	85,508	6,718
600 Other Objects	\$ 148,764	-	\$ 148,764

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
113 Elementary Programs:			
100 Salaries	\$ 7,149,838	7,031,648	\$ 118,190
140 Terminal Leave	-	3,400	(3,400)
200 Employee Benefits	2,897,225	2,815,573	81,652
300 Purchased Services	40,492	128,797	(88,305)
400 Supplies and Materials	107,022	101,717	5,305
114 High School Programs:			
100 Salaries	4,527,735	4,533,664	(5,929)
200 Employee Benefits	1,837,892	1,711,848	126,044
300 Purchased Services	47,354	69,769	(22,415)
400 Supplies and Materials	181,819	188,623	(6,804)
115 Career and Technology Education Program:			
100 Salaries	891,762	941,248	(49,486)
200 Employee Benefits	362,930	381,956	(19,026)
300 Purchased Services - Other Than Tuition	3,307	9,449	(6,142)
400 Supplies and Materials	34,299	31,325	2,974
500 Capital Outlay	-	3,052	(3,052)
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	749,741	775,915	(26,174)
140 Terminal Leave	-	125	(125)
200 Employee Benefits	339,260	364,525	(25,265)
300 Purchased Services	872	5,954	(5,082)
400 Supplies and Materials	10,327	10,296	31
122 Trainable Mentally Handicapped:			
100 Salaries	218,605	211,430	7,175
200 Employee Benefits	96,586	85,102	11,484
300 Purchased Services	36,000	35,711	289
400 Supplies and Materials	3,447	3,348	99
123 Orthopedically Handicapped:			
100 Salaries	4,330	4,208	122
200 Employee Benefits	1,622	1,393	229
300 Purchased Services	2,970	3,071	(101)
400 Supplies and Materials	504	506	(2)
124 Visually Handicapped:			
100 Salaries	8,659	8,415	244
200 Employee Benefits	8,888	2,786	6,102
300 Purchased Services	12,670	12,670	-
400 Supplies and Materials	324	324	-
125 Hearing Handicapped:			
200 Employee Benefits	7,076	-	7,076
126 Speech Handicapped:			
100 Salaries	194,820	146,054	48,766
140 Terminal Leave	-	850	(850)
200 Employee Benefits	74,631	55,763	18,868
300 Purchased Services	1,044	67,746	(66,702)
400 Supplies and Materials	\$ 5,625	5,649	\$ (24)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
127 Learning Disabilities:			
100 Salaries	\$ 1,228,283	1,157,089	\$ 71,194
140 Terminal Leave	-	1,200	(1,200)
200 Employee Benefits	550,519	457,273	93,246
300 Purchased Services	2,485	18,921	(16,436)
400 Supplies and Materials	12,544	12,296	248
128 Emotionally Handicapped:			
100 Salaries	81,894	74,570	7,324
200 Employee Benefits	39,625	34,466	5,159
300 Purchased Services	-	1,041	(1,041)
400 Supplies and Materials	2,825	2,783	42
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	102,589	103,234	(645)
200 Employee Benefits	47,427	43,800	3,627
300 Purchased Services	-	4,196	(4,196)
139 Early Childhood Programs:			
200 Employee Benefits	-	310	(310)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	92,574	93,014	(440)
200 Employee Benefits	62,398	41,201	21,197
300 Purchased Services	2,160	968	1,192
145 Homebound:			
100 Salaries	30,000	42,471	(12,471)
200 Employee Benefits	6,000	11,550	(5,550)
300 Purchased Services	12,600	21,369	(8,769)
148 Gifted and Talented - Artistic:			
100 Salaries	-	107	(107)
200 Employee Benefits	-	30	(30)
300 Purchased Services	-	643	(643)
400 Supplies and Materials	-	13,271	(13,271)
149 Other Special Programs:			
100 Salaries	-	8,226	(8,226)
200 Employee Benefits	-	2,247	(2,247)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	68,057	67,517	540
200 Employee Benefits	43,625	34,041	9,584
300 Purchased Services	-	310	(310)
172 Elementary Summer School:			
100 Salaries	-	4,287	(4,287)
200 Employee Benefits	-	877	(877)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
200 Employee Benefits	\$ -	2	\$ (2)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
182 Adult Secondary Education Programs:			
200 Employee Benefits	\$ -	2	\$ (2)
400 Supplies and Materials	1,166	1,163	3
185 Vocational Adult Education Programs:			
100 Salaries	57,543	56,763	780
200 Employee Benefits	24,304	24,368	(64)
300 Purchased Services	-	284	(284)
188 Parenting/Family Literacy:			
100 Salaries	56,527	74,409	(17,882)
140 Terminal Leave	-	500	(500)
200 Employee Benefits	24,649	28,347	(3,698)
400 Supplies and Materials	-	(50)	50
Total Instruction	<u>30,097,344</u>	<u>29,881,569</u>	<u>215,775</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	244,698	247,548	(2,850)
200 Employee Benefits	145,789	96,760	49,029
300 Purchased Services	14,600	18,435	(3,835)
400 Supplies and Materials	5,000	4,889	111
212 Guidance Services:			
100 Salaries	988,606	932,277	56,329
140 Terminal Leave	-	1,700	(1,700)
200 Employee Benefits	363,122	345,501	17,621
300 Purchased Services	-	735	(735)
213 Health Services:			
100 Salaries	306,065	322,804	(16,739)
140 Terminal Leave	-	237	(237)
200 Employee Benefits	139,863	121,197	18,666
300 Purchased Services	14,678	6,343	8,335
400 Supplies and Materials	4,130	4,117	13
600 Other Objects	182	103	79
214 Psychological Services:			
100 Salaries	82,147	76,547	5,600
200 Employee Benefits	26,881	27,836	(955)
300 Purchased Services	62,797	29,860	32,937
400 Supplies and Materials	2,657	2,657	-
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	1,002,377	798,554	203,823
140 Terminal Leave	-	4,383	(4,383)
200 Employee Benefits	387,179	296,933	90,246
300 Purchased Services	32,452	23,367	9,085
400 Supplies and Materials	25,411	19,091	6,320
600 Other Objects	\$ 486	351	\$ 135

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
222 Library and Media Services:			
100 Salaries	\$ 743,807	702,129	\$ 41,678
200 Employee Benefits	304,488	302,715	1,773
300 Purchased Services	-	11,621	(11,621)
400 Supplies and Materials	72,245	69,828	2,417
223 Supervision of Special Programs:			
100 Salaries	77,216	69,653	7,563
140 Terminal Leave	-	5,039	(5,039)
200 Employee Benefits	39,943	32,960	6,983
400 Supplies and Materials	422	422	-
600 Other Objects	194	194	-
224 Improvement of Instruction-Inservice and Staff Training:			
300 Purchased Services	36,639	36,443	196
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	53,850	53,850	-
200 Employee Benefits	651,252	231,890	419,362
300 Purchased Services	93,245	105,944	(12,699)
318 Audit Services	40,900	51,250	(10,350)
400 Supplies and Materials	3,842	4,690	(848)
600 Other Objects	239,863	247,969	(8,106)
232 Office of Superintendent:			
100 Salaries	206,105	208,101	(1,996)
200 Employee Benefits	66,364	66,643	(279)
300 Purchased Services	11,851	12,583	(732)
400 Supplies and Materials	2,950	2,779	171
600 Other Objects	6,480	6,182	298
233 School Administration:			
100 Salaries	3,291,912	3,530,658	(238,746)
140 Terminal Leave	-	31,276	(31,276)
200 Employee Benefits	1,336,563	1,431,791	(95,228)
300 Purchased Services	25,737	29,163	(3,426)
400 Supplies and Materials	47,789	42,367	5,422
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	481,298	482,160	(862)
140 Terminal Leave	4,904	5,676	(772)
200 Employee Benefits	190,013	195,224	(5,211)
300 Purchased Services	12,602	12,664	(62)
400 Supplies and Materials	6,154	5,164	990
600 Other Objects	70	70	-
253 Facilities Acquisition and Construction:			
500 Capital Outlay:			
520 Construction Services	\$ -	542,380	\$ (542,380)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 654,931	603,313	\$ 51,618
140 Terminal Leave	-	14,462	(14,462)
200 Employee Benefits	220,965	228,527	(7,562)
300 Purchased Services	2,350,812	2,396,177	(45,365)
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	290,000	302,813	(12,813)
400 Supplies and Materials	322,608	316,791	5,817
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	2,119,315	2,052,877	66,438
600 Other Objects	73,069	74,819	(1,750)
255 Student Transportation (State Mandated):			
100 Salaries	1,472,830	1,340,124	132,706
140 Terminal Leave	-	10,611	(10,611)
200 Employee Benefits	431,819	413,050	18,769
300 Purchased Services	41,339	30,417	10,922
400 Supplies and Materials	10,550	10,308	242
256 Food Service:			
140 Terminal Leave	-	2,869	(2,869)
200 Employee Benefits	390,000	524,831	(134,831)
257 Internal Services:			
100 Salaries	-	129,450	(129,450)
200 Employee Benefits	-	9,838	(9,838)
300 Purchased Services	342,519	274,095	68,424
400 Supplies and Materials	23,400	22,623	777
600 Other Objects	-	15,377	(15,377)
258 Security:			
300 Purchased Services	385,600	352,552	33,048
260 Central Support Services:			
264 Staff Services:			
100 Salaries	247,891	252,730	(4,839)
140 Terminal Leave	-	2,719	(2,719)
200 Employee Benefits	103,113	100,683	2,430
300 Purchased Services	54,454	48,384	6,070
400 Supplies and Materials	3,887	3,055	832
600 Other Objects	7,000	4,517	2,483
266 Technology and Data Processing Services:			
100 Salaries	466,806	465,539	1,267
140 Terminal Leave	-	8,245	(8,245)
200 Employee Benefits	186,324	199,825	(13,501)
300 Purchased Services	289,100	284,876	4,224
400 Supplies and Materials	14,370	13,796	574
500 Capital Outlay	\$ 858,421	858,201	\$ 220

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	\$ 481,278	435,993	\$ 45,285
200 Employee Benefits (Optional)	126,909	111,890	15,019
300 Purchased Services (Optional)	83,850	92,154	(8,304)
500 Capital Outlay (Optional)	-	5,000	(5,000)
660 Pupil Activity	48,600	48,600	-
Total Support Services	<u>23,999,578</u>	<u>23,975,834</u>	<u>23,744</u>
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	1,000	-	1,000
390 Other Community Services:			
300 Purchased Services	5,000	4,224	776
600 Other Objects	4,000	4,602	(602)
Total Community Services	<u>10,000</u>	<u>8,826</u>	<u>1,174</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	175,000	164,067	10,933
412 Payments to Other Governmental Units			
720 Transits	48,100	31,067	17,033
Total Intergovernmental Expenditures	<u>223,100</u>	<u>195,134</u>	<u>27,966</u>
TOTAL EXPENDITURES	<u>54,330,022</u>	<u>54,061,363</u>	<u>268,659</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	1,460,625	1,481,266	20,641
5280 Transfer from Other Funds Indirect Costs	282,666	253,606	(29,060)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,743,291</u>	<u>1,734,872</u>	<u>(8,419)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	171,214	1,488,093	1,316,879
FUND BALANCES, Beginning of Year	<u>15,884,356</u>	<u>15,884,356</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 16,055,570</u>	<u>17,372,449</u>	<u>\$ 1,316,879</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, 2018

	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:		
1910 Rentals	-	-
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:		
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:		
3193 Education License Plates	-	-
3194 Digital Instructional Materials	-	-
3198 Technology Professional Development (Carryover Only)	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3630 K-12 Technology Initiative	-	-
3699 Other State Lottery Programs	-	-
3900 Other State Revenue:		
3994 PEBA Nonemployer Contributions	-	-
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
-	-	-	-	33	\$ 33
-	-	-	-	1,500	1,500
-	-	-	-	32,722	32,722
-	-	-	-	694,020	694,020
-	-	-	-	285,919	285,919
-	-	-	-	1,014,194	1,014,194
-	-	-	-	62,575	62,575
-	-	-	-	62,575	62,575
-	-	-	241,482	-	241,482
-	-	-	56,850	-	56,850
-	-	-	69,958	-	69,958
-	-	-	492,173	-	492,173
-	-	-	214,400	-	214,400
-	-	-	5,399	-	5,399
-	-	-	37,204	-	37,204
-	-	-	2,775	-	2,775
-	-	-	51,695	-	51,695
-	-	-	31,943	-	31,943
-	-	-	200	-	200
-	-	-	139,452	-	139,452
-	-	-	32,189	-	32,189
-	-	-	464,125	-	464,125
-	-	-	1,839,845	-	\$ 1,839,845

(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, 2018

	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)	1,726,833	-
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)	-	1,569,450
4520 Preschool Grants for Children With Disabilities (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4997 Title IV SSAE	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,726,833</u>	<u>1,569,450</u>
TOTAL REVENUE ALL SOURCES	<u>1,726,833</u>	<u>1,569,450</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	329,895	-
200 Employee Benefits	116,976	-
300 Purchased Services	1,361	-
400 Supplies and Materials	375,122	-
600 Other Objects	\$ -	-

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
-	101,274	-	-	-	\$ 101,274
-	-	-	-	22,916	1,749,749
-	-	-	-	93,206	93,206
-	-	-	-	56,029	56,029
-	-	-	-	146,878	146,878
-	-	70,515	-	-	70,515
-	-	9,791	-	-	9,791
-	-	-	-	-	1,569,450
51,354	-	-	-	-	51,354
-	-	-	-	6,920	6,920
-	-	-	-	121,578	121,578
<u>51,354</u>	<u>101,274</u>	<u>80,306</u>	<u>-</u>	<u>447,527</u>	<u>3,976,744</u>
51,354	101,274	80,306	1,839,845	1,524,296	6,893,358
-	-	-	-	1,250	1,250
-	-	-	-	275	275
-	-	-	-	77	77
-	-	-	-	2,273	2,273
-	-	-	-	51,354	381,249
-	-	-	-	19,013	135,989
-	-	-	-	4,869	6,230
-	-	-	32,189	41,649	448,960
-	-	-	51,695	-	\$ 51,695

(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, 2018

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
113 Elementary Programs:		
100 Salaries	\$ 192,403	-
200 Employee Benefits	80,797	-
300 Purchased Services	157	-
400 Supplies and Materials	67,442	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	162,786
200 Employee Benefits	-	81,164
300 Purchased Services	-	-
400 Supplies and Materials	-	-
122 Trainable Mentally Handicapped:		
100 Salaries	-	45,310
200 Employee Benefits	-	18,758
300 Purchased Services	-	-
400 Supplies and Materials	-	-
123 Orthopedically Handicapped:		
100 Salaries	-	2,100
200 Employee Benefits	-	568
300 Purchased Services	-	8,867
400 Supplies and Materials	-	175,014
124 Visually Handicapped:		
300 Purchased Services	-	-
126 Speech Handicapped:		
100 Salaries	-	298,776
200 Employee Benefits	-	116,671
300 Purchased Services	\$ -	-

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
-	-	-	40,524	34,825	\$ 267,752
-	-	-	16,327	9,441	106,565
-	-	-	-	7,594	7,751
-	-	-	-	38,551	105,993
-	-	-	-	113,541	113,541
-	-	-	-	163	163
-	-	-	-	942	942
-	-	-	-	46,590	46,590
-	64,266	-	-	-	64,266
-	22,213	-	-	-	22,213
-	7,133	-	-	77	7,210
-	3,689	-	-	14,641	18,330
-	-	-	-	684	684
-	-	-	-	310	163,096
-	-	-	-	84	81,248
-	-	-	-	10,498	10,498
-	-	-	-	9,370	9,370
-	-	-	-	650	45,960
-	-	-	-	178	18,936
-	-	-	-	2,083	2,083
-	-	-	-	997	997
-	-	-	-	-	2,100
-	-	-	-	-	568
-	-	-	-	459	9,326
-	-	-	-	6,073	181,087
-	-	-	-	13,249	13,249
-	-	-	-	-	298,776
-	-	-	-	-	116,671
-	-	-	-	44,002	\$ 44,002

(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, 2018

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
127 Learning Disabilities:		
100 Salaries	\$ -	120,710
200 Employee Benefits	-	49,359
300 Purchased Services	-	-
400 Supplies and Materials	-	-
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	10,578
200 Employee Benefits	-	6,366
300 Purchased Services	-	-
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	20,000	-
140 Special Programs:		
141 Gifted and Talented Academic		
300 Purchased Services	-	-
147 CDEPP:		
100 Salaries	62,433	-
200 Employee Benefits	26,147	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
149 Other Special Programs		
400 Supplies and Materials	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	20,263
200 Employee Benefits	-	10,131
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
172 Elementary Summer School:		
300 Purchased Services	\$ -	-

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
-	-	-	-	68,057	\$ 188,767
-	-	-	-	23,797	73,156
-	-	-	-	4,002	4,002
-	-	-	-	355	355
-	-	-	-	-	10,578
-	-	-	-	-	6,366
-	-	-	200	-	200
39,224	-	-	-	17,623	56,847
10,489	-	-	-	8,224	18,713
-	-	-	-	155	155
-	-	-	1,888	-	21,888
-	-	-	-	130	130
-	-	-	33,588	-	96,021
-	-	-	2,296	-	28,443
-	-	-	697	-	697
-	-	-	31,489	-	31,489
-	-	-	-	83	83
-	-	-	-	-	20,263
-	-	-	-	-	10,131
-	-	-	28,855	-	28,855
-	-	-	8,282	-	8,282
-	-	-	48	-	48
-	-	-	20	-	\$ 20

(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, 2018

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
100 Salaries	67,736	-
200 Employee Benefits	23,515	-
300 Purchased Services	44	-
400 Supplies and Materials	13,447	-
Total Instruction	<u>1,377,475</u>	<u>1,127,421</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
214 Psychological Services:		
100 Salaries	-	103,495
200 Employee Benefits	-	32,763
300 Purchased Services	\$ -	103,957

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
-	-	22,205	442	-	\$ 22,647
-	-	6,097	121	-	6,218
-	-	152	1,435	-	1,587
-	-	2,071	-	-	2,071
-	-	24,297	2,312	-	26,609
-	-	6,672	445	-	7,117
-	-	140	-	-	140
-	-	7,629	-	-	7,629
-	-	2,095	-	-	2,095
-	-	250	-	-	250
-	-	534	-	-	534
-	-	-	-	28,897	96,633
-	-	-	-	6,342	29,857
-	-	-	-	6,037	6,081
-	-	3,848	-	21,302	38,597
49,713	97,301	75,990	252,853	660,766	3,641,519
-	-	-	-	36,563	36,563
-	-	-	-	13,740	13,740
-	-	-	172,901	-	172,901
-	-	-	68,581	-	68,581
-	-	-	-	2,000	2,000
-	-	-	148,445	117,497	265,942
-	-	-	65,955	62,410	128,365
-	-	-	-	140	140
-	-	-	-	23,885	23,885
-	-	-	-	-	103,495
-	-	-	-	-	32,763
-	-	-	-	1,561	\$ 105,518

(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, 2018

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	7,500	-
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	131,002	109,740
200 Employee Benefits	42,871	45,868
300 Purchased Services	4,050	-
400 Supplies and Materials	9,418	1,031
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	99,501	-
400 Supplies and Materials	3,327	-
230 General Administration Services:		
233 School Administration:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
250 Finance and Operations Services:		
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
255 Student Transportation (State Mandated):		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
257 Internal Services:		
300 Purchased Services	-	-
258 Security:		
400 Supplies and Materials	-	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	\$ -	-

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
-	-	-	349,795	37,194	\$ 386,989
-	-	-	142,378	12,867	155,245
-	-	-	-	3,736	11,236
-	-	-	-	757	757
-	-	3,120	-	59,702	303,564
-	-	857	-	25,423	115,019
-	-	339	127	2,945	7,461
-	-	-	-	27,513	37,962
-	-	-	-	10,772	10,772
-	-	-	-	2,986	2,986
-	3,973	-	6,394	76,741	186,609
-	-	-	14,909	14,717	32,953
-	-	-	-	14,565	14,565
-	-	-	-	25,088	25,088
-	-	-	-	6,790	6,790
-	-	-	-	4,150	4,150
-	-	-	516	5,030	5,546
-	-	-	-	2,357	2,357
-	-	-	-	3,160	3,160
-	-	-	-	2,475	2,475
-	-	-	-	7,592	7,592
-	-	-	-	12,487	12,487
-	-	-	-	3,100	3,100
-	-	-	48,545	42,915	91,460
-	-	-	2,206	-	2,206
-	-	-	91,475	5,193	\$ 96,668

(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, 2018

	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>297,669</u>	<u>396,854</u>
300 Community Services:		
390 Other Community Services:		
300 Purchased Services	-	-
Total Community Services	<u>-</u>	<u>-</u>
410 Intergovernmental Expenditures:		
412 Payments to Other Governmental Units		
720 Transits	-	-
414 Medicaid Payments to SDE		
720 Transits	-	-
419 Payments from PEBA Nonemployer Contributions		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,675,144</u>	<u>1,524,275</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
421-710 Transfer to Special Revenue Fund	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(51,689)	(45,175)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(51,689)</u>	<u>(45,175)</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
-	-	-	-	60,089	\$ 60,089
-	-	-	-	21,693	21,693
-	3,973	4,316	1,112,227	749,833	2,564,872
-	-	-	-	500	500
-	-	-	-	500	500
-	-	-	-	819	819
-	-	-	-	1,072	1,072
-	-	-	464,125	-	464,125
-	-	-	464,125	1,891	466,016
49,713	101,274	80,306	1,829,205	1,412,990	6,672,907
-	-	-	(10,640)	-	(10,640)
(1,641)	-	-	-	(8,749)	(107,254)
(1,641)	-	-	(10,640)	(8,749)	(117,894)
-	-	-	-	102,557	102,557
-	-	-	-	466,960	466,960
-	-	-	-	569,517	\$ 569,517

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2018

OTHER DESIGNATED RESTRICTED STATE GRANTS

914	Adult Education Literacy
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
956	Adult Education
963	Technology Initiative
965	Digital Instructional Materials
994	PEBA Nonemployer Contributions

OTHER SPECIAL REVENUE PROGRAMS

210	Title IV SSAE
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
803	Parenting
804	Calculators for Districts
805	NMS Dollar General Foundation
806	WES House Toy & Garden
807	Donations - Retirements/TOY
808	Activity Buses
814	NCCC House Account
817	SP Services
820	SAFE Futures
829	Tech Rev - GovDeals/Powerhouse
830	Newberry Soil and Water Grant
831	Science Grants
832	Lowes Toolbox for Education
850	E-Rate
852	Copy Center/Special Ed. Transition
854	Maintenance
855	Palmetto Citizens ATM
899	School to Pay
981	First Steps Parent

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2018

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned
					Interfund Transfers In (Out)	Other Fund Transfers Sources (Uses)	
914	3194	Digital Instructional Materials	\$ 51,695	51,695	-	-	\$ 45,898
917	3199	Other Restricted State Grants	200	200	-	-	-
918	3512	Technology Professional Development (Carryover Only)	31,943	21,303	(10,640)	-	-
919	3193	Education License Plates	2,775	2,775	-	-	1,135
924	3134	Child Development Education Program (CDEP) - Expansion Full Day 4K	69,958	69,958	-	-	2,616
926	3177	Summer Reading Camps	37,204	37,204	-	-	-
928	3118	EEDA Career Specialists	241,482	241,482	-	-	15,595
935	3135	Reading Coaches	492,173	492,173	-	-	46,290
936	3136	Student Health and Fitness - Nurses	214,400	214,400	-	-	3,131
937	3127	Student Health and Fitness - PE Teachers	56,850	56,850	-	-	-
955	3155	DSS SWAP & E&T Program	5,399	5,399	-	-	554
956	3156	Adult Education	-	-	-	-	4,175
963	3630	K-12 Technology Initiative	139,452	139,452	-	-	-
965	3699	Other State Lottery Programs	32,189	32,189	-	-	-
994	3994	PEBA Nonemployer Contributions	464,125	464,125	-	-	-
Totals			\$ 1,839,845	1,829,205	(10,640)	-	\$ 119,394

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2018

	ACTUAL
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 8,959
3507 Aid to District Technology	758
3511 Professional Development	45,357
3518 Adoption List of Formative Assessment	32,720
3519 Grade 10 Assessments	28,325
3525 Career and Technology Education Equipment (Carryover Only)	33,529
3526 Refurbishment of Science Kits	19,187
3528 Industry Certificates/Credentials	31,797
3529 Career and Technology Education Equipment	112,555
3532 National Board Salary Supplement (No Carryover Provision)	445,202
3533 Teacher of the Year Awards (No Carryover Provision)	1,077
3538 Students at Risk of School Failure	696,275
3541 Child Early Reading Development and Education Program (CDEP) - Full Day 4K	656,958
3550 Teacher Salary Increase (No Carryover Provision)	1,274,815
3555 Teacher Salary Fringe (No Carryover Provision)	206,451
3556 Adult Education	191,737
3557 Summer Reading Program	29,548
3558 Reading	29,656
3577 Teacher Supplies (No Carryover Provision)	130,900
3578 High Schools That Work/Making Middle Grades Work	27,105
3587 Maintenance of State Financial Support (MES)Tier I	272,648
3595 EEDA Supplies and Materials	30,379
3597 Aid to Districts	94,522
3599 Other EIA	170,767
Total Revenue from State Sources	4,571,227
 TOTAL REVENUE ALL SOURCES	 4,571,227
 EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	62,177
200 Employee Benefits	28,511
300 Purchased Services	142
400 Supplies and Materials	4,678
112 Primary Programs:	
100 Salaries	351,458
140 Terminal Leave	225
200 Employee Benefits	126,686
300 Purchased Services	5,620
400 Supplies and Materials	65,989
600 Other Objects	32,720
113 Elementary Programs:	
100 Salaries	202,646
200 Employee Benefits	85,316
300 Purchased Services	1,260
400 Supplies and Materials	\$ 52,462

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2018

	<u>ACTUAL</u>
114 High School Programs:	
100 Salaries	\$ 113,012
140 Terminal Leave	450
200 Employee Benefits	34,585
300 Purchased Services	440
400 Supplies and Materials	63,319
600 Other Objects	9,605
115 Career and Technology Education Program:	
100 Salaries	5,000
200 Employee Benefits	1,382
400 Supplies and Materials	36,472
500 Capital Outlay	133,399
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	15,000
200 Employee Benefits	4,055
300 Purchased Services	14,329
400 Supplies and Materials	264,094
126 Speech Handicapped:	
400 Supplies and Materials	2,750
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	453,688
200 Employee Benefits	197,879
300 Purchased Services	5,353
400 Supplies and Materials	34
170 Summer School Programs:	
171 Primary Summer School:	
100 Salaries	10,515
200 Employee Benefits	2,586
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	3,379
200 Employee Benefits	861
300 Purchased Services	193
400 Supplies and Materials	1,133
182 Adult Secondary Education Programs:	
400 Supplies and Materials	1,945
183 Adult Education Literacy (ESL):	
400 Supplies and Materials	175
184 Post Secondary Education Programs:	
100 Salaries	2,606
200 Employee Benefits	716
Total Instruction	<u>\$ 2,405,720</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2018

	<u>ACTUAL</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	\$ 7,500
200 Employee Benefits	2,057
300 Purchased Services	8,934
400 Supplies and Materials	26,946
213 Health Services:	
100 Salaries	24,945
200 Employee Benefits	6,850
300 Purchased Services	62,727
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
400 Supplies and Materials	6,298
222 Library and Media:	
100 Salaries	22,500
200 Employee Benefits	6,145
400 Supplies and Materials	3,025
223 Supervision of Special Programs:	
100 Salaries	177,825
140 Terminal Leave	231
200 Employee Benefits	70,475
300 Purchased Services	2,174
400 Supplies and Materials	3,577
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	19,630
200 Employee Benefits	5,294
300 Purchased Services	47,934
400 Supplies and Materials	18,839
250 Finance and Operations Services:	
300 Purchased Services	170,217
260 Central Support Services:	
266 Technology and Data Processing Services:	
300 Purchased Services	758
Total Support Services	<u>694,881</u>
TOTAL EXPENDITURES	<u>3,100,601</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5220 Transfer from Special Revenue Fund (Excludes Indirect Costs)	10,640
5230 Transfer from Special Revenue EIA Fund	5,325
420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,481,266)
422-710 Transfer to EIA Fund	(5,325)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,470,626)</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, 2018

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 8,959	24,924	5,325	10,640	\$ -
3507 Aid to District Technology	758	758	-	-	110,748
3511 Professional Development	45,357	45,357	-	-	43,184
3518 Adoption List of Formative Assessment	32,720	32,720	-	-	-
3519 Grade 10 Assessments	28,325	28,325	-	-	-
3525 Career and Technology Education Equipment (Carryover Only)	33,529	33,529	-	-	-
3526 Refurbishment of Science Kits	19,187	19,187	-	-	27,287
3528 Industry Certificates/Credentials	31,797	31,797	-	-	26,034
3529 Career and Technology Education	112,555	112,555	-	-	18,524
3532 National Board Salary Supplement (No Carryover Provision)	445,202	445,202	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	696,275	696,275	-	-	18,269
3541 Child Early Reading Development Education Program (CDEP0 - Full Day 4K	656,958	656,958	-	-	39,851
3550 Teacher Salary Increase (No Carryover Provision)	1,274,815	-	-	(1,274,815)	-
3555 Teacher Salary Fringe (No Carryover Provision)	206,451	-	-	(206,451)	-
3556 Adult Education	191,737	191,737	-	-	1,705
3557 Summer Reading Program	29,548	29,548	-	-	74,528
3558 Reading	29,656	24,331	(5,325)	-	28,476
3577 Teacher Supplies (No Carryover Provision)	130,900	130,900	-	-	-
3578 High Schools That Work/Making Middle Grades Work	27,105	27,105	-	-	-
3587 Maintenance of State Financial Support (MES) Tier I	272,648	272,648	-	-	-
3595 EEDA-Supplies and Materials	30,379	30,379	-	-	11,948
3597 Aid to Districts	94,522	94,522	-	-	82,727
3599 Other EIA	170,767	170,767	-	-	2,840
Totals	\$ 4,571,227	3,100,601	-	(1,470,626)	\$ 486,121

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

YEAR ENDED JUNE 30, 2018

<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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THE SCHOOL DISTRICT OF NEWBERRY COUNTY
 NEWBERRY, SOUTH CAROLINA

Schedule C-1

DEBT SERVICE FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2018

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 6,916,307
1140 Penalties & Interest on Taxes (Independent)	238,712
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	676,792
1500 Earnings on Investments:	
1510 Interest on Investments	38,925
Total Revenue from Local Sources	<u>7,870,736</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	419,671
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	59,149
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	70,550
Total Revenue from State Sources	<u>559,725</u>
TOTAL REVENUE ALL SOURCES	<u>8,430,461</u>
EXPENDITURES	
500 Debt Service:	
620 Interest	41,152
690 Other Objects (Includes Fees for Servicing Bonds)	71,050
Total Debt Service	<u>112,202</u>
TOTAL EXPENDITURES	<u>112,202</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(5,471,073)
424-710 Transfer to Capital Projects Fund - District	(2,339,877)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,810,950)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	507,309
FUND BALANCE, Beginning of Year	<u>1,186,013</u>
FUND BALANCE, End of Year	<u>\$ 1,693,322</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, 2018

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 7,284
Total Revenue from Local Sources	<u>7,284</u>
TOTAL REVENUE ALL SOURCES	<u>7,284</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	2,865,000
620 Interest	2,628,875
Total Debt Service	<u>5,493,875</u>
TOTAL EXPENDITURES	<u>5,493,875</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	5,471,073
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,471,073</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(15,518)
FUND BALANCE, Beginning of Year	<u>(956)</u>
FUND BALANCE, End of Year	<u>\$ (16,474)</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, 2018

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 53,421
Total Revenue from Local Sources	<u>53,421</u>
TOTAL REVENUE ALL SOURCES	<u>53,421</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	1,198,309
400 Supplies and Materials	95,279
500 Capital Outlay:	
530 Improvements Other Than Buildings	17,869
590 Other Capital Outlay	6,004
Total Support Services	<u>1,317,461</u>
TOTAL EXPENDITURES	<u>1,317,461</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund - District	2,339,877
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,339,877</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	1,075,837
FUND BALANCE, Beginning of Year	<u>3,021,818</u>
FUND BALANCE, End of Year	<u>\$ 4,097,655</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, 2018

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 555
1600 Food Service:	
1610 Lunch Sales to Pupils	469,552
1620 Breakfast Sales to Pupils	2
1630 Special Sales to Pupils	210,167
1640 Lunch Sales to Adults	89,774
1650 Breakfast Sales to Adults	5,543
1660 Special Sales to Adults	26,410
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	25,033
Total Revenue from Local Sources	827,036
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	273
Total Revenue from State Sources	273
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	2,129,303
4830 School Breakfast Program	1,092,918
4870 School Food Service (Equipment)	1,500
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	318,967
Total Revenue from Federal Sources	3,542,688
TOTAL REVENUE ALL SOURCES	\$ 4,369,997

(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, 2018

	<u>ACTUAL</u>
EXPENDITURES	
256 Food Service:	
100 Salaries	\$ 1,508,803
140 Terminal Leave	4,904
200 Employee Benefits	230,111
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	50,687
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,984,169
500 Capital Outlay	360,335
600 Other Objects	36,342
Total Food Service Expenditures	<u>4,175,351</u>
TOTAL EXPENDITURES	<u>4,175,351</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(146,352)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(146,352)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	48,294
FUND BALANCE, Beginning of Year	<u>2,223,961</u>
FUND BALANCE, End of Year	<u>\$ 2,272,255</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, 2018

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,258
1700 Pupil Activities:	
1710 Admissions	183,906
1720 Bookstore Sales	14,281
1730 Pupil Organization Membership Dues and Fees	22,239
1740 Student Fees	199,329
1790 Other	250,493
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	53,846
1999 Revenue from Other Local Sources	1,599,049
Total Receipts from Local Sources	<u>2,325,401</u>
TOTAL RECEIPTS ALL SOURCES	<u>2,325,401</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
600 Other Objects (Optional)	728,631
Total Instruction	<u>728,631</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay (Optional)	12,770
660 Pupil Activity	1,652,856
Total Pupil Activity Expenditures	<u>1,665,626</u>
TOTAL DISBURSEMENTS	<u>2,394,257</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(68,856)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>721,157</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 652,301</u>

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2018

	<u>BALANCE - BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE - END OF YEAR</u>
ASSETS				
Cash and Cash Equivalents	\$ 721,157	-	68,856	\$ 652,301
TOTAL ASSETS	<u>\$ 721,157</u>	<u>-</u>	<u>68,856</u>	<u>\$ 652,301</u>
LIABILITIES				
Due to Student Organizations	\$ 721,157	-	68,856	\$ 652,301
TOTAL LIABILITIES	<u>\$ 721,157</u>	<u>-</u>	<u>68,856</u>	<u>\$ 652,301</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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THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

Schedule G-1

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2018

LOCATION ID	LOCATION DESCRIPTION	EDUCATION LEVEL	COST TYPE	TOTAL EXPENDITURES
05	Boundary Street	Elementary	School	\$ 4,207,176
40	Gallman Elementary	Elementary	School	4,053,329
15	Little Mountain	Elementary	School	3,594,118
07	Newberry Elementary	Elementary	School	4,132,590
14	Pomaria-Garmany	Elementary	School	3,077,260
11	Prosperity-Rikard	Elementary	School	3,400,936
08	Reuben Elementary	Elementary	School	1,546,614
17	Mid-Carolina Middle	Middle	School	4,897,332
30	Newberry Middle	Middle	School	5,340,017
16	Mid-Carolina High	High School	School	5,547,659
02	Newberry High	High School	School	6,502,202
04	Newberry Alternative School	Alternative School	School	667,106
26	Adult Education	Adult Education	School	181,515
20	Newberry Career Center	Vocational School	School	2,146,008
09	Whitmire Community School	K-12 School	School	4,869,912
18	Prosperity-Rikard - Kit Center	Elementary	School	6,102
22	Special Services	Non-school	Central	14,749
80	Newberry Career Center - Engineering Building	Vocational School	School	12,388
00/01/10	District Office	Non-school	Central	23,131,004
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS				\$ 77,328,017

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

General Fund	\$ 54,061,363
Special Revenue Fund	6,672,907
Special Revenue Fund - EIA Fund	3,100,601
Special Revenue Fund - Food Service	4,175,351
Debt Service - District Fund	112,202
Debt Service - NICE Fund	5,493,875
Capital Projects - District Fund	1,317,461
Pupil Activity Fund	2,394,257
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS	\$ 77,328,017

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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>	135
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>	139
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>	143
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>	147
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>	149

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

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities					(1)		(2)			(3)
Net Investment in Capital Assets	\$ 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	\$ 54,957,433
Restricted	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	5,100,940
Unrestricted	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)	(113,886,736)
Total Governmental Activities/Primary Government Net Position	\$ 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	\$ (53,828,363)

(1) During Fiscal Year 2013, the School District's Food Service operation was converted from a Business-Type Activity to a Governmental Activity. All years presented in this table reflect its Food Service operation as governmental activities.

(2) In Fiscal Year 2015, the School District implemented GASB #68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" and GASB #71 "Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement #68". These Statements require the School District to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System, cost-sharing multiple-employer defined benefit pension plans, on the Statement of Net Position which significantly reduced the School District's unrestricted net position. See Note 1.B in the School District's FY 2015 CAFR for more details.

(3) In Fiscal Year 2018, the School District adopted GASB #75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions". This Statement requires the School District to recognize a net OPEB liability and any related deferred outflows/inflows of resources for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund, a cost-sharing multiple-employer defined benefit OPEB plan. The adoption has resulted in the restatement of the School District's net position as of July 1, 2017 for its government-wide financial statements. See Note 1.B in the School District's FY 2018 CAFR for more details.

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 40,060,482
Support Services	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	35,108,313
Community Services	4,920	5,456	7,017	5,640	4,275	6,179	9,799	5,234	4,822	9,326
Interest on Long-Term Obligations	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	2,167,826
Total Governmental Activities and Primary Government Expenses	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	77,345,947
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	33,317	23,320	23,906	8,647	8,600	9,162	9,697	12,040	13,703	18,139
Support	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	1,495,469
Operating Grants and Contributions	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	37,497,415
Capital Grants and Contributions	-	7,700	344,024	279,318	-	-	-	-	-	170,217
Total Governmental Activities and Primary Government Expenses	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	39,181,240
Net (Expense)/Revenue										
Total Governmental Activities and Primary Government Net (Expense)/Revenue	\$ 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	\$ 38,164,707
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 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	\$ 19,274,041
Property Tax - Debt Service	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	7,804,791
Other Taxes	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	10,182,951
Unrestricted Grants and Contributions	94,706	47,777	18,758	28,802	25,722	22,006	17,122	17,805	33,395	24,629
Intergovernmental Revenue	50,147	43,563	36,129	57,586	36,495	35,886	32,523	32,923	47,842	62,575
Unrestricted Investment Earnings	1,495,310	792,864	483,487	402,498	386,827	365,283	381,585	288,759	179,355	352,885
Miscellaneous	551,938	498,613	530,235	421,299	499,654	486,474	332,641	381,725	361,299	329,335
Gain on disposal of Capital Assets	-	-	-	-	-	-	14,120	-	-	-
Total Governmental Activities and Primary Government	\$ 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	\$ 38,031,207
Change in Net Position:										
Total Governmental Activities and Primary Government	\$ (1,996,696)	315,949	549,343	299,643	1,347,789	(1,395,711)	(1,081,049)	1,609,336	1,563,198	\$ (133,500)

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

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									
	2009 (3)	2010 (3)	2011 (1)	2012	2013 (4)	2014	2015	2016	2017	2018
General Fund										
Pre-GASB 54 (1)										
Reserved	\$ 9,330	17,226	-	-	-	-	-	-	-	\$ -
Unreserved	8,005,618	9,003,457	-	-	-	-	-	-	-	-
Post-GASB 54 (1)										
Nonspendable	-	-	1,850	7,459	44,581	2,158	24,695	13,946	18,026	8,191
Assigned	-	-	1,252,813	640,754	639,793	434,434	-	-	-	-
Unassigned	-	-	8,720,664	10,196,988	11,211,103	11,696,230	13,591,232	14,294,528	15,866,330	17,364,258
Total General Fund	\$ 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	\$ 17,372,449
All Other Governmental Funds										
Pre-GASB 54 (1)										
Reserved	\$ 24,106,936	19,467,370	-	-	-	-	-	-	-	\$ -
Post-GASB 54 (1)										
Nonspendable	-	-	51,229	45,426	51,854	44,220	57,255	134,465	164,520	168,464
Restricted	-	-	20,433,355	22,770,992	18,950,554	15,851,196	16,258,111	7,125,459	6,274,553	7,905,972
Assigned	-	-	-	-	707,560	481,747	446,968	387,627	463,421	567,658
Unassigned	-	-	-	-	(590)	(433,133)	(47,083)	(9,775)	(4,698)	(25,819)
Total all other governmental funds	\$ 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	\$ 8,616,275

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 a business-type activity to a governmental activity effective July 1, 2012. All years presented on this table reflect Food Service as a governmental activity.

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 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	\$ 19,346,837
Property Tax - Debt Service	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	7,831,811
Investment Earnings	1,495,309	792,868	483,486	402,498	386,828	365,285	381,584	288,759	179,355	352,885
Other Local Sources	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	1,901,587
State Sources	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	41,125,205
Federal Sources	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	7,519,432
Intergovernmental Revenue	50,147	43,563	36,129	37,436	36,495	39,185	32,523	32,923	48,842	62,575
Total Revenues	\$ 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	\$ 78,140,332
Expenditures										
Current:										
Instruction	\$ 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	\$ 35,792,357
Support Services	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	30,834,468
Community Services	4,920	5,456	7,017	5,640	4,275	6,179	9,799	5,234	4,822	9,326
Intergovernmental	244,468	376,487	248,873	255,271	260,720	263,293	260,030	226,304	191,239	661,150
Capital Outlay	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	2,030,382
Debt Service:										
Principal	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	2,865,000
Interest and Fiscal Charges	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	2,670,027
Bond Issuance Costs	-	-	-	133,989	58,731	79,393	545,707	74,307	74,878	71,050
Total Expenditures	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	74,933,760
Excess of Revenues Over (Under) Expenditures	(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	3,206,572
Other Financing Sources (Uses)										
Transfers In	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	9,556,462
Transfers Out	(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)	(9,556,462)
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	5,625	2,801	5,200	265,652	-	-	1,400	3,276	-	-
Total Other Financing Sources (Uses)	5,625	2,801	5,200	7,948,732	-	-	742,295	3,276	-	-
Net Change in Fund Balances	\$ (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	\$ 3,206,572
Capital Asset Expenditures	\$ 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	\$ 911,152
Debt Service as a Percentage of Noncapital Expenditures	9.1%	11.2%	10.1%	17.7%	10.6%	8.8%	6.8%	17.6%	7.9%	7.5%

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.

Table 5

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					
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%
2018	\$ 53,740,790	40,262,410	94,003,200	15,038,280	34,756,100	49,794,380	239.8	\$ 2,608,199,602	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			Other Governments	Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total Millage	Operating Millage	Debt Service Millage	Total Millage		
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
2018	186.8	53.0	239.8	125.0	10.2	135.2	7.0	382.0

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	2018			2009		
	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)	\$ 6,935,075	1	4.8%			
Newberry Electric Coop., Inc.	3,881,230	2	2.7%	\$ 2,944,200	2	2.5%
Caterpillar Newberry LLC	2,895,157	3	2.0%			
Kiswire Inc.	2,629,861	4	1.8%			
Duke Energy Corporation	2,478,530	5	1.7%	1,531,190	6	1.3%
Georgia Pacific Wood Products LLC	2,890,190	6	2.0%	1,623,430	5	1.4%
West Fraser Inc	2,351,662	7	1.6%	1,113,109	8	0.9%
South Carolina Electric & Gas Co,	2,189,550	8	1.5%	1,642,050	3	1.4%
Pioneer Frozen Foods SC, LLC	1,790,025	9	1.2%	1,034,365	9	0.9%
International Paper	1,267,990	10	0.9%			
Louis Rich				3,315,637	1	2.8%
FG Wilson USA				1,630,559	4	1.4%
BellSouth Telecomm, Inc				1,482,020	7	1.2%
Blue Water Marine Group, Inc				776,260	10	0.7%
Totals	<u>\$ 29,309,270</u>		<u>20.4%</u>	<u>\$ 17,092,820</u>		<u>14.3%</u>

Source: Newberry County Auditor

- (1) Total assessed valuation for 2018: \$ 143,797,580
- (2) Total assessed valuation for 2009: \$ 119,169,713

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 Fiscal Year		Adjustments to Original Tax Levy for Fiscal Year		Adjusted Tax Levy for Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
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%	924,498		35,599,784	94.1%
2018	\$ 37,762,281		671,810		38,434,091		\$ 35,077,280	91.3%	-		\$ 35,077,280	91.3%

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			
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
2018	\$ -	60,300,832	-	\$ 60,300,832	5.0%	\$ 1,586

Note: Details regarding The School District of Newberry County's outstanding long-term 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
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)
2018	\$ -	1,693,322	\$ (1,693,322)	-0.06%	\$ (44)

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, 2018

UNAUDITED

Governmental Unit	Governmental Activities LT Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping LT Debt
Debt Repaid with Property Taxes:			
2010B County General Obligation Bond	\$ 58,000	100.0%	\$ 58,000
2013A County Spec Building	1,190,000	100.0%	1,190,000
2017 CPST/GOB	\$ 17,552	100.0%	17,552
Subtotal, Overlapping Long-Term ("LT") Debt			<u>1,265,552</u>
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			<u>53,105,000</u>
Total Direct and Overlapping LT Debt			<u><u>\$ 54,370,552</u></u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 11,503,806
Total Net Debt Applicable to Debt Limit	-	-	-	3,287,000	-	1,786,634	1,704,000	1,432,000	1,377,000	1,282,000
Legal Debt Margin	\$ 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	\$ 10,221,806
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	0.0%	0.0%	0.0%	33.8%	17.5%	17.5%	15.7%	13.0%	12.2%	11.1%

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 143,797,580
Debt Limit (8% of Total Assessed Value)	11,503,806
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	1,282,000
Total Amount of Debt Applicable to Debt Limit	1,282,000
Legal Debt Margin	\$ 10,221,806

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
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%
2018	38,488	\$ 1,421,015,448	\$ 36,921	41.3	13.1	5,813	3.4%

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 2018 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 2018 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 2018 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	2018			2009		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Kraft Foods Corp.	2,700	1	7.20%	2,350	1	6.26%
School District of Newberry County	956	2	2.55%	1,098	2	2.92%
Samsung	650	3	1.73%			
Newberry County Memorial Hospital	489	4	1.30%	488	3	1.30%
Newberry College	320	5	0.85%	225	7	0.60%
Walmart	300	6	0.80%	341	4	0.91%
Georgia Pacific Corporation	288	7	0.77%	275	5	0.73%
Valmont Composite Structures(Shakespeare)	250	8	0.67%			
Komatsu America	230	9	0.61%	165	10	0.44%
ISE America- Newberry	183	10	0.49%			
County of Newberry				239	6	0.64%
Caterpillar Inc				200	8	0.53%
Springfield Place/ JF Hawkins	-			173	9	0.46%
Totals	6,366		16.97%	5,554		14.79%

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction	683	687	600	634	633	638	649	647	652	651
Support Services	415	340	328	367	366	418	347	323	329	305
Total	1,098	1,027	928	1,001	999	1,056	996	970	981	956

Source: School District compiled information.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Pupil Enrollment	Modified Accrual Basis of Accounting			Accrual Basis of Accounting			Teaching Staff	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
		Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change			
2009	5,736	\$ 55,335,647	\$ 9,647	-1.0%	\$ 60,416,951	\$ 10,533	465	12	62.0%	
2010	5,695	52,319,936	9,187	-4.8%	56,895,312	9,990	446	13	66.0%	
2011	5,595	50,619,682	9,047	-1.5%	54,849,918	9,803	432	13	65.0%	
2012	5,621	51,084,476	9,088	0.5%	55,234,651	9,826	480	12	66.0%	
2013	5,717	52,903,411	9,254	2.3%	56,685,974	9,915	496	12	67.0%	
2014	5,846	55,437,887	9,483	4.3%	59,535,859	10,184	494	12	67.0%	
2015	5,888	56,961,332	9,674	4.5%	61,176,471	10,390	486	12	70.0%	
2016	5,888	58,571,628	9,948	4.9%	67,527,459	11,469	488	12	70.0%	
2017	5,907	60,380,112	10,222	5.7%	70,818,306	11,989	492	12	69.0%	
2018	5,813	\$ 63,834,871	\$ 10,981	10.4%	\$ 75,178,121	\$ 12,933	489	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	400	386	389	376	372	414	446	457	468	464
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	428	438	425	432	439	561	457	454	431	402
Little Mountain										
Square Feet	38,341	38,341	69,121	69,121	69,121	69,121	69,121	69,121	69,121	69,121
Capacity	301	301	500	500	500	500	500	500	500	500
Enrollment	245	264	372	401	401	403	438	439	422	399
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	400	385	357	379	378	412	412	412	433	455
Pomaria-Garmany (3)										
Square Feet	35,423	70,881	70,881	70,881	70,881	70,881	70,881	70,881	70,881	70,881
Capacity	232	500	500	500	500	500	500	500	500	500
Enrollment	382	388	369	361	345	322	302	328	326	312
Prosperity-Rikard (4)										
Square Feet	39,990	39,990	43,232	43,232	43,232	43,232	43,232	43,232	43,232	43,232
Capacity	400	400	500	500	500	500	500	500	500	500
Enrollment	510	469	363	332	357	358	368	382	365	371
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	189	172	167	144	142	142	145	142	131	128
Middle										
Mid-Carolina Middle (2) (5)										
Square Feet	146,957	146,957	146,957	146,957	146,957	146,957	146,957	128,257	128,257	128,257
Capacity	915	915	915	915	915	915	915	803	803	803
Enrollment	570	603	589	591	605	597	600	547	612	589
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	622	666	652	688	679	650	611	615	614	606

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
High										
Mid-Carolina High (2)										
Square Feet	161,695	161,695	161,695	161,695	161,695	161,695	161,695	161,695	161,695	161,695
Capacity	1165	1,165	1165	1,165	1,165	1,165	1,165	1,165	1,165	1,165
Enrollment	718	714	721	711	750	768	778	799	763	762
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	767	721	724	742	799	821	820	789	805	792
Whitmire High										
Square Feet	51,445	51,445	51,445	51,445	51,445	51,445	-	-	-	-
Capacity	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	90	83	54	49	-	-	-
Newberry Alternative Center (1) (5)										
Square Feet	51,794	51,794	51,794	51,794	51,794	51,794	51,794	51,794	51,794	51,794
Capacity	370	370	370	370	370	370	370	370	370	370
Enrollment	755	697	668	681	672	637	673	581	604	697
Whitmire 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	505	489	467	464	450	498	511	525	537	533

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, 2018

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	\$ 318,967
600	National School Breakfast Program	10.553	N/A	1,092,918
600	National School Lunch Program	10.555	N/A	2,129,303
Total 10.553 & 10.555 Cluster				<u>3,541,188</u>
600	National School Lunch Program Equipment Assistance Grant	10.579	N/A	1,500
Total Passed Through State Department of Education				<u>3,542,688</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	8,937
TOTAL US DEPARTMENT OF AGRICULTURE				<u>3,551,625</u>
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	17/18 Title I	1,726,833
221	Title I - Neglected & Delinquent	84.010	17/18 Title I N & D	22,916
Total 84.010				<u>1,749,749</u>
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	18 IDEA	1,468,875
204	Special Education - Grants to States	84.027	17 IDEA	100,575
205	Special Education - Preschool Grants	84.173	18 IDEA Preschool	51,354
Total 84.027 & 84.173 Cluster				<u>1,620,804</u>
207	Occupational Education	84.048	18 CATE	101,274
Total 84.048				<u>101,274</u>
210	Title IV - Student Support and Academic Enrichment	84.424	18 Title IV SSAE	6,920
243	Adult Education - State - Administered Basic Grant Program	84.002	18 Adult Education	80,306
251	Rural and Low Income, Title VI	84.358	18 REAP	93,206
264	ESOL - Title III	84.365A	18 English Language Acquisition - Title III	56,029
267	Title II - Improving Teacher Quality	84.367A	18 Title II Improving Teacher Quality	146,878
TOTAL US DEPARTMENT OF EDUCATION				<u>3,855,166</u>
US DEPARTMENT OF DEFENSE				
Direct Programs:				
283	JROTC	12.000	N/A	112,641
TOTAL US DEPARTMENT OF DEFENSE				<u>112,641</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 7,519,432</u>

Note: There were no expenditures to subrecipients for the year ended June 30, 2018.

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

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

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, 2018. 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.



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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, 2018, 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, 2018.

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*.

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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, LLP

Greene Finney, LLP
Mauldin, South Carolina
November 27, 2018



**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, 2018. 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, 2018.

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, LLP

Greene Finney, LLP
Mauldin, South Carolina
November 27, 2018

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2018

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, 2018

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 2 CFR 200.516 (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>
10.553 & 10.555	Child Nutrition Cluster

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 - 2018 Financial Statement Findings

No matters to report.

Section III - 2018 Federal Award Findings and Questioned Costs

No matters to report.