

# **Comprehensive Annual Financial Report**



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

**Fiscal Year Ended June 30, 2006**



**THE SCHOOL DISTRICT OF  
NEWBERRY COUNTY**

**NEWBERRY, SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006**

Prepared by the Office of Finance



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

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2006**

---

**INTRODUCTORY SECTION (UNAUDITED)**

	<u>Reference</u>	<u>Page</u>
Principal Officials		i
Organizational Chart		ii
Letter of Transmittal from Administration		iii
Certificate of Achievement for Excellence in Financial Reporting		xiii
Certificate of Excellence in Financial Reporting		xiv

**FINANCIAL SECTION**

Independent Auditors' Report		1
Management's Discussion and Analysis		3

**Basic Financial Statements**

*Government-wide Financial Statements*

Statement of Net Assets		16
Statement of Activities		17

*Fund Financial Statements*

Balance Sheet - Governmental Funds		18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets		21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities		24
Statement of Net Assets - Proprietary Fund		25
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund		26
Statement of Cash Flows - Proprietary Fund		27
Statement of Assets and Liabilities - Fiduciary Fund		28

<i>Notes to the Basic Financial Statements</i>		29
--	--	----

**Required Supplementary Information**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgets and Actual - General Fund	Schedule A-1	51
---	--------------	----

Notes to the Required Supplementary Information		52
---	--	----

(Continued)

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

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2006**

---

**FINANCIAL SECTION (CONTINUED)**

	<u>Reference</u>	<u>Page</u>
<b>Combining and Individual Fund Schedules</b>		
<u>General Fund</u>		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Revised Budget and Actual	Schedule A-2	55
<u>Special Revenue Funds</u>		
<i>Special Projects Fund</i>		
Schedule of Revenues, Expenditures, and Changes in Fund Balances	Schedule B-1	68
Supplemental Listing of LEA Subfund Codes and Titles	Schedule B-2	84
Summary Schedule for Other Designated State Restricted Grants	Schedule B-3	86
<i>Education Improvement Act</i>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs	Schedule B-4	87
Summary Schedule by Program	Schedule B-5	92
<i>Other Schedules</i>		
Detailed Schedule of Due to State Department of Education/ Federal Government	Schedule B-6	93
<u>Debt Service Funds</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - District	Schedule C-1	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance - NICE	Schedule C-2	98
<u>Capital Projects Funds</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule D-1	101
Schedule of Revenues, Expenditures, and Changes in Fund Balance - NICE	Schedule D-2	102
<u>Enterprise Fund - Food Service</u>		
Schedule of Revenues, Expenses, and Changes in Fund Net Assets	Schedule E-1	105
<u>Fiduciary Fund - Agency Fund - Pupil Activity Fund</u>		
Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations	Schedule F-1	109
Schedule of Changes in Assets and Liabilities	Schedule F-2	110

(Continued)

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

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2006**

---

**STATISTICAL SECTION (UNAUDITED)**

	<u>Reference</u>	<u>Page</u>
<u>Financial Trends Information</u>		
Net Assets by Component - Last Ten Fiscal Years - Accrual Basis of Accounting	Table 1	113
Changes in Net Assets - Last Ten Fiscal Years - Accrual Basis of Accounting	Table 2	114
Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	Table 3	116
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	Table 4	117
<u>Revenue Capacity Information</u>		
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	Table 5	118
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	Table 6	119
Principal Property Taxpayers - Current Year and Nine Years Ago	Table 7	120
Property Tax Levies and Collections - Last Ten Fiscal Years	Table 8	121
<u>Debt Capacity Information</u>		
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	Table 9	122
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	Table 10	123
Direct and Overlapping Governmental Activities Debt - As of June 30, 2006	Table 11	124
Legal Debt Margin Information - Last Ten Fiscal Years	Table 12	125
<u>Demographic and Economic Information</u>		
Demographic and Economic Statistics - Last Ten Fiscal Years	Table 13	126
Principal Employers - Current Year and Nine Years Ago	Table 14	127
<u>Schedule of Operating Information</u>		
Full-Time Equivalent School District Employees by Function - Last Ten Fiscal Years	Table 15	128
Operating Indicators by Function - Last Ten Fiscal Years	Table 16	129
Capital Asset Statistics by Function - Last Ten Fiscal Years	Table 17	130

(Continued)

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

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2006**

---

**COMPLIANCE SECTION**

Schedule of Expenditures of Federal Awards	133
Notes to the Schedule of Expenditures of Federal Awards	134
Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	135
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	136
Summary Schedule of Prior Audit Findings	137
Schedule of Findings and Questioned Costs	138





Children love to ride the Bernie Bus at Reuben Elementary. Reuben's PTO purchased the playground equipment for the school.



Renovations to Boundary Street Elementary School were completed during the 2005-06 school year. The bell from the original Boundary Street School, built in 1891, welcomes students to its new home.

Introductory Section Tab Back page

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

**PRINCIPAL OFFICIALS**

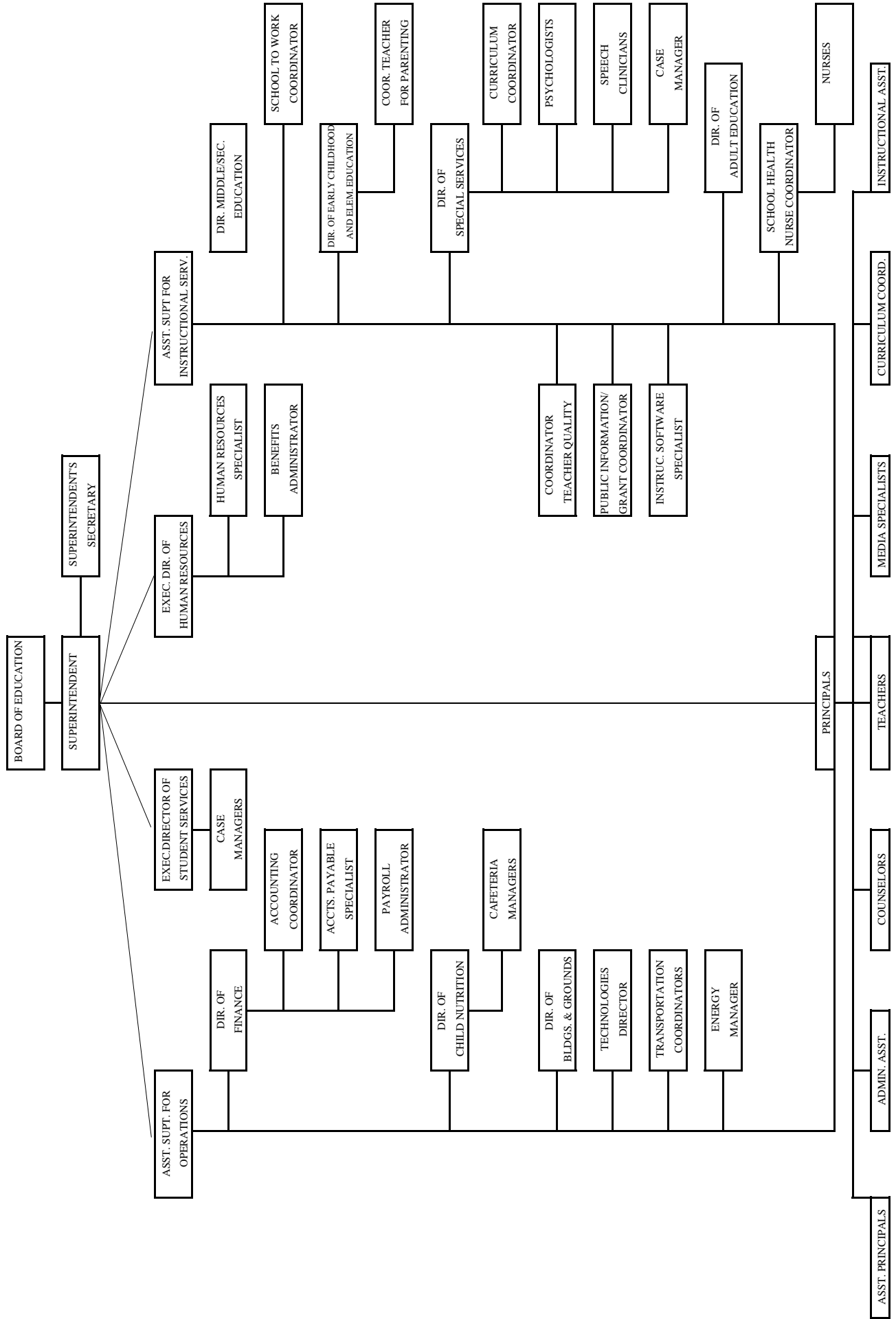
**Board of Education**

Mr. Lee B. Attaway, Chairperson  
Mr. Donald C. Saylor, Vice-Chairperson  
Mr. Clyde Hill, Secretary  
Dr. John F. Roche, Member  
Mr. Jody Hamm, Member  
Ms. Lucy Anne Meetze, Member  
Mr. Gregg B. Taylor, Member

**Administrative Cabinet**

Mr. Bennie Bennett, Superintendent  
Dr. Cynthia A. Downs, Assistant Superintendent for Instructional Services  
Mr. J. Greg Mack, Assistant Superintendent for Operations  
Mrs. Pamela H. Arrington, Director of Human Resource Services  
Mr. James Caldwell, Jr., Director of Student Services

THE SCHOOL DISTRICT OF NEWBERRY COUNTY  
ORGANIZATIONAL CHART



February 1, 2007

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

The comprehensive annual financial report of The School District of Newberry County (the District) for the fiscal year ended June 30, 2006, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary for the reader's understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in five sections: introductory, financial, supplemental, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials and the awards by the Government Finance Officers Association and from the Association of School Business Officials for the 2005 CAFR. The financial section includes the management's discussion and analysis (MD&A), the general purpose financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The single audit section contains the schedule of federal financial assistance and the auditors' reports on the internal control structure and compliance with applicable laws and regulations.

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

**GENERAL INFORMATION ABOUT THE DISTRICT**

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

The District is coterminous with Newberry County, which is located in the western portion of the State of South Carolina and has a land area of 630 square miles. Approximately 54,000 acres located in the northeastern portion of the County are within the Sumter National Forest. It is one of the oldest counties

in the State, having been created by the division of the old Ninety Six District in 1798. Newberry County is bounded on the north by Union County, on the east by Fairfield and Richland Counties, on the south by Lexington and Saluda Counties and on the west by Greenwood and Laurens counties.

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

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

The School District of Newberry County provides a broad spectrum of elementary and secondary programs to meet the needs of its diverse student population of 5764 students. These programs compliment each other to provide a total program that is both comprehensive and highly cost-effective. The current emphasis is on the alignment of the South Carolina Standards for English/language/arts, mathematics, science, and social studies with the district's commensurate curricula. In the summer of 2000, a comprehensive curriculum guide for English/language/arts was developed. This was followed in the summer of 2001 with the development of comprehensive curricula guides in mathematics and science. Also, during that summer, guides were developed for physical education and elementary gifted and talented. The core content area curriculum guide for social studies was completed in the summer of 2002. During the summer of 2003, the English language arts curriculum was revisited and the changes implemented. In 2006 we revised our social studies curriculum to reflect the new state standards. The summers of 2005 and 2006 were devoted to the development of semester examinations for high school gateway courses. The summer of 2007 will provide the time to revise our science curriculum.

A balanced, literacy approach to reading instruction is provided to elementary students which is boosting reading scores in grades 3-8. Academic advancement and enrichment are provided for academically gifted and talented students in grades 3-5 through "pullout classes" where thematic units of instruction are presented primarily through the social studies area from a newly developed curriculum specifically designed for these students. Algebra 1 and English 1 are offered to accelerated 7<sup>th</sup> and 8<sup>th</sup> grade students. High schools offer a variety of high level and honors level courses in addition to Advanced Placement courses in Chemistry, Calculus, English, Biology, European History, and U.S. History. All high schools offer SAT/ACT preparation classes for all students. Dual credit opportunities are available through Piedmont Technical College with some courses being provided via PEN labs in a distance learning environment. During the summer of 2006 the district began the implementation of credit recovery for high school students who have been unsuccessful in earning Carnegie units. This technology based program permits students to successfully complete coursework and should bring about a significant improvement in our graduation rates. The district is fully implementing the Economic and Education Development Act and supports 13 of the 16 national clusters at the high schools and career center.

In addition to the regular curriculum offerings in the fine and performing arts (including Newberry County's well known, award-winning band and chorus programs), additional opportunities for artistically talented students in band, chorus, vocal performance, drama, and visual arts are provided via district grants to teachers/schools. Students are also provided opportunities to attend programs at the Newberry Opera House.

Child development classes provide preschool education experiences for four-year old children who need an intervention program to prepare them for school. The District also has full day programs for four-year olds in four schools. In 2000/2001, the District added three Montessori preschool classes for 3, 4, and 5 year olds in two of our schools. This program has now been expanded through grade five for the 2006-07 school year. In grades 1-12, academic assistance is provided to students who need more instruction or re-teaching of the language arts and mathematics skills. The District has a "Welcome First Baby" program that offers parents home visits. They learn how to use play to teach their child. The Parenting and Family Literacy program has joint efforts with 11 other local agencies, and beginning in the 2006-07 school year, we have added an Early Intervention Education Center. This newest program is being piloted to provide early intervention services for at-risk toddlers and preschoolers. The Parenting and Family Literacy Program provides a monthly newsletter with valuable tips and information for parents of young children. The newsletter is translated into Spanish for our Hispanic school community. Through community collaboration on the First Steps initiative, we have expanded services to the families of preschool children in an effort to ensure school readiness and successful school experiences throughout the county.

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 District. During the 2001-02 school year an employability diploma program was initiated. This program is designed to ensure that our students with disabilities will leave high school with the skills necessary for successful employment and citizenship. Middle and high schools also offer transition services, which provide an interface between school and work for students needing these services. Homebound instruction is provided for students who are unable to attend school because of injury, illness, or pregnancy. The district is aggressively working toward reducing the number of African-American students in special education through its new Early Intervention Program, teacher education, a revised child study process, and district-wide inclusion programs.

An alternative program is in place for students in grades 6 through 12 who demonstrate behavioral problems, which significantly interfere with their achievement as well as the achievement of their peers. All schools within the district can avail themselves of the programs in order to provide comprehensive instructional services for these students experiencing difficulties.

Students at all levels are exposed to technology, as a way to prepare for the future. Important skills being taught are keyboarding and computer literacy, as well as ways to access information in an automated library. More than 659 high school students are enrolled at the Newberry County Career Center. Students may receive credit in exploratory technology courses or may specialize in multiple course sequences in Business Education and Marketing Education, as well as courses in Computer-Aided Drafting, Computer Electronics, Pre-Engineering and Health Occupations. Dual credit courses are available through Piedmont Technical College for college preparatory and career and technology education students.

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

The School District of Newberry County Board of Education approved and submitted to the South Carolina State Department of Education a new District Strategic Plan in April 2005. The plan was designed to guide teachers and school administrators in their day-to-day interaction with students. Many of the previously mentioned programs are a direct result of the District's goal of meeting the expectations of each performance goal. We review and revise that plan annually.

The District has pursued accreditation through the Southern Association of Colleges and Schools for all schools. As of the spring of 2005 all schools and the Career Center have been accredited by this nationally recognized accreditation entity. In addition, during the 2005-06 school year, all middle and high schools along with the career center are affiliated with the Southern Regional Education Board as High Schools That Work and Making Middle Grades Work sites.

The School District of Newberry County funds the Newberry Adult Learning Center to provide adult education services to uneducated seeking a high school credential or workplace training for employment. The 2005-2006 enrollment was 1,031 students. The program graduated 52 students, 18 with State High School diplomas and 34 with GED's. This 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) courses in basic computer skills 5) classes for non-English speaking persons to learn to read and write the English Language; 6) classes to prepare Hispanics to take the GED in Spanish; 7) and workplace programs. The program collaborates with other agencies in the county such as the Department of Social Services, Vocational Rehabilitation, Employment Security Commission, First Steps and many others to serve undereducated adults throughout the county. The program offers day and night classes in Newberry and night classes in Prosperity. The Newberry Adult Learning Center has been recognized by the State Department of Education for academic achievement including the highest passing percentage of those taking the GED in the State for 2003/2004.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Newberry is the largest incorporated municipality located within Newberry County. There are eight smaller municipalities for a total population of 36,108, according to the 2000 census data. This is an estimated increase of 8.9% since 1990. The latest population estimate is for 2006 as reported by the U. S. Census Bureau is 37,682. Agriculture is the oldest, largest, and most basic industry in Newberry County. The importance of agriculture to Newberry County is best illustrated by the fact that, according to the 2002 addition of South Carolina Agriculture Statistics, Newberry County continues to rank 1st in total milk production, 2<sup>nd</sup> in total egg production, and went from 12<sup>th</sup> to 8<sup>th</sup> in total farm income in the state, with agriculture income totaling \$71,896,000 annually. In the 2002 Census of Agriculture, Newberry County had 633 farms and 103,570 acres of land dedicated to agricultural pursuits.

Industries as well as agriculture are important sources of employment for the residents of Newberry County. According to the South Carolina Department of Commerce, industrial and manufacturing plants employ approximately 27.4% of the County's nonagricultural labor force. As is the instance of many of the other counties in the Piedmont section of the State, Newberry County developed a heavily textile-oriented economy. However, with the construction of numerous manufacturing plants within the last twenty years, the economic base of Newberry County has expanded and has become diversified. Trucast, a British firm making flywheels for turbine engines, was the first occupant of the County-owned industrial park near Interstate-26. Industries that have since located in the industrial park include Kiswire, a Korean firm making steel wire for tires. In 2001, the most recent industry to locate in Newberry near the industrial park was Komatsu, an industry that produces backhoe loaders. The twenty million, 200,000 square feet facility, was fully operational in January of 2002. In April 2003, Komatsu added 18



employees when the company's Chicago-based sales and marketing group expanded to the Newberry facility. It was a move designed to consolidate sales, marketing and manufacturing operations and is expected to produce positive results. In May of 2002, a Texas based manufacturer and marketer of custom food products opened Pioneer Frozen Foods. An expansion in the summer of 2003 increased the workforce to over 150 employees. The latest industry to come to Newberry County was Lowes Home Center, opening their 111,000 square foot facility in October 2004. Existing industries are strong and continue to expand bringing new jobs to Newberry County.

Newberry County used a 1% sales tax increase passed in 1998 to upgrade its infrastructure for water and sewer services in an effort to attract more industry. As this effort continues, plans are to build a new wastewater treatment plant to serve sewer lines. These projects will place sewer services at key interchanges for industrial development. This 1% tax was for a seven-year period. In November, 2004, the county voted to continue the 1% sales tax for another seven year period.

A \$20 million expansion by Newberry County's largest employee, Louis Rich, bringing its work force to about 1,200, solidified Kraft Food's commitment to its Newberry location. Jobs at Louis Rich have attracted a substantial Hispanic work force, introducing Newberry County to a bilingual population. To address the diversity of needs of the Hispanic population, the District has employed nine English-as-a-Second-Language teachers, and several schools are teaching their faculties Spanish.

Unemployment in the county at June 2006 was 7.3%, an increase of .8% from June 2005. There is some out-migration of labor, as the county adjoins Richland and Lexington counties. In-migration has been noted also, as residents seeking lower home costs and taxes have taken a look at Newberry County.

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

An extensive renovation of the Newberry Opera House built in 1882 was completed in 1998. During the 1998-99 inaugural season, the Opera House hosted many different attractions including Broadway shows, dance companies, country music stars, operas and many cultural events. A new 78-room hotel located near the Opera House, The Hampton Inn, opened in March of 2002. The Opera House continues to host community events, festivals, and shows and the Opera House Foundation states that the 2005-2006 season was a success marking six consecutive seasons that the facility has performed at a high level.

Newberry College provides a liberal arts education to about 750 students, in an environment sponsored by the Lutheran church. Some of its courses are provided to college-bound Newberry School District students. Newberry College has a fully accredited Education Department. Piedmont Technical College, based in Greenwood, offers degree courses and community-interest classes in a satellite center at the old National Guard Armory. Piedmont Tech has dual-credit programs with the Newberry County Career Center.

Newberry County is growing, showing a 13.9 percent increase in households between 1990 and 2000. The county also 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.

The Newberry County Memorial Hospital, a 102-bed facility with 24-hour emergency room physician coverage, began major renovations in FY 2000. The first and completed \$13.425 million expansion project included a fully operational, larger, more efficient emergency room and a new radiology center with added diagnostic capabilities including a new MRI system. Other improvements included a new administrative office area, engineering upgrades and upgraded and additional medical equipment. A third floor renovation was completed in November 2003 and the New Beginnings birthing Center renovations began in July 2003 and is now occupied and in use. In addition, at the NCMH visiting physician's suite, you can receive specialty care from many physicians in the surrounding areas. In 2006 further renovations began in the laboratory, surgical, and pediatric areas of NCMH. These projects are expected to be completed in 2007.

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.

## **MAJOR INITIATIVES**

In May of 2005, the Board of Trustees approved a list of approximately \$77,500,000 in capital needs, the result of a prioritization process of more than \$122,000,000 in overall capital needs identified in an independent study completed in December of 2004. After careful study of funding alternatives, the Board authorized the formation of Newberry Investing in Children's Education, a non-profit corporation which assisted the District in the formulation of an Installment Purchase plan, whereby the District has leased the applicable buildings to the Corporation for the purpose of capital improvements, and is in the process of purchasing them back utilizing General Obligation debt over a 25- or 26-year period, allowing the District to leverage its constitutional debt limit to complete the capital needs within a five-year construction cycle vice the more piecemeal approach of "pay as you go." As of June 30, 2006, the District has completed construction and renovations at Boundary Street Elementary School, and mechanical projects at Reuben Elementary School, Mid Carolina Middle School, and Newberry High School. Land has been purchased and site work is underway for the new Mid Carolina High School. Design development for this school and extensive additions at Whitmire Community School are underway in anticipation of a December 2006 bid opening and January 2007 mobilization date for both projects. At the end of this construction cycle, the District anticipates being able to house all students in permanent facilities, with a reasonable margin for future growth.

The School District of Newberry County seeks to provide opportunities for successful lifelong learning through the implementation of a comprehensive plan to acquire and integrate technology, access and utilize information effectively, extend the learning environment for all and prepare productive citizens for our community and a global society. To be able to fully accomplish this goal, The District has in place a plan of action that addresses essential issues. This plan is designed to be a guide that can lead The School District of Newberry County into the next millennium and beyond.

This comprehensive technology plan addresses several major objectives:

- Access to technology.
- The integration of technology throughout the district.
- Training for all users of technology.
- Networking the technology throughout the district.

- The management of all technology within the district.
- The personnel needed to maintain, support, and integrate technology.

Through the use of E-rate funds, all district and school file servers are being cyclically upgraded to top-of-the-line equipment. Media retrieval systems have been installed in four schools along with Voice-over-IP telephone systems. Two-way, interactive distance learning is available in all district high schools and one-way distance learning is available at all district schools. Additional video conference equipment has been added to Newberry Middle School for communication with NASA. Newberry Elementary School was named the LG/Zenith showcase school for the southeast. All classrooms are equipped with at least one computer. Approximately 70% of the district classrooms have two or more. In addition, 85% of the district computer labs have been upgraded with newer equipment. The district network is continually being upgraded to accommodate the additional speed/bandwidth we need and our network operating system has been upgraded to the latest offering from Novell.

During the 2005-2006 school year continued progress was made in the technology arena. All Elementary School computer labs were replaced as well as all school media centers computers. Smart Boards were added to classrooms at Newberry Middle, Whitmire Community, Mid-Carolina High and Middle, Pomaria-Garmany Elementary, and Newberry Elementary. Most schools purchased some digital projectors for classroom use. Bandwidth for the district internal network was increased from 6 meg to 100 meg through the use of fiber connections to all schools. Internet bandwidth was increased from 6 meg to 10 meg. Construction of Boundary Street Elementary was completed and all classrooms were furnished with a laptop computer, 2 desktop computers, a projector, a printer and a telephone.

There were many educational accomplishments during the 2005-06 school year. Scholarships offered to District seniors totaled approximately \$1.9 million. Once again, the School District has added another Red Carpet School. Mid-Carolina High School received this award in 2005-06. Pomaria/Garmany Elementary School was awarded its second Red Carpet, as well. Other Red Carpet Schools in the district are Gallman Elementary, Boundary Street Elementary and Whitmire Community Schools. Awarded by The State Department of Education, this award honors schools for their family-friendly and inviting atmosphere.

Five Newberry County schools were selected for the South Carolina Palmetto Gold and Silver Showcase. Mid-Carolina High, Newberry Elementary, Pomaria-Garmany Elementary, Reuben Elementary, and Whitmire Community school have been recognized by the state department of education as the “best of the best” in terms of improving student achievement.

## **FINANCIAL INFORMATION**

### Internal Control

The administration of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and, therefore, requires estimates and judgments by management.

As a recipient of federal, state, and local revenue, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations

related to those programs. This internal control structure is subject to periodic evaluation by the administration of the District.

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the single audit for the fiscal year ended June 30, 2006, provided no instances of material weaknesses in the internal control structure or violations of applicable laws and regulations.

### 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. 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 Assistant Superintendent for Operations is authorized to administer the budget and may approve the transfer of appropriated funds within and between the departments/programs as necessary to achieve the goals of the budget. All transfers made within the general fund are reported to the Board. Also, when necessary, the board may approve the hiring of additional personnel during the year in order to accommodate student counts in certain areas or may approve capital purchases as deemed necessary with the available general fund balance. When this happens, the budget is not amended to reflect the additional expenditures. For these reasons, there may be instances where budgeted figures will be less than actual expenditures.

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

### Cash Management

The District participates in the South Carolina Local Government Investment Pool (SCLGIP) by the Office of the State Treasurer. The Newberry County Treasurer receives and receipts all cash for The School District of Newberry County and has the authority to invest these funds with SCLGIP for the District. Funds are claimed from the Treasurer and deposited into the District's accounts as necessary to meet payroll and accounts payable obligations. Instruments issued or guaranteed by the United States Government or State of South Carolina collateralize the cash accounts maintained by the District and Newberry County Treasurer.

### Debt Administration

Outstanding long-term obligations at June 30, 2006 totaled \$86,915,000. This outstanding debt is for the General Obligation Bond series 2002, 2003 and 2004 and Installment Purchase Revenue Bonds NICE Series 2005. Currently the School District's bond rating is AA+ with Standard and Poor's Corporation and Aa1 (A3 underlying) with Moody's Investors Service.

## Risk Management

The District has a program of risk management, which includes oversight by the Office of Finance. The District carries insurance for general liability, employee health and accident, and workers' compensation insurance through the South Carolina School Boards Insurance Trust. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. The District also purchases a school-time accident policy for all students, as well as, policies for all athletes, band members, volunteers, and field trips.

## **INDEPENDENT AUDIT**

The State Department of Education requires an annual audit of the combined financial statements of the District by independent certified public accountants. Greene, Finney, Horton, LLP conducted the audit for 2005-2006. Their opinion is included in this report.

## **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 principals and applicable legal requirements.

A Certificate of Achievement/Excellence is valid for a period of one year only. A Certificate of Achievement for Excellence in Financial Reporting was awarded by GFOA and a Certificate of Excellence in Financial Reporting was awarded by ASBO to The School District of Newberry County for its ninth comprehensive annual financial report for fiscal year ended June 30, 2005. We believe our current report continues to conform to the Certificate of Achievement/Excellence program requirements, and we are submitting it to GFOA and ASBO.

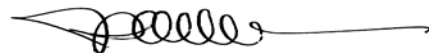
## **ACKNOWLEDGMENTS**

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

Respectfully submitted,



Bennie Bennett  
Superintendent



J. Greg Mack  
Assistant Superintendent  
For Operations

(This page intentionally left blank.)

# 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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Fudge*

President

*Jeffrey R. Emery*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This 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, 2005**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director





Students from Little Mountain Elementary dig for gold during a field trip to study geology.



Morning announcements and news items are broadcast to classrooms by student anchors. Who's the next Katie Couric?

Financial Section Tab Back page



**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District of Newberry County, South Carolina, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2006, on our consideration of the School District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual fund schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the School District. The combining and individual fund schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Greene, Finney & Horton LLP*

Greene, Finney & Horton, LLP  
November 17, 2006

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

---

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, 2006. 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2006 are as follows:

- Newberry Investing in Children's Education ("NICE") was established in 2005 as a nonprofit corporation. NICE 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 included in individual columns throughout the basic financial statements.
- NICE issued \$84,725,000 in Installment Purchase Revenue Bonds ("IPR Bonds") in October 2005 to finance construction needs of the School District.
- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$64.5 million. Of this amount, \$5.8 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total net assets increased by \$1.3 million, as governmental activities increased \$1.2 million and business-type activities increased \$0.1 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$84.6 million, an increase of \$71.6 million from the prior year fund balance, which is primarily attributable to the issuance of NICE's IPR Bonds, partially offset by NICE's capital project expenditures related to construction projects. Approximately 4.9% of the total amount, or \$4.2 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$4.2 million, which was 10.5% of total General Fund expenditures.
- The School District's total capital assets increased by \$10.9 million (20%) during the current fiscal year. The key factor in this increase was several projects getting under way that were financed by the NICE IPR Bonds.
- The School District's total long-term obligations increased by \$83 million, due to the proceeds and premium received totaling \$87.4 million from NICE's issuance of IPR Bonds, partially offset by principal payments of \$4.8 million.
- During the 2006 fiscal year, the School District's governmental fund revenues were \$55.7 million, compared to \$49.8 million in the prior year. This increase was primarily due to increases in state revenues for additional EFA funding, higher local tax revenues due to a millage increase and higher investment earnings due to rising interest rates. The School District's governmental fund expenses were \$71.7 million, compared to \$57.6 million in the prior year. The increase was primarily due to expenditures related to NICE's Debt Service fund (\$3.2 million) and NICE's Capital Project fund (\$12.6 million)
- The District settled its litigation with Brantley Construction in July 2006, paying \$1.4 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

---

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

**Government-Wide Basic Financial Statements.** The basic 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 Assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, supporting services, community services, intergovernmental and interest and fiscal charges. The business-type activities of the School District include a food service operation.

**Fund Financial Statements.** The remaining basic 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic 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 basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic 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 five 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, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. In addition, NICE's Capital Projects Fund and Debt Service Fund are also major funds and therefore shown in separate columns.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

---

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

**Proprietary Fund.** The School District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide basic financial statements. The School District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide basic financial statements, only in more detail; therefore, the proprietary fund basic financial statements provide more detailed information for the food service operation, which is considered a major fund of the School District.

**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 basic financial statements because the resources of those funds are not available to support the School District's own programs. The School District is the trustee, or fiduciary, for the pupil activities of the schools and accounts for these activities in an agency fund.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund basic financial statements.

**Other information.** The combining and individual fund schedule of this report.

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

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

Figure A-1 Major Features of the School District's Government-wide and Fund Basic Financial Statements				
	Fund Basic Financial Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District government (except fiduciary funds) and the School District's component units	The activities of the School District that are not proprietary or fiduciary	Activities the School District operates similar to private businesses, in the School District's case, the food service operations.	Instances in which the School District is the trustee/agent for someone else's resources.
Required basic financial statements	<ul style="list-style-type: none"> <li>▪ Statement of net assets</li> <li>▪ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance sheet</li> <li>▪ Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of net assets</li> <li>▪ Statement of revenues, expenses, and changes in net assets</li> <li>▪ Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of fiduciary assets and liabilities.</li> <li>▪ Statement of changes in fiduciary assets and liabilities (excluding Agency funds).</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, 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	All revenues and expenses during year, regardless of when cash is received or paid



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$64.5 million and \$63.2 million at the close of the current and prior fiscal year.

Table 1 provides a summary of the School District's net assets as of June 30, 2006 compared to June 30, 2005:

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current and Other Assets	\$ 96,756,618	19,199,689	851,634	679,598	97,608,252	\$ 19,879,287
Capital Assets	66,547,695	55,608,995	504,889	569,295	67,052,584	56,178,290
<b>Total Assets</b>	<b>163,304,313</b>	<b>74,808,684</b>	<b>1,356,523</b>	<b>1,248,893</b>	<b>164,660,836</b>	<b>76,057,577</b>
<b>Liabilities</b>						
Other Liabilities	10,215,484	5,650,872	13,109	13,109	10,228,593	5,663,981
Long Term Liabilities	89,906,258	7,199,555	-	-	89,906,258	7,199,555
<b>Total Liabilities</b>	<b>100,121,742</b>	<b>12,850,427</b>	<b>13,109</b>	<b>13,109</b>	<b>100,134,851</b>	<b>12,863,536</b>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	55,107,520	50,296,554	504,889	569,295	55,612,409	50,865,849
Restricted	3,139,268	5,865,963	-	-	3,139,268	5,865,963
Unrestricted	4,935,783	5,795,740	838,525	666,489	5,774,308	6,462,229
<b>Total Net Assets</b>	<b>\$ 63,182,571</b>	<b>\$ 61,958,257</b>	<b>1,343,414</b>	<b>1,235,784</b>	<b>64,525,985</b>	<b>\$ 63,194,041</b>

Current and other assets increased \$78 million due to \$87 million in proceeds received from the issuance of NICE's IPR Bonds and investment earnings on the unspent proceeds, partially offset by capital asset expenditures of \$12 million. Capital assets increased \$11 million due to current year additions, net of depreciation expense. Other liabilities increased \$4.6 million due primarily to capital asset additions, including retainage, not yet paid for as of June 30, 2006. Long term liabilities increased due to the issuance of the NICE IPR Bonds.

The School District's government-wide net assets increased a total of \$1.3 million, or approximately 2%, during 2006. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was approximately \$5.8 million at June 30, 2006, a decrease of approximately \$0.8 million, due primarily to the litigation settlement of \$1.4 million, offset by various other increases.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

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

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

Table 2 shows the changes in net assets for fiscal year 2006 compared to 2005:

Table II  
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 537,019	271,421	946,906	890,604	1,483,925	\$ 1,162,025
Operating Grants	28,612,211	26,899,379	1,915,452	1,809,285	30,527,663	28,708,664
Capital Grants	-	279,658	-	-	-	279,658
General Revenue:						
Taxes	23,195,618	21,866,245	-	-	23,195,618	21,866,245
Other	3,122,048	785,852	23,515	11,207	3,145,563	797,059
<b>Total Revenues</b>	<b>55,466,896</b>	<b>50,102,555</b>	<b>2,885,873</b>	<b>2,711,096</b>	<b>58,352,769</b>	<b>52,813,651</b>
<b>Program Activities</b>						
Instruction	31,386,275	25,700,879	-	-	31,386,275	25,700,879
Support Services	19,510,522	22,167,884	-	-	19,510,522	22,167,884
Community Services	11,127	6,151	-	-	11,127	6,151
Intergovernmental	172,211	23,497	-	-	172,211	23,497
Interest and Fiscal Charges	3,309,997	106,541	-	-	3,309,997	106,541
Food Service	-	-	2,630,693	2,714,804	2,630,693	2,714,804
<b>Total Expenses</b>	<b>54,390,132</b>	<b>48,004,952</b>	<b>2,630,693</b>	<b>2,714,804</b>	<b>57,020,825</b>	<b>50,719,756</b>
Excess Before Transfers	1,076,764	2,097,603	255,180	(3,708)	1,331,944	2,093,895
Transfers In (Out)	147,550	147,992	(147,550)	(147,992)	-	-
Change in Net Assets	1,224,314	2,245,595	107,630	(151,700)	1,331,944	2,093,895
Net Assets, Beginning of Year	61,958,257	59,712,662	1,235,784	1,387,484	63,194,041	61,100,146
Net Assets, End of Year	\$ 63,182,571	61,958,257	1,343,414	1,235,784	64,525,985	\$ 63,194,041

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

---

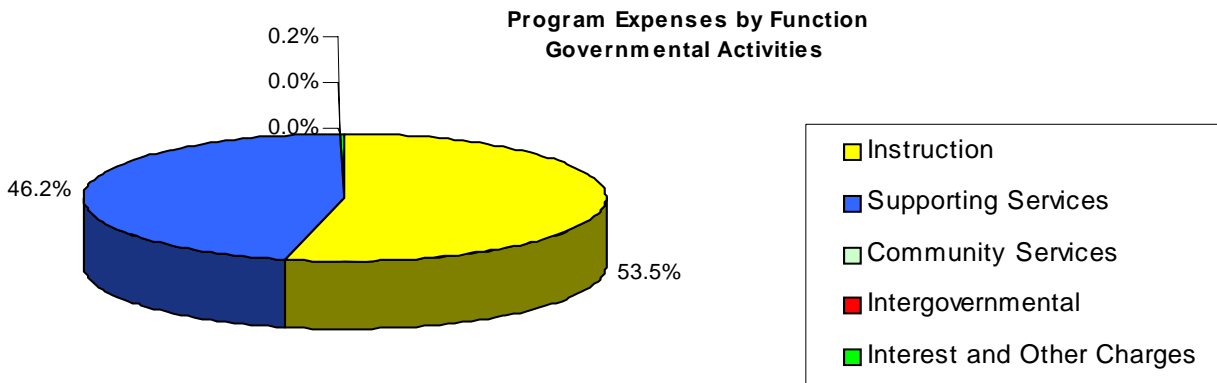
**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

**Governmental Activities:** Net Assets for Governmental Activities increased \$1.2 million from the previous year, as revenues exceeded expenses. However, this was a decrease of \$1.0 million compared to the prior year. Key elements of this change are as follows:

- The litigation settlement of \$1.4 million and increased salaries and related benefits
- These higher expenses were partially offset by increased EFA funding from the state and higher ad valorem taxes due to an increase in millage

**Business-Type Activities:** Net Assets for Business-Type Activities increased \$108 thousand from the previous year. However, this was an increase of \$259 thousand compared to the prior year. This change is due to increases in proceeds received for the sale of meals and higher USDA reimbursements, combined with a reduction in the use of expendable equipment.



**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?

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

---

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

For the year ended June 30, 2006, the School District's governmental funds reported a *combined* fund balance of \$84.6 million, as compared to \$13.0 million for the prior year. The increase in governmental fund balance is primarily due proceeds received from the issuance of the NICE IPR Bonds, offset by NICE capital outlay. In particular, unreserved, undesignated 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, 2006, the School District's unreserved, undesignated fund balance for all governmental funds was \$4.2 million which solely represents the General Fund. The remainder, \$80.4 million is reserved primarily for Capital Projects for the School District's building plans (\$69 million), Debt Service (\$11 million).

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$4.2 million, and the total fund balance was also \$4.2 million.

The fund balance for the School District's General Fund decreased by \$1.4 million, or 27%, during the current fiscal year primarily due to an increase in instruction and support expenditures (including the litigation settlement), partially offset by an increase in state and local revenues as discussed previously.

The Debt Service Funds are used to account for the accumulation of funds for debt retirement. The District Debt Service decreased \$2.4 million to \$3.4 million at June 30, 2006, due primarily to a transfer of \$3.0 million to the NICE Debt Service fund to enable NICE to make its fiscal 2006 debt service payments on the IPR Bonds. The School District's debt millage rate increased from 41.7 to 53.0. The NICE Debt Service fund was established in fiscal 2006 and increased \$8.0 million due to a transfer from the NICE Capital Projects fund for a portion of the NICE IPR Bonds that are required to be set aside for future debt service.

Two Capital Projects funds are utilized as well to segregate NICE expenditures from School District capital project expenditures. The School District's Capital Projects Fund decreased by \$1.5 million from fiscal year ended 2005 to approximately \$105 thousand at June 30, 2006. This decrease is primarily due to current year expenditures related to construction activities, as revenues were minimal for this fund for fiscal 2006. The NICE Capital Projects Fund has a fund balance of \$68.9 million and all is reserved for capital expenditures during the building program. This fund was established in fiscal 2006 and reflects proceeds received from the issuance of the NICE IPR Bonds of \$87.4 million and investment earnings of \$2.0 million, less current year construction-related and other expenditures of \$12.6 million and the transfer of \$8.0 million to the NICE Debt Service for future debt service related to the IPR Bonds.

**Proprietary Funds**

The School District's only Proprietary Fund is the Food Service Fund. This program had an increase in net assets of approximately \$107 thousand for 2006 due to operational earnings as discussed above.

**General Fund Budgetary Highlights**

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2006, there were no amendments to the School District's General Fund expense or revenue budgets. Actual local revenues were less than budgeted, while state sources were slightly higher. Actual expenses were greater than budget due to a litigation settlement from a prior year's construction project.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At the end of 2006, the School District had \$67.1 million invested in capital assets, net of depreciation.

The total increase in the School District's investment in capital assets was \$10.9 million, or 19.4%. Major capital asset events during the current fiscal year included:

- The continuation of the construction and renovations of Boundary Street Elementary School.
- Mechanical projects at Reuben Elementary School, Mid Carolina Middle School and Newberry High School

The following table shows the capital asset balances for 2006 and 2005:

Table III  
Capital Assets at June 30

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2004
<b>Capital Assets</b>						
Land	\$ 1,781,651	807,879	-	-	1,781,651	\$ 807,879
Building, Improvements and Equipment	72,047,804	68,625,771	1,706,870	1,712,836	73,754,674	70,338,607
Construction in Progress	12,481,662	4,117,640	-	-	12,481,662	4,117,640
Less: Accum. Depreciation	(19,763,422)	(17,942,295)	(1,201,981)	(1,143,541)	(20,965,403)	(19,085,836)
Capital Assets, Net	<u>\$ 66,547,695</u>	<u>55,608,995</u>	<u>504,889</u>	<u>569,295</u>	<u>67,052,584</u>	<u>\$ 56,178,290</u>

The Primary Government also has total outstanding construction commitments at June 30, 2006, of approximately \$10 million.

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

*Debt Administration*

At the end of the current and prior fiscal year-end, the School District had \$2,600,000 in general obligation bonds ("GOB") outstanding as shown in the table below. All of the School District's debt is backed by the full faith and credit of the School District as is typical with General Obligation Bonded Indebtedness.

In addition, NICE issued \$84.7 million in Installment Purchase Revenue Bonds 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 OF NEWBERRY  
NEWBERRY, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

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

*Debt Administration (Continued)*

Table IV  
Outstanding Debt, at Year End

	Governmental Activities 2006	Governmental Activities 2005
	<u>2006</u>	<u>2005</u>
Series 2002 GOBs	\$ -	\$ 900,000
Series 2003 GOBs	200,000	1,550,000
Series 2004 GOBs	2,400,000	4,500,000
NICE Series 2005 IPR Bonds	84,315,000	-
	<u>2006</u>	<u>2005</u>
Total	<u>\$ 86,915,000</u>	<u>\$ 6,950,000</u>

The State limits the amount of general obligation debt that school districts can issue to 8% of the assessed value of all taxable property within the School District's corporate limits. The School District is authorized by state statute to exceed the legal debt margin of 8%, if citizens of the School District approve such additional debt through a district-wide referendum. The School District's outstanding general obligation debt is below this state-imposed limit by approximately \$5,169,000.

The Primary Government made principal payments of \$4.8 million during fiscal 2006. As noted earlier, other obligations include accrued compensated absences. More detailed information about the School District's debt and other long-term obligations is presented in Note III to the basic financial statements.

**ECONOMIC FACTORS**

The School District of Newberry County's tax base has grown approximately 22% since 1996 to 91.8 million in 2005. Growth has been slowed somewhat over the past three years due to vehicle assessment ratio reductions. Total property tax collections remain strong averaging around 96%.

**FY 07 BUDGETS**

Many factors were considered by the School District's administration during the process of developing the fiscal year 2006-2007 budget. The School District's top objective consisted of equity and maintenance of pupil to teacher ratios in elementary grades. Staffing at all schools was closely analyzed and changes made through schedule review at both middle and high schools. Due to fewer state dollars, the District chose to fund all mandatory increases such as teacher pay and contractual agreements but also included a modest pay increase for all employees.

The School District's Food Service Fund FY07 budget included a modest pay increase for all employees.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2006**

---

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

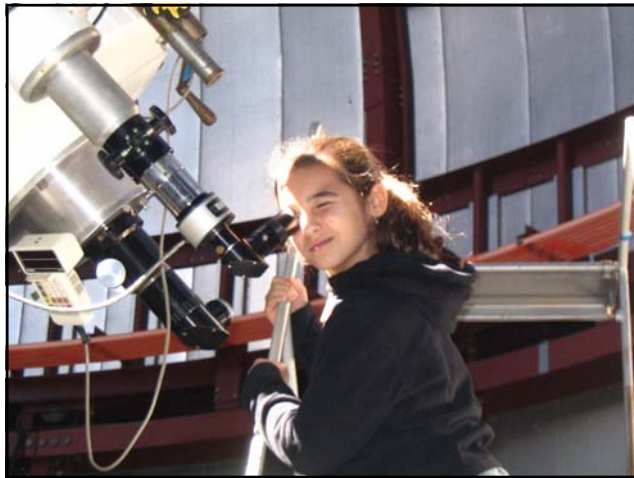
This financial report is designed to provide those interested with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department,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

(This page intentionally left blank.)





Little Mountain Elementary principal Rudie Tarver gets all tied up over reading.



Students use field trips to “observe” the concepts they’ve learned being put in practice.

Basic Financial Statements Tab Back page

(This page intentionally left blank.)

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

**STATEMENT OF NET ASSETS**

**JUNE 30, 2006**

	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 239,881	1,068,203	\$ 1,308,084
Cash and Cash Equivalents, Restricted	4,343	-	4,343
Cash and Investments Held by County Treasurer	10,843,356	-	10,843,356
Investments, Restricted	80,188,633	-	80,188,633
Property Taxes Receivable, Net	1,077,937	-	1,077,937
Accounts Receivable, Net	31,141	-	31,141
Due from Other Governments	2,155,608	2,789	2,158,397
Internal Balances	283,771	(283,771)	-
Inventory and Prepaid Items	16,311	64,413	80,724
Bond Issuance Costs, Net	1,175,216	-	1,175,216
Other Assets	740,421	-	740,421
Capital Assets:			
Non-Depreciable Assets	14,263,313	-	14,263,313
Depreciable Assets, Net	52,284,382	504,889	52,789,271
<b>TOTAL ASSETS</b>	<b>163,304,313</b>	<b>1,356,523</b>	<b>164,660,836</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	8,963,459	-	8,963,459
Accrued Interest Payable	378,238	-	378,238
Deferred Revenue	873,787	13,109	886,896
Non-Current Liabilities:			
Due Within One Year	1,860,059	-	1,860,059
Due in More than One Year	88,046,199	-	88,046,199
<b>TOTAL LIABILITIES</b>	<b>100,121,742</b>	<b>13,109</b>	<b>100,134,851</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	55,107,520	504,889	55,612,409
Restricted For:			
Debt Service	3,092,649	-	3,092,649
Special Revenue	46,619	-	46,619
Unrestricted	4,935,783	838,525	5,774,308
<b>TOTAL NET ASSETS</b>	<b>\$ 63,182,571</b>	<b>1,343,414</b>	<b>\$ 64,525,985</b>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY  
NEWBERRY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
Instruction	\$ 31,386,275	26,757	20,879,561	-	(10,479,957)		\$ (10,479,957)
Support Services	19,510,522	510,262	7,732,650	-	(11,267,610)		(11,267,610)
Community Services	11,127	-	-	-	(11,127)		(11,127)
Intergovernmental	172,211	-	-	-	(172,211)		(172,211)
Interest and Other Charges	3,309,997	-	-	-	(3,309,997)		(3,309,997)
Total Governmental Activities	<u>54,390,132</u>	<u>537,019</u>	<u>28,612,211</u>	<u>-</u>	<u>(25,240,902)</u>		<u>(25,240,902)</u>
Business-Type Activities:							
Food Services	2,630,693	946,906	1,915,452	-	-	231,665	231,665
Total Business-Type Activities	<u>2,630,693</u>	<u>946,906</u>	<u>1,915,452</u>	<u>-</u>	<u>-</u>	<u>231,665</u>	<u>231,665</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 57,020,825</b>	<b>1,483,925</b>	<b>30,527,663</b>	<b>-</b>	<b>(25,240,902)</b>	<b>231,665</b>	<b>(25,009,237)</b>
<b>GENERAL REVENUES AND TRANSFERS:</b>							
General Revenues:							
Property Taxes Levied for General Purposes					14,405,401	-	14,405,401
Property Taxes Levied for Debt Service					4,522,054	-	4,522,054
Other Taxes					4,268,163	-	4,268,163
Unrestricted Grants and Contributions					20,553	-	20,553
Unrestricted Investment Earnings					2,673,316	19,207	2,692,523
Unrestricted Intergovernmental Revenue					52,296	-	52,296
Miscellaneous					375,883	4,308	380,191
Transfers					147,550	(147,550)	-
Total General Revenue and Transfers					<u>26,465,216</u>	<u>(124,035)</u>	<u>26,341,181</u>
<b>CHANGE IN NET ASSETS</b>					<b>1,224,314</b>	<b>107,630</b>	<b>1,331,944</b>
NET ASSETS, Beginning of Year					<u>61,958,257</u>	<u>1,235,784</u>	<u>63,194,041</u>
<b>NET ASSETS, End of Year</b>					<b><u>63,182,571</u></b>	<b><u>1,343,414</u></b>	<b><u>\$ 64,525,985</u></b>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY  
NEWBERRY, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2006

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 239,881	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Investments, Restricted	-	-	-
Cash and Investments Held by County Treasurer	7,132,205	94,611	-
Receivables, Net:			
Taxes	832,978	-	-
Accounts	3,871	27,270	-
Due From:			
State Agencies	46,106	121,318	4,782
Federal Agencies	-	1,858,940	-
Other Funds	4,966,585	-	305,480
Other Governments	16,986	107,476	-
Prepaid Items	3,070	319	12,922
<b>TOTAL ASSETS</b>	<b>13,241,682</b>	<b>2,209,934</b>	<b>323,184</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts Payable	3,994,538	-	-
Accrued Salaries, Fringe & Benefits	2,948,366	-	-
Accrued Legal Settlement	1,400,000	-	-
Due to Other Funds	401,158	1,617,384	-
Deferred Revenue	312,179	545,931	323,184
<b>TOTAL LIABILITIES</b>	<b>9,056,241</b>	<b>2,163,315</b>	<b>323,184</b>
<b>FUND BALANCES:</b>			
Fund Balances			
Reserved for:			
Prepaid Items	3,070	319	-
Debt Service	-	-	-
Capital Projects	-	-	-
Special Revenue	-	46,300	-
Unreserved:			
Undesignated	4,182,371	-	-
<b>TOTAL FUND BALANCES</b>	<b>4,185,441</b>	<b>46,619</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,241,682</b>	<b>2,209,934</b>	<b>323,184</b>

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

<b>DEBT SERVICE - DISTRICT</b>	<b>DEBT SERVICE - NICE</b>	<b>CAPITAL PROJECTS - DISTRICT</b>	<b>CAPITAL PROJECTS - NICE</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
-	-	-	-	\$ 239,881
-	4,343	-	-	4,343
-	7,956,500	-	72,232,133	80,188,633
3,222,550	-	393,990	-	10,843,356
244,959	-	-	-	1,077,937
-	-	-	-	31,141
-	-	-	-	172,206
-	-	-	-	1,858,940
3,378	-	93,273	376,995	5,745,711
-	-	-	-	124,462
-	-	-	-	16,311
<b>3,470,887</b>	<b>7,960,843</b>	<b>487,263</b>	<b>72,609,128</b>	<b>100,302,921</b>
-	-	-	620,555	4,615,093
-	-	-	-	2,948,366
-	-	-	-	1,400,000
-	-	377,968	3,065,430	5,461,940
103,406	-	4,672	-	1,289,372
103,406	-	382,640	3,685,985	15,714,771
-	-	-	-	3,389
3,367,481	7,960,843	-	-	11,328,324
-	-	104,623	68,923,143	69,027,766
-	-	-	-	46,300
-	-	-	-	4,182,371
3,367,481	7,960,843	104,623	68,923,143	84,588,150
<b>3,470,887</b>	<b>7,960,843</b>	<b>487,263</b>	<b>72,609,128</b>	<b>\$ 100,302,921</b>

(This page intentionally left blank.)



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

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

**JUNE 30, 2006**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 84,588,150**

Amounts reported for the governmental activities in the Statement of Net Assets 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 deferred in the funds.	415,585
Bond issuance costs are amortized over the lives of the bonds in the Statement of Net Assets; however, in the governmental funds, the costs are expenditures in the year they are incurred. The bond issuance costs are shown net of accumulated amortization of \$23,984.	1,175,216
Certain management fees related to construction activities have been capitalized and are being amortized over the life of the construction activities in the Statement of Net Assets; however, in the governmental funds, the costs are expenditures in the year they are incurred. These fees are shown net of accumulated amortization of \$113,911 and are included in Other Assets.	740,421
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 \$86,311,117, and the accumulated depreciation is \$19,763,422.	66,547,695
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.	(378,238)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Bonds Payable	(86,915,000)
Premium on Bonds Payable	(2,689,000)
Compensated Absences	(302,258)
	(89,906,258)

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES** **\$ 63,182,571**

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2006**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>REVENUES</b>		
Local Sources:		
Taxes	\$ 14,554,824	-
Investment Earnings	227,859	1,716
Other Local Sources	146,093	574,962
State Sources	22,190,731	843,283
Federal Sources	-	4,728,379
Intergovernmental Revenue	-	51,246
<b>TOTAL REVENUE ALL SOURCES</b>	<b>37,119,507</b>	<b>6,199,586</b>
<b>EXPENDITURES</b>		
Current:		
Instruction	23,022,042	3,983,137
Support Services	16,571,045	1,924,450
Community Services	11,127	-
Intergovernmental	51,045	121,166
Capital Outlay	234,376	56,735
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	19,356	-
Bond Issuance Costs	-	-
<b>TOTAL EXPENDITURES</b>	<b>39,908,991</b>	<b>6,085,488</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,789,484)</b>	<b>114,098</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Premium on Bonds Sold	-	-
Issuance of NICE Bonds	-	-
Proceeds from Sale of Capital Assets	100	-
Transfers In	1,391,132	-
Transfers Out	-	(114,094)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,391,232</b>	<b>(114,094)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(1,398,252)</b>	<b>4</b>
FUND BALANCE, Beginning of Year	5,583,693	46,615
<b>FUND BALANCE, End of Year</b>	<b>\$ 4,185,441</b>	<b>46,619</b>

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

<b>SPECIAL REVENUE - EIA</b>	<b>DEBT SERVICE - DISTRICT</b>	<b>DEBT SERVICE - NICE</b>	<b>CAPITAL PROJECTS - DISTRICT</b>	<b>CAPITAL PROJECTS - NICE</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
-	4,559,900	-	-	-	\$ 19,114,724
-	131,385	270,758	19,840	2,021,759	2,673,317
-	-	-	12,990	-	734,045
4,882,834	435,607	-	-	-	28,352,455
-	-	-	-	-	4,728,379
-	-	-	-	-	51,246
<b>4,882,834</b>	<b>5,126,892</b>	<b>270,758</b>	<b>32,830</b>	<b>2,021,759</b>	<b>55,654,166</b>
3,098,829	-	-	-	-	30,104,008
597,075	-	-	379,149	3,041,432	22,513,151
-	-	-	-	-	11,127
-	-	-	-	-	172,211
57,442	-	-	1,186,617	8,370,987	9,906,157
-	4,350,000	410,000	-	-	4,760,000
-	145,428	2,833,352	-	-	2,998,136
-	11,465	-	-	1,199,200	1,210,665
3,753,346	4,506,893	3,243,352	1,565,766	12,611,619	71,675,455
<b>1,129,488</b>	<b>619,999</b>	<b>(2,972,594)</b>	<b>(1,532,936)</b>	<b>(10,589,860)</b>	<b>(16,021,289)</b>
-	-	-	-	2,743,878	2,743,878
-	-	-	-	84,725,000	84,725,000
-	-	-	-	-	100
-	-	10,933,437	-	-	12,324,569
(1,129,488)	(2,977,562)	-	-	(7,955,875)	(12,177,019)
<b>(1,129,488)</b>	<b>(2,977,562)</b>	<b>10,933,437</b>	<b>-</b>	<b>79,513,003</b>	<b>87,616,528</b>
-	<b>(2,357,563)</b>	<b>7,960,843</b>	<b>(1,532,936)</b>	<b>68,923,143</b>	<b>71,595,239</b>
-	5,725,044	-	1,637,559	-	12,992,911
-	<b>3,367,481</b>	<b>7,960,843</b>	<b>104,623</b>	<b>68,923,143</b>	<b>\$ 84,588,150</b>

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

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

**YEAR ENDED JUNE 30, 2006**

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 71,595,239</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenue in the Statement of Activities. In addition, revenues in the funds that provide current financial resources are reported as revenues in the funds. They are considered revenue in the Statement of Activities.	(187,269)
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.	4,760,000
The issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the government-wide statements.	(84,725,000)
Bond issuance costs are expenditures in the year they are incurred in the governmental funds but are amortized over the lives of the bonds in the Statement of Activities. This amount is the difference between the capitalized issuance costs incurred and the amortization for the current period.	1,175,216
Bond premiums are reflected as other financing sources in the governmental funds when they are received but are amortized over the lives of the bonds in the Statement of Activities. This amount is the difference between the premiums received and the amortization for the current period.	(2,689,000)
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.	(331,290)
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.	(52,703)
In the Statement of Activities the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets disposed.	(2,849)
Some expenditures reported in the governmental funds are not reported as expenses in the Statement of Activities.	740,421
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital additions of \$12,783,427 exceeded depreciation of \$1,841,878 in the current period.	10,941,549
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,224,314</b>

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

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

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUND**

**JUNE 30, 2006**

	<u><b>ENTERPRISE</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,068,203
Due From:	
County Treasurer	966
Federal Agencies	1,823
Inventories	64,413
Total Current Assets	<u>1,135,405</u>
Non-Current Assets:	
Capital Assets	1,706,870
Less: Accumulated Depreciation	(1,201,981)
Total Non-Current Assets	<u>504,889</u>
<b>TOTAL ASSETS</b>	<u><b>1,640,294</b></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Due to Other Funds	283,771
Deferred Revenue	13,109
Total Current Liabilities	<u>296,880</u>
<b>TOTAL LIABILITIES</b>	<u><b>296,880</b></u>
<b>NET ASSETS</b>	
Invested in Capital Assets	504,889
Unrestricted	838,525
<b>TOTAL NET ASSETS</b>	<u><u><b>\$ 1,343,414</b></u></u>

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

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUND**

**YEAR ENDED JUNE 30, 2006**

	<u><b>ENTERPRISE</b></u>
<b>OPERATING REVENUES</b>	
Proceeds from Sale of Meals	\$ 946,906
<b>OPERATING EXPENSES</b>	
Salaries	1,081,966
Employee Benefits	116,698
Purchased Services	65,824
Food Costs and Supplies	1,200,541
Equipment - Expendable	29,630
Depreciation	112,924
Other	23,110
<b>TOTAL OPERATING EXPENSES</b>	<u>2,630,693</u>
<b>OPERATING LOSS</b>	<u><b>(1,683,787)</b></u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Commodities Received from USDA	136,045
USDA Reimbursements	1,770,391
Other State and Federal Aid	4,308
Interest	19,207
Other Revenue	9,016
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>1,938,967</u>
<b>INCOME BEFORE TRANSFERS</b>	
<b>TRANSFERS</b>	
Transfer Out	<u>(147,550)</u>
<b>TOTAL TRANSFERS</b>	<u>(147,550)</u>
<b>CHANGE IN NET ASSETS</b>	<b>107,630</b>
<b>TOTAL NET ASSETS, Beginning of Year</b>	<u>1,235,784</u>
<b>TOTAL NET ASSETS, End of Year</b>	<u><u><b>\$ 1,343,414</b></u></u>

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

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

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND**

**YEAR ENDED JUNE 30, 2006**

	<u><b>ENTERPRISE</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Meal Sales	\$ 946,906
Receipts from Other Revenues	9,016
Payments to Employees for Services	(1,198,664)
Payments to Suppliers for Goods and Services	(1,183,063)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u><b>(1,425,805)</b></u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
USDA Reimbursement	1,928,797
Revenue from State and Federal Sources	4,308
Transfers to Other Funds	(152,953)
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u><b>1,780,152</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(48,518)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u><b>(48,518)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	19,207
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u><b>19,207</b></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>325,036</b>
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>743,167</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><b>\$ 1,068,203</b></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (1,683,787)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation Expense	112,924
Non-Cash USDA Commodities Used	136,045
Other Revenues	9,016
Change In:	
Inventories	(3)
<b>Net Cash Used in Operating Activities</b>	<u><b>\$ (1,425,805)</b></u>
Non-Cash Transactions:	
Commodities Received from the USDA	<u><b>\$ 136,045</b></u>

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

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

**STATEMENT OF ASSETS AND LIABILITIES**

**FIDUCIARY FUND**

**JUNE 30, 2006**

---

	<u><b>AGENCY</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 470,256
Investments	52,887
<b>TOTAL ASSETS</b>	<u><u><b>523,143</b></u></u>
<b>LIABILITIES</b>	
Accounts Payable	27,270
Due to Student Organizations	495,873
<b>TOTAL LIABILITIES</b>	<u><u><b>\$ 523,143</b></u></u>

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

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

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Government Accounting Standards Boards ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial 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 basic financial statements to form the reporting entity. The School District's basic financial statements include the accounts of all School District operations, including, but not limited to, general operations and supporting services, food service operations, capital projects, debt service activities, and agency transactions.

The 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. In order to be considered fiscally independent, an entity must have the authority to do all three of the following:

- i) Determine its budget without the School District having the authority to approve or modify that budget;
- ii) Levy taxes or set rates or charges without approval by the School District; and
- iii) Issue bonded debt without approval by the School District.

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 basic financial statements to be misleading or incomplete. 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. Discretely presented component units, on the other hand, are reported in a separate column in the basic financial statements to emphasize they are legally separate from the School District. Based on the above criteria, the School District has one blended component unit; it 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. The Articles of Incorporation and Bylaws of NICE provide that NICE has been organized exclusively for educational and charitable purposes, specifically to (1) acquire, construct, finance, pledge, improve, maintain, operate, manage, lease, and dispose of school buildings and other public education facilities for the use and benefit of the School District and (2) encourage and promote public education through cooperative arrangements with governmental entities and organizations exempt under Section 501(c)(3) of the Internal Revenue Code of 1986 that provide public education in Newberry County, South Carolina.

NICE has five board members; they are appointed by the Board of the School District for three year terms and may be removed by the Board with or without cause at any time. The names of the current members of NICE's board are as follows: O.L. "Buddy" Johnson, J. Thomas Johnson, Timothy L. Carroll, Donald Layton and John E. Caldwell.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

**A. The Reporting Entity (Continued)**

Because NICE exclusively benefits the School District, NICE's financial information is blended with that of the School District in these basic financial statements. Separate financial information for NICE is included in individual columns throughout the basic financial statements. Separate financial statements for NICE are not issued.

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

The government-wide basic financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the School District (the "Primary Government") and its component units. Interfund activity has been eliminated from the government-wide basic financial statements except for charges between the governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported in the various functions concerned.

*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 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 Basic Financial Statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund basic financial statements. 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 basic financial statements are prepared (see further detail below). Governmental fund basic financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

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

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

When both restricted and unrestricted resources are available for use, it is the School District's practice to use restricted resources first, then unrestricted resources as they are needed.

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

**Governmental Fund Types** are those through which most 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 Proprietary 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**, 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 another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any unreserved fund balance is considered a resource available for use.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The School District has two Special Revenue Funds:

- i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for financial resources provided by federal, state and local projects and grants.
- ii) **The Special Revenue - Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for the 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.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

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

The *Capital Projects Fund - District, a major fund* and an unbudgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities except for those financed in the Enterprise Fund.

The *Capital Projects Fund - NICE, a major fund* and an unbudgeted fund, is used to account for financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities for NICE.

*Proprietary Fund Types* are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The School District applies all applicable Governmental Accounting Standards Board ("GASB") pronouncements, as well as the requirements of the Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARB"s), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The School District has elected not to apply the standards issued by those organizations after November 30, 1989 as allowed by GAAP.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund are charges to students and teachers for breakfast, lunch and special sales. Operating expenses for the Enterprise Fund include the cost of sales, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Proprietary fund types include the following:

The *Enterprise Fund* is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. The Food Service Fund is the School District's only enterprise fund and is used to account for the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs. This is an unbudgeted fund.

*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:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

**C. Assets, Liabilities 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 agencies thereof;
- (b) General obligations of the State of South Carolina or any of its political units;
- (c) Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Government;
- (d) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts 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 or funds in deposit accounts 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;
- (e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the School District or a third party as escrow agent or custodian; and
- (f) 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), and (e) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

**C. Assets, Liabilities and Equity (Continued)**

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

***Investments (Continued)***

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

- Cash and Investments held by the County Treasurer which are property taxes and other funds collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis. Currently, the County Treasurer invests governmental funds it receives in the State Local Government Investment Pool ("Pool"). These investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and

Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

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

**2. Restricted Assets**

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

**3. Receivables and Payables**

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances". All trade and property taxes receivables are shown net of an allowance for uncollectibles.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

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

**C. Assets, Liabilities and Equity (Continued)**

**4. Inventories and Other Assets**

*Inventories*

Inventories in the Food Service Fund consist of purchased goods, supplies and United States Department of Agriculture (“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/expenses when consumed.

*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/expense is reported in the year in which services are consumed.

**5. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These 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 Assets, but are not reported in the fund basic financial statements. Capital assets utilized by the Proprietary Funds are reported both in the business-type activities column of the government-wide Statement of Net Assets and in the respective fund basic financial statements.

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

**C. Assets, Liabilities and Equity (Continued)**

**6. *Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for 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 basic 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 basic financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported in the proprietary fund basic financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund basic 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 basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Amortization of premiums and bond issuance costs are included in interest expense. Bond premiums are included with bonds payable and other long-term obligations. Bond issuance costs are reported as other assets and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**8. *Fund Balance***

In the fund basic financial statements, the School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories of supplies and materials and prepaid items. Designations of fund equity represent tentative management plans that are subject to change.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

**C. Assets, Liabilities and Equity (Continued)**

*9. Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

*10. Accounting Estimates*

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

*11. 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 basic 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

- (3) The Assistant Superintendent of Operations then presents a proposed budget to the Board of Trustees 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) are as amended by the administration. All annual appropriations lapse at fiscal year end.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**III. DETAILED NOTES ON ALL FUNDS**

**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, 2006, none of the School District’s bank balances of \$1,562,206, which had a carrying value of \$1,312,427, were exposed to custodial credit risk.

*Investments*

As of June 30, 2006, the School District had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturity
Cash and Investments Held by County Treasurer	Unrated	\$ 10,843,356	^
Repurchase Agreement - Citigroup Global Markets	Unrated	72,232,133	10/01/2010
Repurchase Agreement - Royal Bank of Canada	Unrated	7,956,500	12/01/2015
Total		\$ 91,031,989	

^ Investments in 2a-7 like funds are not required to disclose interest rate risk. The County Treasurer invests the monies it holds in trust for governmental entities in a separate account with the South Carolina Local Government Investment Pool. Thus, we have characterized this investment as a 2a-7 like fund.

**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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

**A. Deposits and Investments (Continued)**

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2006, all of the School District's investments in repurchase agreements were exposed to custodial credit risk as the underlying securities were held by a third-party agent, not in the name of the School District.

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

**B. Property Taxes and Other Receivables**

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

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value of approximately \$96.4 million at rates of 192.3 mills and 53.0 mills for the General Fund and Debt Service Fund, respectively. These taxes are due without penalty through January 31. Penalties are added to taxes depending on the date paid as follows:

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

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

Taxes receivable includes an allowance for uncollectibles of approximately \$267,000 at June 30, 2006. Allowances for uncollectibles were not necessary for the other receivable accounts.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

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

**B. Property Taxes and Other Receivables (Continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2006, the various components of deferred revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$ 312,179
Delinquent Property Taxes Receivable - Debt Service Fund	103,406
Deferred Revenue from Special Revenue Funds	869,115
Deferred Revenue from Capital Projects Fund	4,672
Total Deferred Revenue for Governmental Funds	<u><u>\$ 1,289,372</u></u>

**C. Interfund Receivables and Payables**

Interfund balances at June 30, 2006 (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables for the Primary Government:

Fund	Receivables	Payables
General Fund	\$ 4,966,585	\$ 401,158
Special Revenue Funds:		
Special Revenue	-	1,617,384
Education Improvement Act	305,480	-
Debt Service Fund - District	3,378	-
Capital Projects Fund - District	93,273	377,968
Capital Projects Fund - NICE	376,995	3,065,430
Enterprise Fund	-	283,771
	<u><u>\$ 5,745,711</u></u>	<u><u>\$ 5,745,711</u></u>

The General Fund receivable is a result of Special Revenue owing the General Fund for claims that were filed but not yet received, the General Fund paying for construction expenditures for the District Capital Projects Fund and the General Fund paying for payroll costs for the Food Services Fund. The General Fund payable is a result of amounts received for state claims on behalf of the EIA Fund and various transactions for the NICE Capital Projects and District Debt Service Funds. The NICE Capital Project Fund receivable and most of the corresponding payable for the District Capital Projects Fund is due to amounts paid by NICE on behalf of the District's Capital Project Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

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

**D. Capital Assets**

Capital asset activity for the School District for the year ended June 30, 2006, was as follows:

	Ending Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Non-Depreciable:				
Land	\$ 807,879	973,772	-	\$ 1,781,651
Construction in Progress	4,117,640	8,364,022	-	12,481,662
<b>Total Capital Assets, Non-Depreciable</b>	<b>4,925,519</b>	<b>9,337,794</b>	<b>-</b>	<b>14,263,313</b>
Capital Assets, Depreciable:				
Buildings and Improvements	61,861,403	2,743,455	-	64,604,858
Improvements Other Than Buildings	3,332,268	598,737	-	3,931,005
Vehicles	863,493	28,952	23,600	868,845
Machinery and Equipment	2,450,271	74,489	-	2,524,760
Furniture and Equipment	118,336	-	-	118,336
<b>Total Capital Assets Depreciable</b>	<b>68,625,771</b>	<b>3,445,633</b>	<b>23,600</b>	<b>72,047,804</b>
Less: Accumulated Depreciation for:				
Buildings and Improvements	14,530,679	1,383,563	-	15,914,242
Improvements Other Than Buildings	1,680,337	131,248	-	1,811,585
Vehicles	586,565	56,933	20,751	622,747
Machinery and Equipment	1,069,564	266,611	-	1,336,175
Furniture and Equipment	75,150	3,523	-	78,673
<b>Total Accumulated Depreciation</b>	<b>17,942,295</b>	<b>1,841,878</b>	<b>20,751</b>	<b>19,763,422</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>50,683,476</b>	<b>1,603,755</b>	<b>2,849</b>	<b>52,284,382</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 55,608,995</b>	<b>10,941,549</b>	<b>2,849</b>	<b>\$ 66,547,695</b>
<b>Business-Type Activities:</b>				
Capital Assets, Depreciable:				
Furniture and Equipment	\$ 1,712,836	48,518	54,484	\$ 1,706,870
Less: Accumulated Depreciation	1,143,541	112,924	54,484	1,201,981
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 569,295</b>	<b>(64,406)</b>	<b>-</b>	<b>\$ 504,889</b>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the Primary Government as follows for 2005:

<b>Governmental Activities:</b>	
Instruction	\$ 1,127,068
Support Services	714,810
Total Depreciation Expense - Governmental Activities	<u>\$ 1,841,878</u>
 <b>Business-Type Activities:</b>	
Enterprise Fund	<u>\$ 112,924</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 112,924</u>

In May of 2005, the Board of Trustees approved a list of approximately \$77,500,000 in capital needs, the result of a prioritization process of more than \$122,000,000 in overall capital needs identified in an independent study completed in December of 2004. After careful study of funding alternatives, the Board authorized the formation of NICE, a non-profit corporation which assisted the District in the formulation of an Installment Purchase plan, whereby the District has leased the applicable buildings to the Corporation for the purpose of capital improvements, and is in the process of purchasing them back utilizing General Obligation debt over a 25- or 26-year period, allowing the District to leverage its constitutional debt limit to complete the capital needs within a five-year construction cycle vice the more piecemeal approach of “pay as you go.” Subsequent to June 30, 2006, the District completed construction and renovations at Boundary Street Elementary School, and mechanical projects at Reuben Elementary School, Mid Carolina Middle School, and Newberry High School. Land has been purchased and site work is underway for the new Mid Carolina High School. Design development for this school and extensive additions at Whitmire Community School are underway in anticipation of a December 2006 bid opening and January 2007 mobilization date for both projects. At the end of this construction cycle, the District anticipates being able to house all students in permanent facilities, with a reasonable margin for future growth.

***Agreement with Institutional Resources LLC***

During the year ended June 30, 2006, the School District and NICE entered into an agreement (the “Agreement”) with Institutional Resources, LLC (the “Project Manager”) to provide program and capital advisory management services in connection with Capital Projects (as defined in the Agreement) to be funded with the proceeds from the NICE bond issue (see Note III.F.). The expected completion date for all of these Capital Projects is 2010. This may change in response to changing circumstances.

**Construction Commitments**

The School District has several ongoing construction projects as of June 30, 2006, consisting primarily of capital projects with NICE. The projects include renovation of existing schools as well as construction of new facilities. Total outstanding construction commitments at June 30, 2006 are approximately \$9,980,000, which will be funded using the proceeds from the NICE Installment Purchase Revenue Bonds – see Note III.H for details on this transaction.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

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

**E. Accounts Payable and Accrued Expenses**

The significant components of accounts payable and accrued expenses at June 30, 2006, consisted of the following:

**Governmental Activities:**

Accounts Payable	\$ 3,994,538
Retainage Payable	620,555
Accrued Salaries	1,999,714
Accrued Fringe and Benefits	948,652
Accrued Legal Settlement	1,400,000
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 8,963,459</u>

**F. Operating Lease**

During 2006 the School District renewed an operating lease agreement for copier equipment. The lease runs for a period of 60 months, and the payments are on a cost per copy basis. The estimated future minimum payments are approximately \$127,000 per year. Total charges under this agreement were approximately \$130,000 for the year ended June 30, 2006.

**G. Short-Term Obligations**

<b>Governmental Activities:</b>	<b>June 30, 2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2006</b>
General Obligation Bonds	\$ -	2,990,000	2,990,000	\$ -
Tax Anticipation Note	-	900,000	900,000	-
Total Governmental Activities	<u>\$ -</u>	<u>3,890,000</u>	<u>3,890,000</u>	<u>\$ -</u>

In October 2005, the School District issued \$2,990,000 of general obligation bonds for the purpose of making payments to NICE. These bonds, including interest of \$64,225, were repaid upon maturity in May 2006 utilizing debt service fund property tax revenues.

During the year ended June 30, 2006, the School District participated in a Tax Anticipation Note (“TAN”) program through a local bank. The School District withdrew the maximum amount of approximately \$900,000 that was available under this program to help provide financial resources for operations. This amount, including interest of \$19,356, had been repaid at June 30, 2006.

**H. Long-Term Obligations**

The Primary Government had the following outstanding indebtedness at June 30, 2006:

<u>2003 Series:</u>	Original issue of \$4,200,000, principal due in annual installments of \$200,000 to \$2,650,000 at August 1; interest at 1.15% to 1.50% paid semiannually, with a final maturity date in August 2006. Proceeds were primarily used for construction, renovations and improvements at Newberry, Gallman and Boundary Street Elementary Schools. This obligation is subject to the 8% debt limit.
---------------------	---

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

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

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

2004 Series: Original issue of \$4,500,000, principal due in annual installments of \$800,000 to \$2,100,000 at August 1; interest at 1.60% to 2.00% paid semiannually, with a final maturity date on August 2007. Proceeds were primarily used for construction, renovations and improvements at Boundary Street Elementary School. This obligation is subject to the 8% debt limit.

2005 Series: NICE Installment Purchase Revenue Bonds (“IPR Bonds”) in the amount of \$84,725,000, principal due in annual installments of \$30,000 to \$7,930,000 at December 1; interest at 3.50% to 5.25% paid semiannually, with a final maturity date in December 2031. The bonds are subject to redemption at NICE’s option beginning in December 2015. In connection with the issuance of this indebtedness, a premium of \$2,743,878 and bond issuance costs of \$1,199,200 were recorded and are being amortized over the life of the bonds. The unamortized premium and bond issuance costs at June 30, 2006 were \$2,689,000 and \$1,175,216, respectively.

The NICE Series 2005 Installment Purchase Revenue Bonds (“IPR Bonds”) are not an obligation of the School District; however, as NICE is blended with the operations of the School District, NICE’s debt is included with the School District’s other obligations as required by GAAP.

The following is a summary of changes in long-term obligations for the year ended June 30, 2006:

<u>Long-Term Obligations</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Debt:					
Series 2002	\$ 900,000	-	900,000	-	\$ -
Series 2003	1,550,000	-	1,350,000	200,000	200,000
Series 2004	4,500,000	-	2,100,000	2,400,000	1,600,000
NICE Series 2005 IPR Bonds	-	84,725,000	410,000	84,315,000	30,000
Total Debt	6,950,000	84,725,000	4,760,000	86,915,000	1,830,000
Premium on NICE Series 2005	-	2,743,878	54,878	2,689,000	-
Compensated Absences	249,555	101,959	49,256	302,258	30,059
Total Governmental Activities	<u>\$ 7,199,555</u>	<u>87,570,837</u>	<u>4,864,134</u>	<u>89,906,258</u>	<u>\$ 1,860,059</u>

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

Interest paid on the debt issued by the School District is exempt from federal income tax. The School District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The School District does not have any liability for arbitrage as of June 30, 2006.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

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

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

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

- Project Account – Proceeds in these funds will be used to pay administrative fees, as well as construction costs of the Capital Projects. The total in this account was \$72,232,133 at June 30, 2006.
- Reserve Account – Funds may only be used to make bond payments to the extent necessary to make up for a deficiency in the Base Lease Rental account – see below. The total in this account was \$7,960,843 at June 30, 2006.

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 2005 Facilities in exchange for the payment by the School District on a semi-annual basis of installments of the purchase price of the 2005 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 2005 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 2005 Facilities and will own the 2005 Facilities outright. The School District’s obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the installment payments of purchase price due in such fiscal year. However, the School District would forfeit possession of the Facilities for the remainder of the term of the Lease if it did not make the payment to NICE.

The annual debt service requirements to maturity for the bonded indebtedness are as follows:

Years Ending June 30	General Obligation Bonds		Totals
	Principal	Interest	
2007	\$ 1,830,000	4,331,750	\$ 6,161,750
2008	1,720,000	4,291,225	6,011,225
2009	1,045,000	4,246,225	5,291,225
2010	1,185,000	4,195,700	5,380,700
2011	1,335,000	4,132,700	5,467,700
2012-2016	9,345,000	19,402,119	28,747,119
2017-2021	14,980,000	16,254,349	31,234,349
2022-2026	22,575,000	11,371,719	33,946,719
2027-2031	32,900,000	4,381,000	37,281,000
Totals	<u>\$ 86,915,000</u>	<u>72,606,787</u>	<u>\$ 159,521,787</u>

Section 15 of Article X of the South Carolina State Constitution allows School Districts to incur a legal debt limit not to exceed 8 percent of the assessed value of all taxable property in the School District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2006, the School District’s assessed property valuation was approximately \$97,100,000, and the legal debt limit was approximately \$7,769,000, of which \$2,600,000 in outstanding indebtedness was applicable to this limit.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

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

**I. Transfers In and (Out)**

Transfers from (to) other funds for the year ended June 30, 2006, consisted of the following:

<b>General Fund</b>			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 1,129,488		\$ -
Food Service - Indirect Cost	147,550		-
Special Revenue- Indirect Cost	114,094		-
	<u>1,391,132</u>		<u>-</u>
<b>Special Revenue Funds</b>			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund- Indirect Costs	<u>114,094</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund	<u>1,129,488</u>
<b>Debt Service Fund - District</b>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	NICE Debt Service	<u>2,977,562</u>
<b>Debt Service Fund - NICE</b>			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	2,977,562		-
Capital Projects - NICE	7,955,875		-
	<u>10,933,437</u>		<u>-</u>
<b>Capital Projects Fund - NICE</b>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	Debt Service - NICE	<u>7,955,875</u>
<b>Proprietary Fund</b>			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund- Indirect Costs	<u>\$ 147,550</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, 2006, consisted of the following:

**General Fund**

Transfers from:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

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

**I. Transfers In and (Out) (Continued)**

**Special Revenue Funds.**

Transfers to:

Funds were transferred from Special Revenue/EIA funds into other funds to cover indirect cost on federal programs and the EIA raise for teachers.

**Debt Service and Capital Projects Funds.**

Transfers:

Funds were transferred into the Debt Service - NICE from the Debt Service – District and Capital Projects – NICE to fund the 2006 debt service payments for the NICE bonds and to establish required sinking fund amounts for this indebtedness.

**Proprietary Fund**

Transfers to:

Funds were transferred from the Food Service Fund into the General Fund for indirect costs.

**IV. OTHER INFORMATION**

**A. Retirement Plan**

**Plan Description** – Substantially all School District employees are members of the South Carolina Retirement System (“SCRS”). The South Carolina Retirement System is a cost-sharing multi-employer defined benefit pension plan administered by the South Carolina Retirement System; a division of the South Carolina State Budget and Control Board. The system offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan’s provisions are established under Title 9 of the SC Code of Laws. Comprehensive Annual Financial Reports containing financial statements and required supplementary information for the System are issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia SC 29211-1960.

**Funding Policy** – Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. Employee contributions to the Plan are 6% of salary. Employers are required to contribute at the following actuarially determined rates: SCRS State Agencies & Public Schools – 7.55%. In addition to the above rates participating employers of the South Carolina Retirement System contribute 3.40% of payroll to provide retiree health and dental insurance and a group life insurance benefit for their active participants. All employers contribute at the actuarially required contribution rates. The School District contributed amounts equal to the required contribution to the SCRS of \$3,308,091, \$3,222,871 and \$3,001,943 for the years ended June 30, 2006, 2005, and 2004 respectively.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

**IV. OTHER INFORMATION (CONTINUED)**

**B. Contingencies**

*Litigation*

On March 1, 2000, Brantley Construction Co., Inc. ("Brantley") sued the School District, Steel Span, Inc., Metal Building Components, L.P., and Travelers Casualty & Surety Co. of America in the Newberry County Court of Common Pleas. In March and April of 1999, Brantley and the School District entered into two contracts for the construction of a middle school. The contracts contained liquidated damage clauses for contractor delays, and the School District withheld liquidated damages from Brantley's pay requests for contractor delays. Brantley alleged that it was not responsible for the construction delays and that the delays resulted from actions of the School District and its co-defendants. The defendants alleged that the construction delays resulted from poor management of the job site by Brantley and from incompetent workmanship. Brantley was seeking approximately \$5.6 million from the School District for wrongfully withheld funds payable to Brantley and for lost overhead, profit, use of money, and the expenses of claim reparation. The School District was claiming damages against Brantley in the amount of approximately \$2.4 million for liquidated damages, the cost of corrective work, the cost of failed quality control tests, retainage, and 200% of incomplete or defective work. The School District settled this suit in July 2006. In accordance with the terms of the settlement, the School District paid \$1,400,000 to the plaintiffs. The School District's insurer also paid \$250,000 as part of the settlement. The School District's financial statements reflect a liability at June 30, 2006 for the amount it paid to settle this suit.

**C. Grants**

The School District participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits of major program requirements under the Office of Management and Budgets' Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Any disallowed claims, including amounts already collected, could become a liability of the School District. However, the School District expects such amounts, if any, to be immaterial.

**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. Because of the high cost of insurance purchased from commercial insurers, the School District has chosen to participate with other school districts in the State in the South Carolina School Boards Insurance Trust/Workers' Compensation Pool ("SCSBIT/WCP") and in its Property and Casualty Pool ("SCSBIT/PCP"). This public entity risk pool operates as a common risk management and insurance program for member school districts. The School District pays annual premiums to the public entity risk pools for its workers' compensation and property liability insurance coverage based upon the total payroll of the School District for each plan year. The annual premiums paid for the fiscal year ended June 30, 2006, totaled approximately \$280,000 for workers' compensation and \$280,000 for property coverage. The agreement for formation of the public entity risk pools provides that SCSBIT/WCTF will be self-sustaining through member premiums and any deficiencies can be charged back the member school districts in the event that a fund deficit arises. As of the latest available audited financial statements, June 30, 2006, the SCSBIT/WCP had Retained Earnings of approximately \$5,772,000 and the SCSBIT/PCP had Retained Earnings of approximately \$3,409,000. There were no reductions in insurance coverage as compared to the previous year. There were no insurance settlements that exceeded insurance coverage in any of the past three years.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2006**

---

**IV. OTHER INFORMATION (CONTINUED)**

**E. Subsequent Events**

In July 2006, the School District entered into a TAN program with the South Carolina Association of Governmental Organizations ("SCAGO") in the amount of \$1,000,000. In November 2006, the School District entered into a TAN program in the amount of \$1,400,000 with a local bank. These TAN programs were entered into by the School District to help provide financial resources for operations. As of the date of issuance of the basic financial statements, the School District had drawn down all amounts available through these TANs.

In October 2006, the School District issued short-term general obligation bonds in the amount of \$4,545,000 for the purposes of paying NICE a portion of the installments of purchase price owing in fiscal year 2007 under the Facilities Agreement, for paying certain costs of issuance related to the bonds and for additional capital outlay needs of the School District. This obligation, including interest at 4.495%, is due in full on April 5, 2007.

In October 2006, the property tax levy for the General Fund for fiscal 2007 was reduced from 192.3 mills to 182.1 mills, a reduction of 10.2 mills. The property tax levy for the Debt Service fund for fiscal 2007 did not change from its present amount of 53.0 mills.

(This page intentionally left blank.)



Members of the 108th Division Marching Band, under the direction of Prosperity-Rikard Elementary principal Tim Lyden, perform during Veteran's Day ceremonies.



Students who met reading goals get to celebrate with a party at Prosperity-Rikard. Bring on War and Peace!

Supplementary Tab Back page



REQUIRED SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 14,991,546	14,991,546	14,554,824	\$ (436,722)
Investment Earnings	90,000	90,000	227,859	137,859
Other Local Sources	50,000	50,000	146,093	96,093
State Sources	22,067,497	22,067,497	22,190,731	123,234
<b>TOTAL REVENUE ALL SOURCES</b>	<b>37,199,043</b>	<b>37,199,043</b>	<b>37,119,507</b>	<b>(79,536)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	23,257,898	23,257,898	23,022,042	235,856
Support Services	15,103,672	15,103,672	16,571,045	(1,467,373)
Community Services	12,100	12,100	11,127	973
Intergovernmental	42,000	42,000	51,045	(9,045)
Capital Outlay	152,117	152,117	234,376	(82,259)
Debt Service:				
Interest and Fiscal Charges	-	-	19,356	(19,356)
<b>TOTAL EXPENDITURES</b>	<b>38,567,787</b>	<b>38,567,787</b>	<b>39,908,991</b>	<b>(1,341,204)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,368,744)</b>	<b>(1,368,744)</b>	<b>(2,789,484)</b>	<b>(1,420,740)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	100	100
Transfers In	1,368,744	1,368,744	1,391,132	22,388
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,368,744</b>	<b>1,368,744</b>	<b>1,391,232</b>	<b>22,488</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(1,398,252)</b>	<b>(1,398,252)</b>
FUND BALANCE, Beginning of Year	5,583,693	5,583,693	5,583,693	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 5,583,693</b>	<b>5,583,693</b>	<b>4,185,441</b>	<b>\$ (1,398,252)</b>

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 SCHOOL DISTRICT OF NEWBERRY COUNTY  
NEWBERRY, SOUTH CAROLINA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2006**

---

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.

## **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.

(This page intentionally left blank.)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2006

	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 13,691,546	13,011,634	\$ (679,912)
1140 Penalties & Interest on Taxes (Independent)	500,000	322,119	(177,881)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	800,000	1,221,071	421,071
1300 Tuition:			
1310 From Patrons for Regular Day School	-	1,650	1,650
1320 From Other LEAs for Regular Day School	-	8,882	8,882
1350 From Patrons for Summer School	15,000	16,226	1,226
1500 Earnings on Investments:			
1510 Interest on Investments	90,000	227,859	137,859
1900 Other Revenue from Local Sources:			
1910 Rentals	-	2,810	2,810
1931 Therapy Adjustment - Medicaid	-	68,700	68,700
1950 Refund of Prior Year's Expenditures	-	1,453	1,453
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	16,576	16,576
1999 Revenue from Other Local Sources	35,000	29,796	(5,204)
Total Revenue from Local Sources	<u>15,131,546</u>	<u>14,928,776</u>	<u>(202,770)</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	3,848	3,848
3132 Home Schooling (No Carryover Provision)	-	1,145	1,145
3160 School Bus Driver's Salary	391,810	427,789	35,979
3162 Transportation Workers' Compensation	-	34,901	34,901
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	4,078,752	4,029,987	(48,765)
3181 Retiree Insurance (No Carryover Provision)	492,849	581,064	88,215
3199 Other Restricted State Grants	-	1,432	1,432
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	911,426	983,862	72,436
3312 Primary	2,311,964	2,377,450	65,486
3313 Elementary	3,577,447	3,310,023	(267,424)
3314 High School	1,289,365	1,427,902	138,537
3315 Trainable Mentally Handicapped	29,434	54,628	25,194
3316 Speech Handicapped (Part-Time Program)	1,308,650	1,418,218	109,568
3317 Homebound	\$ 56,087	53,433	\$ (2,654)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2006

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 138,552	125,075	\$ (13,477)
3322 Educable Mentally Handicapped	259,762	203,009	(56,753)
3323 Learning Disabilities	1,568,530	1,584,759	16,229
3324 Hearing Handicapped	38,984	23,682	(15,302)
3325 Visually Handicapped	32,487	5,886	(26,601)
3326 Orthopedically Handicapped	18,420	11,036	(7,384)
3327 Vocational	1,721,566	1,631,244	(90,322)
3330 Other EFA Programs:			
3331 Autism	69,801	67,802	(1,999)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	2,148,611	2,148,612	1
3820 Homestead Exemption	1,100,000	1,155,196	55,196
3830 Merchant's Inventory Tax	158,000	118,170	(39,830)
3840 Manufacturers Depreciation Reimbursement	230,000	257,607	27,607
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	135,000	152,971	17,971
Total Revenue from State Sources	<u>22,067,497</u>	<u>22,190,731</u>	<u>123,234</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>37,199,043</u></b>	<b><u>37,119,507</u></b>	<b><u>(79,536)</u></b>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,158,466	1,172,586	(14,120)
200 Employee Benefits	366,280	374,095	(7,815)
300 Purchased Services	13,285	11,770	1,515
400 Supplies and Materials	20,469	17,055	3,414
112 Primary Programs:			
100 Salaries	3,258,399	3,473,161	(214,762)
200 Employee Benefits	962,959	998,518	(35,559)
300 Purchased Services	33,745	27,609	6,136
400 Supplies and Materials	73,392	73,783	(391)
600 Other Objects	1,378	4,875	(3,497)
113 Elementary Programs:			
100 Salaries	5,459,995	5,310,888	149,107
200 Employee Benefits	1,532,448	1,509,172	23,276
300 Purchased Services	45,527	71,321	(25,794)
400 Supplies and Materials	100,254	72,557	27,697
600 Other Objects	\$ 16,226	10,450	\$ 5,776

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2006

	REVISED BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 3,587,698	3,266,352	\$ 321,346
200 Employee Benefits	967,264	908,650	58,614
300 Purchased Services	31,036	232,119	(201,083)
400 Supplies and Materials	86,287	92,778	(6,491)
600 Other Objects	17,372	18,083	(711)
115 Vocational Programs:			
100 Salaries	665,869	681,889	(16,020)
200 Employee Benefits	189,408	178,133	11,275
300 Purchased Services - Other Than Tuition	8,316	9,238	(922)
400 Supplies and Materials	33,915	32,077	1,838
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	556,436	478,362	78,074
200 Employee Benefits	171,507	145,832	25,675
300 Purchased Services	135	118,632	(118,497)
400 Supplies and Materials	7,318	2,041	5,277
122 Trainable Mentally Handicapped:			
100 Salaries	255,844	232,043	23,801
200 Employee Benefits	81,143	72,604	8,539
300 Purchased Services	46,198	41,175	5,023
400 Supplies and Materials	5,334	1,781	3,553
123 Orthopedically Handicapped:			
100 Salaries	2,435	2,435	-
200 Employee Benefits	670	607	63
400 Supplies and Materials	324	-	324
124 Visually Handicapped:			
100 Salaries	19,339	19,339	-
200 Employee Benefits	5,667	5,127	540
300 Purchased Services	746	1,048	(302)
126 Speech Handicapped:			
100 Salaries	212,068	193,821	18,247
200 Employee Benefits	60,032	55,354	4,678
300 Purchased Services	934	1,472	(538)
400 Supplies and Materials	3,935	3,986	(51)
127 Learning Disabilities:			
100 Salaries	1,182,088	1,114,057	68,031
200 Employee Benefits	336,775	325,160	11,615
300 Purchased Services	29,287	29,287	-
400 Supplies and Materials	\$ 12,207	12,276	\$ (69)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2006

	REVISED BUDGET	ACTUAL	VARIANCE
128 Emotionally Handicapped:			
100 Salaries	\$ 219,330	200,195	\$ 19,135
200 Employee Benefits	66,805	64,252	2,553
400 Supplies and Materials	1,332	1,309	23
130 Pre-School Programs:			
131 Pre-School Handicapped-Speech (5-Yr. Olds):			
100 Salaries	7,006	-	7,006
200 Employee Benefits	3,536	-	3,536
139 Early Childhood Programs:			
100 Salaries	149,588	245,600	(96,012)
200 Employee Benefits	46,405	71,837	(25,432)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	41,968	6,648	35,320
200 Employee Benefits	11,283	1,250	10,033
300 Purchased Services	2,700	3,905	(1,205)
145 Homebound:			
100 Salaries	30,000	36,970	(6,970)
200 Employee Benefits	6,000	6,977	(977)
300 Purchased Services	14,000	12,609	1,391
149 Other Special Programs:			
100 Salaries	1,200	-	1,200
300 Purchased Services	769,148	711,594	57,554
400 Supplies and Materials	-	1,893	(1,893)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	96,302	75,504	20,798
200 Employee Benefits	33,109	22,361	10,748
170 Summer School Programs:			
173 High School Summer School:			
100 Salaries	-	9,126	(9,126)
200 Employee Benefits	-	1,746	(1,746)
300 Purchased Services	-	6,900	(6,900)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	1,620	1,578	42
185 Vocational Adult Education Programs:			
100 Salaries	49,900	49,390	510
200 Employee Benefits	15,248	15,657	(409)
188 Parenting/Family Literacy:			
100 Salaries	50,836	50,862	(26)
200 Employee Benefits	\$ 15,222	15,448	\$ (226)

(Continued)



GENERAL FUND

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

YEAR ENDED JUNE 30, 2006

	REVISED BUDGET	ACTUAL	VARIANCE
190 Instructional Pupil Activity:			
300 Purchased Services	\$ 4,950	4,833	\$ 117
Total Instruction	<u>23,257,898</u>	<u>23,022,042</u>	<u>235,856</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	183,403	190,321	(6,918)
200 Employee Benefits	76,216	53,798	22,418
300 Purchased Services	3,774	8,815	(5,041)
400 Supplies and Materials	1,825	1,566	259
212 Guidance Services:			
100 Salaries	878,910	902,154	(23,244)
200 Employee Benefits	230,734	237,232	(6,498)
213 Health Services:			
100 Salaries	166,872	166,971	(99)
200 Employee Benefits	48,818	47,515	1,303
300 Purchased Services	16,000	12,235	3,765
400 Supplies and Materials	8,050	8,031	19
500 Capital Outlay	1,478	1,328	150
600 Other Objects	252	90	162
214 Psychological Services:			
100 Salaries	112,095	112,095	-
200 Employee Benefits	34,507	32,511	1,996
300 Purchased Services	2,500	11,331	(8,831)
400 Supplies and Materials	3,212	3,207	5
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	562,355	613,544	(51,189)
200 Employee Benefits	153,511	157,176	(3,665)
300 Purchased Services	20,734	22,868	(2,134)
400 Supplies and Materials	16,314	11,739	4,575
500 Capital Outlay	1,339	-	1,339
600 Other Objects	675	526	149
222 Library and Media Services:			
100 Salaries	733,857	712,384	21,473
200 Employee Benefits	197,725	197,879	(154)
400 Supplies and Materials	72,452	71,130	1,322
223 Supervision of Special Programs:			
100 Salaries	33,456	37,279	(3,823)
200 Employee Benefits	9,859	6,773	3,086
400 Supplies and Materials	1,642	6,745	(5,103)
500 Capital Outlay	\$ 123	123	\$ -

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2006

	REVISED BUDGET	ACTUAL	VARIANCE
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	\$ -	2,000	\$ (2,000)
200 Employee Benefits	-	384	(384)
300 Purchased Services	34,774	22,099	12,675
400 Supplies and Materials	-	14	(14)
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	39,150	39,150	-
200 Employee Benefits	253,173	13,120	240,053
300 Purchased Services	55,245	40,756	14,489
318 Audit Services	26,614	25,025	1,589
400 Supplies and Materials	729	3,156	(2,427)
500 Capital Outlay	206	-	206
600 Other Objects	298,296	309,471	(11,175)
232 Office of Superintendent:			
100 Salaries	164,677	100,078	64,599
200 Employee Benefits	40,940	22,036	18,904
300 Purchased Services	23,356	119,582	(96,226)
400 Supplies and Materials	1,928	1,640	288
500 Capital Outlay	1,350	-	1,350
600 Other Objects	7,200	7,554	(354)
233 School Administration:			
100 Salaries	2,519,882	2,554,278	(34,396)
200 Employee Benefits	697,650	705,042	(7,392)
300 Purchased Services	27,506	25,448	2,058
400 Supplies and Materials	64,531	55,613	8,918
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	333,826	334,851	(1,025)
200 Employee Benefits	90,296	90,165	131
300 Purchased Services	11,775	11,238	537
400 Supplies and Materials	4,213	2,886	1,327
600 Other Objects	515	515	-
253 Facilities Acquisition and Construction:			
500 Capital Outlay:			
540 Equipment	-	12,923	(12,923)
580 Mobile Classrooms	-	82,171	(82,171)
600 Other Objects	-	1,400,000	(1,400,000)
254 Operation and Maintenance of Plant:			
100 Salaries	530,366	590,750	(60,384)
200 Employee Benefits	141,496	148,518	(7,022)
300 Purchased Services	1,528,885	1,438,169	90,716
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	133,200	130,274	2,926
400 Supplies and Materials	\$ 313,375	410,449	\$ (97,074)

(Continued)

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

**Schedule A-2**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2006**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	\$ 1,133,002	1,103,957	\$ 29,045
500 Capital Outlay	46,415	45,124	1,291
600 Other Objects	58,500	65,768	(7,268)
255 Student Transportation (State Mandated):			
100 Salaries	746,499	781,586	(35,087)
200 Employee Benefits	238,978	215,057	23,921
300 Purchased Services	67,500	143,697	(76,197)
400 Supplies and Materials	2,700	4,307	(1,607)
500 Capital Outlay	1,500	-	1,500
256 Food Service:			
200 Employee Benefits	279,000	364,232	(85,232)
257 Internal Services:			
100 Salaries	44,342	44,342	-
200 Employee Benefits	12,402	12,150	252
300 Purchased Services	155,792	141,582	14,210
400 Supplies and Materials	26,000	28,701	(2,701)
500 Capital Outlay	-	965	(965)
600 Other Objects	51,367	-	51,367
258 Security:			
300 Purchased Services	263,303	280,005	(16,702)
400 Supplies and Materials	3,150	-	3,150
500 Capital Outlay	750	-	750
600 Other Objects	500	-	500
260 Central Support Services:			
263 Information Services:			
100 Salaries	40,462	44,342	(3,880)
200 Employee Benefits	11,752	12,420	(668)
300 Purchased Services	3,800	3,074	726
400 Supplies and Materials	1,200	950	250
500 Capital Outlay	-	500	(500)
264 Staff Services:			
100 Salaries	201,127	217,641	(16,514)
200 Employee Benefits	55,939	59,297	(3,358)
300 Purchased Services	22,380	11,381	10,999
400 Supplies and Materials	3,240	3,359	(119)
500 Capital Outlay	1,256	873	383
600 Other Objects	6,510	4,915	1,595
265 Statistical Services:			
300 Purchased Services	\$ 10,000	-	\$ 10,000

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2006

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
266 Technology and Data Processing Services:			
100 Salaries	\$ 198,936	205,033	\$ (6,097)
200 Employee Benefits	52,402	57,282	(4,880)
300 Purchased Services	56,100	59,736	(3,636)
400 Supplies and Materials	7,300	13,433	(6,133)
500 Capital Outlay	97,700	103,293	(5,593)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	335,726	286,224	49,502
200 Employee Benefits (Optional)	51,562	54,054	(2,492)
300 Purchased Services (Optional)	6,255	63,790	(57,535)
400 Supplies and Materials (Optional)	-	1,550	(1,550)
660 Pupil Activity	42,600	44,080	(1,480)
Total Support Services	<u>15,255,789</u>	<u>16,805,421</u>	<u>(1,549,632)</u>
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	1,000	-	1,000
350 Custody and Care of Children Services:			
100 Salaries	3,100	-	3,100
300 Purchased Services	-	1,691	(1,691)
390 Other Community Services:			
300 Purchased Services	4,000	7,000	(3,000)
600 Other Objects	4,000	2,436	1,564
Total Community Services	<u>12,100</u>	<u>11,127</u>	<u>973</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	42,000	51,045	(9,045)
Total Intergovernmental Expenditures	<u>42,000</u>	<u>51,045</u>	<u>(9,045)</u>
500 Debt Service:			
620 Interest	-	19,356	(19,356)
Total Debt Service	<u>-</u>	<u>19,356</u>	<u>(19,356)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 38,567,787</u></b>	<b><u>39,908,991</u></b>	<b><u>\$ (1,341,204)</u></b>

(Continued)

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

**Schedule A-2**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2006**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
5300 Sale of Capital Assets	\$ -	100	\$ 100
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	1,138,744	1,129,488	(9,256)
5260 Transfer from Food Service Fund (Excludes Indirect Cost)	145,000	147,550	2,550
5280 Transfer from Other Funds Indirect Costs	85,000	114,094	29,094
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,368,744</b>	<b>1,391,232</b>	<b>22,488</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(1,398,252)</b>	<b>(1,398,252)</b>
FUND BALANCE, Beginning of Year	5,583,693	5,583,693	-
<b>FUND BALANCE, End of Year</b>	<b>\$ 5,583,693</b>	<b>4,185,441</b>	<b>\$ (1,398,252)</b>

(This page intentionally left blank.)

## **SPECIAL REVENUE FUNDS**

Special Revenue Funds generally account for the operations of Federal and State projects which are required to be accounted for in separate funds.

The following combining and individual fund 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.

(This page intentionally left blank.)



(This page intentionally left blank.)

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2006**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
<b>REVENUES</b>		
1000 Revenue from Local Sources:		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ -	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
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:		
3120 General Education:		
3126 Refurbishment of K-8 Science Kits	-	-
3130 Special Programs:		
3150 Adult Education:		
3151 Adult Education, Basic (Includes Workforce Initiative)	-	-
3152 Adult Education, Literacy	-	-
3160 School Bus Driver		
3161 EAA Bus Driver Salary and Fringe	-	-
3190 Miscellaneous Restricted State Grants:		
3198 School Technology Initiative (Carryover from 2004-05 Only)	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3603 EAA Afterschool/Homework Center Awards (Below Average Schools) (Carryover from 2004-05 Only)	-	-
3604 EAA Retraining Funds (Carryover from 2004-05 Only)	-	-
3605 EAA Palmetto Gold and Silver Awards (Carryover from 2004-05 Only)	-	-
3607 6-8 Enhancement	-	-
3610 K-5 Enhancement	-	-
3680 First Steps FAMILY LITERACY Program (Carryover from 2004-05 Only)	-	-
3699 Other State Lottery Programs	\$ -	-

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>Occupational Education (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Totals</b>
-	-	-	-	-	1,716	\$ 1,716
-	-	-	-	-	20,553	20,553
-	-	-	-	-	441,562	441,562
-	-	-	-	-	112,847	112,847
-	-	-	-	-	576,678	576,678
-	-	-	-	-	51,246	51,246
-	-	-	-	-	51,246	51,246
-	-	-	-	25,919	-	25,919
-	-	-	-	6,829	-	6,829
-	-	-	-	10,473	-	10,473
-	-	-	-	18,277	-	18,277
-	-	-	-	5,010	-	5,010
-	-	-	-	-	17,111	17,111
-	-	-	-	60,610	-	60,610
-	-	-	-	50,120	-	50,120
-	-	-	-	6,538	-	6,538
-	-	-	-	16,300	-	16,300
-	-	-	-	430,071	-	430,071
-	-	-	-	126,745	-	126,745
-	-	-	-	49,749	-	\$ 49,749

(Continued)

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2006**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	\$ -	-
Total Revenue from State Sources	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Vocational Aid, Title I	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	1,489,082	-
4318 SC Reading First	-	-
4331 Enhancing Education through Technology (E2T2), Title II (Carryover Provision)	-	-
4340 Promoting Informed Parental Choice and Innovative Education Program Strategies, Title V (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,441,651
4520 Pre-School Grants (Carryover Provision)	-	-
4900 Other Federal Sources:		
4920 Drug and Violence Prevention, Title IV	-	-
4924 21st Century Community Learning Centers Grants, Title IV	-	-
4992 U.S. Forest Commission	-	-
4994 Temporary Emergency Impact Aid for Displaced Students	-	-
4995 CDC State and Local Coordinated School Health Programs	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,489,082</u>	<u>1,441,651</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>\$ 1,489,082</u></b>	<b><u>1,441,651</u></b>

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>Occupational Education (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Totals</b>
-	-	-	-	19,531	-	\$ 19,531
-	-	-	-	826,172	17,111	843,283
-	153,817	-	-	-	-	153,817
-	-	-	-	-	72,761	1,561,843
-	-	-	-	-	500,000	500,000
-	-	-	-	-	24,870	24,870
-	-	-	-	-	19,811	19,811
-	-	-	-	-	44,480	44,480
-	-	-	-	-	351,812	351,812
-	-	-	65,989	-	-	65,989
-	-	-	-	-	10,167	1,451,818
101,239	-	-	-	-	-	101,239
-	-	49,025	-	-	-	49,025
-	-	-	-	-	185,000	185,000
-	-	-	-	-	73,063	73,063
-	-	-	-	-	18,000	18,000
-	-	-	-	-	220	220
-	-	-	-	-	127,392	127,392
<b>101,239</b>	<b>153,817</b>	<b>49,025</b>	<b>65,989</b>	<b>-</b>	<b>1,427,576</b>	<b>4,728,379</b>
<b>101,239</b>	<b>153,817</b>	<b>49,025</b>	<b>65,989</b>	<b>826,172</b>	<b>2,072,611</b>	<b>\$ 6,199,586</b>

(Continued)

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2006**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
<b>EXPENDITURES</b>		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	\$ 17,200	-
200 Employee Benefits	3,330	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	249,542	-
200 Employee Benefits	76,863	-
300 Purchased Services	-	-
400 Supplies and Materials	73,775	-
113 Elementary Programs:		
100 Salaries	221,968	-
200 Employee Benefits	59,285	-
300 Purchased Services	-	-
400 Supplies and Materials	166,818	-
500 Capital Outlay	-	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	5,900	-
115 Vocational Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	281,890
200 Employee Benefits	-	90,071
400 Supplies and Materials	-	14,767
122 Trainable Mentally Handicapped:		
100 Salaries	-	69,490
200 Employee Benefits	-	19,694
300 Purchased Services	-	40,486
400 Supplies and Materials	-	3,645
500 Capital Outlay	\$ -	31

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>Occupational Education (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Totals</b>
-	-	-	-	-	-	\$ 17,200
-	-	-	-	-	-	3,330
-	-	-	-	4,242	-	4,242
-	-	-	-	80,663	471,396	801,601
-	-	-	-	28,198	122,589	227,650
-	-	-	-	1,000	2,625	3,625
-	-	-	-	78,240	131,171	283,186
-	-	-	-	35,918	32,263	290,149
-	-	-	-	10,816	8,692	78,793
-	-	-	-	127	292	419
-	9,850	-	-	35,813	40,915	253,396
-	29,610	-	-	2,044	2,751	34,405
-	-	-	-	-	124,094	124,094
-	-	-	-	-	21,953	21,953
-	-	-	-	28,768	25,362	60,030
-	44,052	-	-	-	-	44,052
-	12,470	-	-	-	-	12,470
-	750	-	-	-	45,907	46,657
-	-	-	-	-	12,531	294,421
-	-	-	-	-	7,726	97,797
-	-	-	-	-	-	14,767
-	-	-	-	-	18,011	87,501
-	-	-	-	-	3,594	23,288
-	-	-	-	-	45,153	85,639
-	-	-	-	-	-	3,645
-	-	-	-	-	-	\$ 31

(Continued)

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2006**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
124 Visually Handicapped:		
100 Salaries	\$ -	14,469
200 Employee Benefits	-	3,912
400 Supplies and Materials	-	-
500 Capital Outlay	-	10,616
126 Speech Handicapped:		
100 Salaries	-	136,507
200 Employee Benefits	-	47,284
300 Purchased Services	-	22,830
400 Supplies and Materials	-	51
127 Learning Disabilities:		
100 Salaries	-	163,179
200 Employee Benefits	-	50,301
400 Supplies and Materials	-	1,162
128 Emotionally Handicapped:		
100 Salaries	-	6,864
200 Employee Benefits	-	5,930
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
139 Early Childhood Programs:		
100 Salaries	40,822	-
200 Employee Benefits	13,755	-
140 Special Programs:		
145 Homebound:		
100 Salaries	-	19,186
200 Employee Benefits	-	3,679
300 Purchased Services	-	11,281
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	16,454
200 Employee Benefits	\$ -	3,169



<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>Occupational Education (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Totals</b>
-	-	-	-	-	7,235	\$ 21,704
-	-	-	-	-	1,956	5,868
-	-	-	-	-	2,013	2,013
-	-	-	-	-	-	10,616
-	-	-	-	-	14,930	151,437
-	-	-	-	-	-	47,284
-	-	-	-	-	126	22,956
-	-	-	-	-	2,401	2,452
-	-	-	-	-	1,500	164,679
-	-	-	-	-	124	50,425
-	-	-	-	-	-	1,162
-	-	-	-	-	13,397	20,261
-	-	-	-	-	5,181	11,111
49,595	-	-	-	-	100	49,695
5,798	-	-	-	-	-	5,798
-	-	-	-	-	325	325
3,430	-	-	-	-	-	3,430
30,165	-	-	-	-	-	70,987
9,522	-	-	-	-	-	23,277
-	-	-	-	-	-	19,186
-	-	-	-	-	-	3,679
-	-	-	-	-	13,641	24,922
-	-	-	-	-	13,131	29,585
-	-	-	-	-	2,618	\$ 5,787

(Continued)

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2006**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
	<u>                    </u>	<u>                    </u>
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
188 Parenting/Family Literacy:		
100 Salaries	2,910	-
200 Employee Benefits	549	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
Total Instruction	<u>932,717</u>	<u>1,036,948</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>Occupational Education (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Totals</b>
-	-	-	-	-	28,993	\$ 28,993
-	-	-	-	-	5,691	5,691
-	-	-	-	-	151	151
-	-	-	-	14,917	12,000	26,917
-	-	-	-	2,817	3,000	5,817
-	-	-	-	6,354	-	6,354
-	-	-	-	36,522	-	36,522
-	-	-	22,714	-	-	22,714
-	-	-	4,395	-	-	4,395
-	-	-	1,000	-	-	1,000
-	-	-	10,850	-	-	10,850
-	-	-	17,486	-	1,885	19,371
-	-	-	1,438	-	361	1,799
-	-	-	4,957	-	-	4,957
-	-	-	-	8,786	-	8,786
-	-	-	-	1,687	-	1,687
-	-	-	-	46,450	23,142	72,502
-	-	-	-	17,398	7,225	25,172
-	-	-	-	7,748	10,371	18,119
-	-	-	-	55,151	8,261	63,412
<b>98,510</b>	<b>96,732</b>	<b>-</b>	<b>62,840</b>	<b>503,659</b>	<b>1,296,783</b>	<b>4,028,189</b>
-	-	3,500	-	-	28,605	32,105
-	-	672	-	-	8,200	8,872
-	-	12,867	-	-	-	12,867
-	-	17,076	-	-	12,043	\$ 29,119

(Continued)

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2006**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
212 Guidance Services:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	3,415
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
214 Psychological Services:		
100 Salaries	-	130,002
200 Employee Benefits	-	34,236
300 Purchased Services	-	3,632
400 Supplies and Materials	-	5,072
500 Capital Outlay	-	1,532
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	219,231	-
200 Employee Benefits	52,633	-
300 Purchased Services	356	-
400 Supplies and Materials	24,606	-
222 Library and Media:		
400 Supplies and Materials	11,456	-
223 Supervision of Special Programs:		
100 Salaries	66,853	96,569
200 Employee Benefits	21,713	25,991
300 Purchased Services	2,397	39,971
400 Supplies and Materials	2,979	9,337
500 Capital Outlay	-	2,546
600 Other Objects	-	8,500
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	2,861	-
200 Employee Benefits	706	-
300 Purchased Services	92,754	2,121
400 Supplies and Materials	17,684	-
230 General Administration Services:		
233 School Administration:		
500 Capital Outlay	\$ -	-

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>Occupational Education (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Totals</b>
-	30,847	-	-	-	-	\$ 30,847
-	10,032	-	-	-	-	10,032
-	1,420	14,910	-	-	-	19,745
-	4,918	-	-	-	-	4,918
-	-	-	-	-	36,858	36,858
-	-	-	-	-	14,025	14,025
-	-	-	-	-	1,452	1,452
-	-	-	-	-	47	47
-	-	-	-	-	-	130,002
-	-	-	-	-	-	34,236
-	-	-	-	-	-	3,632
-	-	-	-	-	17	5,089
-	-	-	-	-	-	1,532
-	-	-	-	133,385	76,248	428,864
-	-	-	-	36,664	20,481	109,778
-	-	-	-	632	500	1,488
-	-	-	-	19,764	-	44,370
-	-	-	-	-	-	11,456
-	-	-	-	5,729	76,978	246,129
-	-	-	-	1,100	20,143	68,947
-	-	-	-	-	36,179	78,547
-	-	-	1,370	-	7,111	20,797
-	-	-	-	-	-	2,546
-	-	-	-	-	-	8,500
-	-	-	-	24,382	875	28,118
-	-	-	-	4,543	175	5,424
-	8,600	-	-	67,258	92,378	263,111
-	1,268	-	-	2,325	35,556	56,833
-	-	-	-	-	3,446	\$ 3,446

(Continued)

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2006**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	3,827
400 Supplies and Materials	-	-
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries (Optional)	-	-
200 Employee Benefits (Optional)	-	-
600 Other Objects (Optional)	-	-
660 Pupil Activity	-	-
Total Support Services	<u>516,229</u>	<u>366,751</u>
410 Intergovernmental Expenditures:		
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 1,448,946</u></b>	<b><u>1,403,699</u></b>

<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>Occupational Education (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Totals</b>
-	-	-	-	-	3,400	\$ 3,400
-	-	-	-	-	704	704
-	-	-	-	-	15,352	15,352
-	-	-	-	-	49,354	49,354
-	-	-	-	-	11,667	11,667
-	-	-	-	15,095	-	15,095
-	-	-	-	3,182	-	3,182
-	-	-	-	-	-	3,827
-	-	-	-	-	278	278
-	-	-	-	-	15,995	15,995
-	-	-	-	-	3,540	3,540
-	-	-	-	851	51,553	52,404
-	-	-	-	4,159	-	4,159
-	-	-	-	516	-	516
-	-	-	-	111	-	111
-	-	-	-	2,817	-	2,817
-	-	-	-	-	-	-
<b>-</b>	<b>57,085</b>	<b>49,025</b>	<b>1,370</b>	<b>322,513</b>	<b>623,160</b>	<b>1,936,133</b>
-	-	-	-	-	121,166	121,166
-	-	-	-	-	121,166	121,166
<b>98,510</b>	<b>153,817</b>	<b>49,025</b>	<b>64,210</b>	<b>826,172</b>	<b>2,041,109</b>	<b>\$ 6,085,488</b>

(Continued)

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2006**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
	<u>                    </u>	<u>                    </u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund Transfers, From (To) Other Funds:		
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	\$ (40,136)	(37,952)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(40,136)</u>	<u>(37,952)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u><u>\$ -</u></u>	<u><u>-</u></u>



<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>Occupational Education (VA Projects) (207/208)</b>	<b>Drug Free (FP/FQ Projects) (209/210)</b>	<b>Adult Education* (EA Projects)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Totals</b>
(2,729)	-	-	(1,779)	-	(31,498)	\$ (114,094)
<u>(2,729)</u>	<u>-</u>	<u>-</u>	<u>(1,779)</u>	<u>-</u>	<u>(31,498)</u>	<u>(114,094)</u>
-	-	-	-	-	4	4
-	-	-	-	-	46,615	46,615
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,619</u>	<u>\$ 46,619</u>

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2006

---

ADULT EDUCATION

243 Adult Education - Federal

OTHER DESIGNATED RESTRICTED STATE GRANTS

904 Career Technology Education (CTE) Technology Initiative (Carryover from 2004-05 Only)  
905 Career Technology Education Equipment  
908 Refurbishment of K-8 Science Kits  
909 School Technology Initiative  
911 School Technology Initiative (Carryover from 2004-05 Only)  
914 Adult Education - Literacy  
915 Nursing Program  
916 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)  
918 Adult Education - Basic  
919 Education License Plates  
921 Adult Education Workforce Initiative  
922 Temporary Assistance to Need Families (TANF) - State  
933 School Safety Officers (Carryover from 2004-05 Only)  
960 K-5 Enhancement  
963 EAA Afterschool/Homework Center Awards (Below Average Schools) (Carryover from 2004-05 Only)  
964 EAA Retraining Funds (Carryover from 2004-05 Only)  
965 EAA Palmetto Gold and Silver Awards (Carryover from 2004-05 Only)  
966 K-5 Mathematics and Science Unit Coaching Initiative  
967 6-8 Enhancement  
969 K5 Field Trip Supplement  
980 First Steps FAMILY LITERACY Program (Carryover from 2004-05 Only)

OTHER SPECIAL REVENUE PROGRAMS

200 Title I, Basic State Grants Programs (Carryover Provision)  
213 Professional Development - IDEA  
214 Individuals with Disabilities Education Act (IDEA-DE Project Only Current Year (84.07))  
218 SC Reading First, Title I (84.357)  
224 21st Century  
231 EAA Summer School  
235 Title I - Migrant Education  
241 Title V - Part A  
244 Hurricane Relief  
246 US Forestry Commission  
248 School Health  
  
253 Enhancing Education Through Tec hnology (E2T2), Title II (84.318) (Carryover Provision)  
255 Medicaid  
264 Title III - LEP  
267 Improving Teacher Quality (84.367A) (Carryover Provision)

(Continued)

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2006

---

OTHER SPECIAL REVENUE PROGRAMS (CONTINUED)

272	JROTC
800	Carowinds
801	National Council for Teachers of Math
802	Arts In Park
804	Bland and Dyslexic
805	SC Council for Teachers of Math - MCMS - Hawkins
807	Donations - Retirements
809	NASA Grant
811	Wal-Mart - All Schools
812	NCTM - NMS - Altman
814	NCCC House Account
819	Community Incentive Safety
820	SC Holocaust
822	Duke Endowment - Medical Services
824	Adult Ed - Louis Rich
826	Copiers
828	SAT Improvement
832	ING \$ - NMS - Hendrix
834	NHS Field House
836	MCHS Weight Room
838	MCHS Band Bus
839	Extended School Year
840	NCTM - Hendrix - NMS
841	Nike Foundation - Place - NMS
843	NEA Innovation - Altman - NMS
844	NES - Donation - Bldg
845	Teacher Specialists Supplies
846	SCCTM - Altman - NMS
848	SC Arts Commission - Quick Start - BSE
849	SC Arts Commission - Quick Start - WCS
850	E-Rate
851	SCRI-HS
898	Miscellaneous State

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED STATE RESTRICTED GRANTS

YEAR ENDED JUNE 30, 2006

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
					Interfund Transfers In (Out)	Other Fund Transfers Sources (Uses)	
908	3126	Refurbishment of K-8 Science Kits (No Carryover Provision)	\$ 25,919	25,919	-	-	\$ 5,838
909	3198	School Technology Initiative	4,159	4,159	-	-	-
911	3198	School Technology Initiative (Carryover from 2004-05 Only)	851	851	-	-	-
914	3152	Adult Education, Literacy	10,473	10,473	-	-	-
916	3991	ADEPT (Assisting, Developing and Evaluating Professional Teaching)	19,531	19,531	-	-	52,764
918	3151	Adult Education, State	6,829	6,829	-	-	-
919	3193	Education License Plates	-	-	-	-	4,168
932	3161	EAA Bus Driver Salary and Fringe	18,277	18,277	-	-	-
960	3610	K-5 Enhancement	430,071	430,071	-	-	-
963	3603	EAA Afterschool/Homework Center Awards (Below average Schools) (Carryover from 2004-05 Only)	60,610	60,610	-	-	-
964	3604	EAA Retraining Funds (Carryover from 2004-05 Only)	50,120	50,120	-	-	-
965	3605	EAA Palmetto Gold and Silver Awards (Carryover from 2004-05 Only)	6,538	6,538	-	-	-
967	3607	6-8 Enhancement	16,300	16,300	-	-	-
969	3699	Other State Lottery Programs	49,749	49,749	-	-	12,675
980	3680	First Steps FAMILY LITERACY Program (Carryover from 2004-05 Only)	126,745	126,745	-	-	-
<b>Totals</b>			<b>\$ 826,172</b>	<b>826,172</b>	<b>-</b>	<b>-</b>	<b>\$ 75,445</b>

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2006

	<b>ACTUAL</b>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	\$ 190,884
3505 School Technology Initiative	23,280
3509 Arts in Education	2,125
3513 Parenting/Family Literacy	62,589
3515 Advanced Placement Courses	2,850
3517 Advanced Placement - Singleton (Subfund 315)	7,910
3520 Gifted and Talented - Academic	195,140
3522 Gifted and Talented - Artistic	24,814
3523 Junior Scholars Program	380
3525 Career and Technology Education Equipment	45,208
3527 Critical Teaching Needs	3,801
3529 EAA Retraining Funds	79,038
3530 Trainable & Profoundly Mentally Disabled Student Services	12,434
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	346,905
3533 Teacher of the Year Awards	1,077
3534 Professional Development on Standards	38,787
3535 Institute of Reading (South Carolina Reading Initiative - Middle Grades)	50,000
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	187,041
3542 Preschool Programs for Children with Disabilities	44,842
3546 Academic Assistance K-3	549,401
3548 Academic Assistance 4-12	572,491
3549 Academic Assistance Reading Recovery	10,033
3550 Teacher Salary Increase (No Carryover Provision)	952,351
3553 Adult Education - Remedial	12,385
3555 School Employer Contributions (No Carryover Provision)	177,137
3562 Adult Education, Basic (Includes Rural and Workforce Initiative)	137,602
3564 Adult Education, Young Adult Initiative	6,935
3565 Adult Education, Literacy	38,076
3570 Intervention and Assistance	703
3575 Competitive Teacher Grants	13,500
3577 Teacher Supplies (No Carryover Provision)	120,000
3578 High Schools That Work	21,538
3582 Principal Salary/Fringe Increase (No Carryover Provision)	26,424
3583 EAA Summer School/Comprehensive Remediation	256,970
3588 EAA Palmetto Gold and Silver Award	15,561
3591 Excellence In Middle Schools	46,547
3592 School-to-Work Transition Act	34,185
3593 EAA Reduce Class Size Grades 1 - 3	307,278
3595 EAA Afterschool/Homework Center Awards (Unsatisfactory and Below Average Schools) (Carryover from 2004-05 Only)	156,562
3596 EAA Alternative Schools Program	102,670
3598 Bus Driver Salary Supplement (No Carryover Provision)	4,658
3599 Other EIA	722
Total Revenue from State Sources	4,882,834
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 4,882,834</b>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2006

	<u>ACTUAL</u>
<b>EXPENDITURES</b>	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 231,536
200 Employee Benefits	76,815
400 Supplies and Materials	5,750
112 Primary Programs:	
100 Salaries	604,070
200 Employee Benefits	168,725
400 Supplies and Materials	50,076
113 Elementary Programs:	
100 Salaries	388,577
200 Employee Benefits	100,385
300 Purchased Services	1,499
400 Supplies and Materials	71,737
114 High School Programs:	
100 Salaries	331,598
200 Employee Benefits	68,589
300 Purchased Services	9,977
400 Supplies and Materials	82,439
500 Capital Outlay	2,385
115 Vocation Programs:	
400 Supplies and Materials	22,025
500 Capital Outlay	53,883
120 Exceptional Programs:	
400 Supplies and Materials	3,250
122 Trainable Mentally Handicapped:	
100 Salaries	9,378
200 Employee Benefits	3,056
400 Supplies and Materials	750
124 Visually Handicapped:	
400 Supplies and Materials	250
126 Speech Handicapped:	
400 Supplies and Materials	2,500
127 Learning Disabilities:	
100 Salaries	7,500
200 Employee Benefits	1,424
400 Supplies and Materials	5,750
128 Emotionally Handicapped:	
400 Supplies and Materials	750
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	170,243
200 Employee Benefits	53,704
400 Supplies and Materials	\$ 21,454

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2006

	<u>ACTUAL</u>
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	\$ 141,946
200 Employee Benefits	38,427
400 Supplies and Materials	1,537
143 Advanced Placement:	
100 Salaries	6,636
200 Employee Benefits	1,274
400 Supplies and Materials	1,676
500 Capital Outlay	1,174
148 Gifted and Talented - Artistic:	
100 Salaries	1,700
200 Employee Benefits	318
300 Purchased Services	4,443
400 Supplies and Materials	18,353
149 Other Special Programs:	
300 Purchased Services	156,562
160 Other Exceptional Programs:	
161 Autism:	
400 Supplies and Materials	250
170 Summer School Programs:	
171 Primary Summer School:	
300 Purchased Services	3,900
172 Elementary Summer School:	
100 Salaries	19,252
200 Employee Benefits	3,785
400 Supplies and Materials	35
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	71,627
200 Employee Benefits	12,940
300 Purchased Services	4,082
400 Supplies and Materials	41,321
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	6,495
200 Employee Benefits	1,241
300 Purchased Services	9,688
400 Supplies and Materials	200
182 Adult Secondary Education Programs:	
100 Salaries	17,045
200 Employee Benefits	5,118
300 Purchased Services	1,087
400 Supplies and Materials	998
183 Adult Education Literacy (ESL):	
100 Salaries	11,457
200 Employee Benefits	6,763
400 Supplies and Materials	\$ 2,231

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2006

	<u>ACTUAL</u>
185 Vocational Adult Education Programs:	
400 Supplies and Materials	\$ 250
187 Adult Education - Remedial:	
100 Salaries	10,390
200 Employee Benefits	1,995
Total Instruction	<u>3,156,271</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	5,000
213 Health Services:	
100 Salaries	34,711
200 Employee Benefits	11,836
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	51,436
200 Employee Benefits	11,806
300 Purchased Services	8,007
400 Supplies and Materials	27,972
222 Library and Media:	
100 Salaries	16,454
200 Employee Benefits	9,284
400 Supplies and Materials	3,500
223 Supervision of Special Programs:	
100 Salaries	151,578
200 Employee Benefits	39,336
300 Purchased Services	4,514
400 Supplies and Materials	1,180
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	16,796
200 Employee Benefits	3,156
300 Purchased Services	142,074
400 Supplies and Materials	9,149
233 School Administration:	
100 Salaries	20,591
200 Employee Benefits	5,833
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	17,444
200 Employee Benefits	2,460
300 Purchased Services	2,958
Total Support Services	<u>597,075</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 3,753,346</u></b>

(Continued)



EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2006

---

	<u>ACTUAL</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	\$ (1,129,488)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,129,488)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-
FUND BALANCE, Beginning of Year	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u><u>\$ -</u></u>

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2006

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3501 Increase High School Diploma Requirements	\$ 190,884	190,884	-	-	\$ -
3505 School Technology Initiative	23,280	23,280	-	-	-
3509 Arts in Education	2,125	2,125	-	-	-
3513 Parenting/Family Literacy (Carryover from 2004-05 Only)	62,589	62,589	-	-	-
3515 Advanced Placement Courses	2,850	2,850	-	-	-
3517 Advanced Placement - Singleton (Subfund 315)	7,910	7,910	-	-	-
3520 Gifted and Talented - Academic	195,140	195,140	-	-	-
3522 Gifted and Talented - Artistic	24,814	24,814	-	-	-
3523 Junior Scholars Programs	380	380	-	-	-
3525 Career and Technology Education Equipment	45,208	45,208	-	-	10,361
3527 Critical Teaching Needs	3,801	3,801	-	-	-
3529 EAA Retraining Funds	79,038	79,038	-	-	21,447
3530 Trainable & Profoundly Mentally Disabled Student Services	12,434	12,434	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	346,905	346,905	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3534 Professional Development on Standards	38,787	38,787	-	-	1,223
3535 Institute of Reading (South Carolina Reading Initiative - Middle Grades)	50,000	50,000	-	-	-
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	187,041	187,041	-	-	-
3542 Preschool Programs for Children with Disabilities	44,842	44,842	-	-	-
3546 Academic Assistance K-3 (No Carryover Provision)	549,401	549,401	-	-	-
3548 Academic Assistance 4-12 (No Carryover Provision)	572,491	572,491	-	-	10,097
3549 Academic Assistance Reading Recovery	10,033	10,033	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	952,351	-	-	(952,351)	-
3553 Adult Education - Remedial	12,385	12,385	-	-	-
3555 School Employer Contributions (No Carryover Provision)	177,137	-	-	(177,137)	-
3562 Adult Education, Basic (Includes Rural And Workforce Initiative)	137,602	137,602	-	-	3,607
3564 Adult Education, Young Adult Initiative	6,935	6,935	-	-	12,445
3565 Adult Education, Literacy	38,076	38,076	-	-	11,924
3570 Intervention and Assistance	703	703	-	-	123,267
3575 Competitive Teacher Grants	13,500	13,500	-	-	6,259
3577 Teacher Supplies (No Carryover Provision)	120,000	120,000	-	-	-
3578 High Schools That Work	21,538	21,538	-	-	16,962
3582 Principal Salary/Fringe Increase (No Carryover Provision)	26,424	26,424	-	-	-
3583 EAA Summer School/Comprehensive Remediation	256,970	256,970	-	-	66,094
3588 EAA Palmetto Gold and Silver Award	15,561	15,561	-	-	14,288
3591 Excellence In Middle Schools	46,547	46,547	-	-	-
3592 School-to-Work Transition Act	34,185	34,185	-	-	-
3593 EAA Reduce Class Size Grades 1 - 3	307,278	307,278	-	-	-
3595 EAA Homework Center Awards (Unsatisfactory and Below Average Schools) (Carryover from 2004-05 Only)	102,670	102,670	-	-	25,210
3596 EAA Alternative Schools Program	156,562	156,562	-	-	-
3598 Bus Driver Salary Supplement (No Carryover Provision)	4,658	4,658	-	-	-
3599 Other EIA	722	722	-	-	-
<b>Totals</b>	<b>\$ 4,882,834</b>	<b>3,753,346</b>	<b>-</b>	<b>(1,129,488)</b>	<b>\$ 323,184</b>

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

YEAR ENDED JUNE 30, 2006

---

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

(This page intentionally left blank.)

## **DEBT SERVICE FUND**

The Debt Service Fund accounts for resources that will be used to service General Long Term Debt.

The following individual fund schedule 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.

(This page intentionally left blank.)

**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, 2006**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 4,082,969
1140 Penalties & Interest on Taxes (Independent)	150,492
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	326,439
1500 Earnings on Investments:	
1510 Interest on Investments	131,385
Total Revenue from Local Sources	<u>4,691,285</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	317,425
3830 Merchant's Inventory Tax	10,370
3840 Manufacturers Depreciation Reimbursement	68,455
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	39,357
Total Revenue from State Sources	<u>435,607</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>5,126,892</b></u>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	4,350,000
620 Interest	143,868
690 Other Objects (Includes Fees for Servicing Bonds)	13,025
Total Debt Service	<u>4,506,893</u>
<b>TOTAL EXPENDITURES</b>	<u><b>4,506,893</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(2,977,562)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,977,562)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u><b>(2,357,563)</b></u>
FUND BALANCE, Beginning of Year	<u>5,725,044</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 3,367,481</b></u>

DEBT SERVICE FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 270,758
Total Revenue from Local Sources	<u>270,758</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>270,758</b></u>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	410,000
620 Interest	2,833,352
Total Debt Service	<u>3,243,352</u>
<b>TOTAL EXPENDITURES</b>	<u><b>3,243,352</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	2,977,562
5250 Transfer from Capital Projects Fund	7,955,875
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,933,437</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>7,960,843</b>
FUND BALANCE, Beginning of Year	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 7,960,843</b></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 schedule 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.

(This page intentionally left blank.)

**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, 2006**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 19,840
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	12,990
Total Revenue from Local Sources	<u>32,830</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>32,830</b></u>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	340,455
400 Supplies and Materials	35,193
500 Capital Outlay:	
520 Construction Services	1,094,410
530 Improvements Other Than Buildings	3,500
540 Equipment	67,786
545 Technology, Equipment and Software	24,422
Total Support Services	<u>1,565,766</u>
<b>TOTAL EXPENDITURES</b>	<u><b>1,565,766</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(1,532,936)</b>
FUND BALANCE, Beginning of Year	<u>1,637,559</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 104,623</b></u>

CAPITAL PROJECTS FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,021,759
Total Revenue from Local Sources	<u>2,021,759</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>2,021,759</u></b>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	2,527,363
400 Supplies and Materials	470,594
500 Capital Outlay:	
510 Land	973,772
520 Construction Services	6,130,700
530 Improvements Other Than Buildings	725,968
545 Technology, Equipment and Software	540,547
600 Other Objects:	
690 Other Objects	43,475
Total Support Services	<u>11,412,419</u>
500 Debt Service:	
690 Other Objects	1,199,200
Total Debt Service	<u>1,199,200</u>
<b>TOTAL EXPENDITURES</b>	<b><u>12,611,619</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
5110 Premium on Bonds Sold	2,743,878
5121 Issuance of NICE Bonds	84,725,000
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service Fund	(7,955,875)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>79,513,003</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>68,923,143</b>
FUND BALANCE, Beginning of Year	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 68,923,143</u></b>

## **PROPRIETARY FUND**

The School 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 individual fund schedule 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.

(This page intentionally left blank.)

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

**Schedule E-1**

**FOOD SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

**YEAR ENDED JUNE 30, 2006**

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 19,207
1600 Food Service:	
1610 Lunch Sales to Pupils	542,105
1620 Breakfast Sales to Pupils	37,218
1630 Special Sales to Pupils	227,096
1640 Lunch Sales to Adults	111,300
1650 Breakfast Sales to Adults	5,343
1660 Special Sales to Adults	23,844
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	9,016
Total Revenue from Local Sources	<u>975,129</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	4,308
Total Revenue from State Sources	<u>4,308</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,347,959
4830 School Breakfast Program	422,432
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	136,045
Total Revenue from Federal Sources	<u>1,906,436</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u>\$ 2,885,873</u>

(Continued)

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

**Schedule E-1**

**FOOD SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**

**YEAR ENDED JUNE 30, 2006**

---

	<u><b>ACTUAL</b></u>
<b>EXPENSES</b>	
256 Food Service:	
100 Salaries	\$ 1,081,966
200 Employee Benefits	116,698
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	65,824
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,200,541
500 Capital Outlay	142,554
600 Other Objects	23,110
Total Food Service Expenses	<u>2,630,693</u>
<b>TOTAL EXPENSES</b>	<u><b>2,630,693</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(147,550)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>(147,550)</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>107,630</b>
FUND NET ASSETS, Beginning of Year	<u>1,235,784</u>
<b>FUND NET ASSETS, End of Year</b>	<u><b>\$ 1,343,414</b></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.

(This page intentionally left blank.)

**PUPIL ACTIVITY FUND**

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

**YEAR ENDED JUNE 30, 2006**

	<u>ACTUAL</u>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,387
1700 Pupil Activities:	
1710 Admissions	200,911
1720 Bookstore Sales	41,826
1730 Pupil Organization Membership Dues and Fees	3,065
1740 Student Fees	238,753
1790 Other	243,548
1900 Other Revenue from Local Sources	
1910 Rentals	2,795
1920 Contributions & Donations Private Sources	78,019
1999 Revenue from Other Local Sources	1,522,324
Total Receipts from Local Sources	<u>2,333,628</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b><u>2,333,628</u></b>
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity:	
500 Capital Outlay (Optional)	1,035
600 Other Objects (Optional)	953,263
Total Instruction	<u>954,298</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay (Optional)	60
660 Pupil Activity	1,342,254
Total Pupil Activity Expenditures	<u>1,342,314</u>
<b>TOTAL DISBURSEMENTS</b>	<b><u>2,296,612</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>37,016</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>458,857</u>
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<b><u>\$ 495,873</u></b>

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2006

	<u>BALANCE - BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE - END OF YEAR</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 442,486	27,770	-	\$ 470,256
Investments	62,911	-	10,024	52,887
<b>TOTAL ASSETS</b>	<u><u>505,397</u></u>	<u><u>27,770</u></u>	<u><u>10,024</u></u>	<u><u>523,143</u></u>
<b>LIABILITIES</b>				
Accounts Payable	46,540	-	19,270	27,270
Due to Student Organizations	458,857	37,016	-	495,873
<b>TOTAL LIABILITIES</b>	<u><u>\$ 505,397</u></u>	<u><u>37,016</u></u>	<u><u>19,270</u></u>	<u><u>\$ 523,143</u></u>



Students diagnose and repair actual problems in the Auto Technician class at Newberry County Career Center.



Newberry Elementary celebrated Hispanic Appreciation Month with a life-size drawing and language classes.

Statistical Section Tab Back page

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the School District’s financial performance and well-being have changed over time.</i>	113
Revenue Capacity <i>These schedules contain information to help the reader assess the School District’s most significant local revenue source, the property tax.</i>	118
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the School District’s current levels of outstanding debt and the School District’s ability to issue additional debt in the future.</i>	122
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within the School District’s financial activities take place.</i>	126
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 city provides and the activities it performs.</i>	128

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

(This page intentionally left blank.)



NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 31,652,894	46,642,037	50,296,554	\$ 55,107,520
Restricted	13,172,709	6,404,625	5,865,963	3,139,268
Unrestricted	4,287,237	6,666,000	5,795,740	4,935,783
Total Governmental Activities Net Assets	<u>49,112,840</u>	<u>59,712,662</u>	<u>61,958,257</u>	<u>63,182,571</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	632,252	638,045	569,295	504,889
Unrestricted	810,411	749,439	666,489	838,525
Total Business-Type Activities Net assets	<u>1,442,663</u>	<u>1,387,484</u>	<u>1,235,784</u>	<u>1,343,414</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	32,285,146	47,280,082	50,865,849	55,612,409
Restricted	13,172,709	6,404,625	5,865,963	3,139,268
Unrestricted	5,097,648	7,415,439	6,462,229	5,774,308
Total Primary Government Net Assets	<u>\$ 50,555,503</u>	<u>61,100,146</u>	<u>63,194,041</u>	<u>\$ 64,525,985</u>

(A) GASB 34 was not implemented until the 2003 fiscal year; net asset information is not available prior to that fiscal year.

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year			
	2003	2004 (1)	2005	2006
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$26,596,128	\$28,294,288	\$25,700,879	\$31,386,275
Support Services	17,596,828	15,772,842	22,167,884	19,510,522
Community Services	2,045	4,594	6,151	11,127
Intergovernmental	73,472	60,391	23,497	172,211
Interest on Long-Term Obligations	131,872	93,129	106,541	3,309,997
Total Governmental Activities Expenses	<u>44,400,345</u>	<u>44,225,244</u>	<u>48,004,952</u>	<u>54,390,132</u>
Business-Type Activities:				
Food Services	2,402,198	2,521,675	2,714,804	2,630,693
Total Business-Type Activities Expenses	<u>2,402,198</u>	<u>2,521,675</u>	<u>2,714,804</u>	<u>2,630,693</u>
Total Primary Government Expenses	<u>46,802,543</u>	<u>46,746,919</u>	<u>50,719,756</u>	<u>57,020,825</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Instruction	1,483	23,011	28,436	26,757
Support	-	138,308	242,985	510,262
Operating Grants and Contributions	26,693,789	25,371,941	26,899,379	28,612,211
Capital Grants and Contributions	-	6,445,937	279,658	-
Total Governmental Activities Program Revenues	<u>26,695,272</u>	<u>31,979,197</u>	<u>27,450,458</u>	<u>29,149,230</u>
Business-Type Activities:				
Charges for Services:				
Function	817,151	834,427	890,604	946,906
Operating Grants and Contributions	1,628,218	1,756,404	1,809,285	1,915,452
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>2,445,369</u>	<u>2,590,831</u>	<u>2,699,889</u>	<u>2,862,358</u>
Total Primary Government Program Revenues	<u>29,140,641</u>	<u>34,570,028</u>	<u>30,150,347</u>	<u>32,011,588</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(17,705,073)	(12,246,047)	(20,554,494)	(25,240,902)
Business-Type Activities	43,171	69,156	(14,915)	231,665
Total Primary Government Net (Expense)/Revenue	<u>\$(17,661,902)</u>	<u>(12,176,891)</u>	<u>(20,569,409)</u>	<u>\$(25,009,237)</u>

(Continued)

CHANGES IN NET ASSETS (CONTINUED)

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year			
	2003	2004 (1)	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes by Source:				
Property Tax - General Operations	\$ 15,599,422	14,395,722	13,231,364	\$ 14,405,401
Property Tax - Debt Service	4,803,097	4,725,660	4,375,517	4,522,054
Other Taxes	-	4,085,343	4,259,364	4,268,163
Unrestricted Grants and Contributions	94,701	38,702	24,687	20,553
Intergovernmental Revenue	395,323	33,819	53,336	52,296
Unrestricted Investment Earnings	260,760	313,940	316,366	2,673,316
Miscellaneous	181,482	332,915	391,463	375,883
Transfers	146,871	140,888	147,992	147,550
Total Governmental Activities	<u>21,481,656</u>	<u>24,066,989</u>	<u>22,800,089</u>	<u>26,465,216</u>
Business-Type activities:				
Unrestricted Investment Earnings	-	267	6,882	19,207
Miscellaneous	33,828	16,286	4,325	4,308
Transfers	(146,871)	(140,888)	(147,992)	(147,550)
Total Business-Type Activities	<u>(113,043)</u>	<u>(124,335)</u>	<u>(136,785)</u>	<u>(124,035)</u>
Total Primary Government	<u>21,368,613</u>	<u>23,942,654</u>	<u>22,663,304</u>	<u>26,341,181</u>
<b>Change in Net Assets:</b>				
Governmental Activities	3,776,583	11,820,942	2,245,595	1,224,314
Business-Type Activities	(69,872)	(55,179)	(151,700)	107,630
Total Primary Government	<u>\$ 3,706,711</u>	<u>11,765,763</u>	<u>2,093,895</u>	<u>\$ 1,331,944</u>

(A) GASB 34 was not implemented until the 2003 fiscal year; change in net asset information is not available prior to that fiscal year.

(1) Increase in net assets due to completion and captilization of construction projects in Phase I of the District's construction program.

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									
	1997	1998	1999	2000 (1)	2001	2002 (2)	2003	2004	2005	2006 (3)
General Fund										
Reserved	\$ 152,179	1,475	2,926	8,012	8,945	16,528	4,914	6,419	3,612	\$ 3,070
Unreserved	2,800,000	2,723,066	4,447,697	4,624,522	5,461,793	4,902,145	4,641,857	6,409,703	5,580,081	4,182,371
Total General Fund	<u>2,952,179</u>	<u>2,724,541</u>	<u>4,450,623</u>	<u>4,632,534</u>	<u>5,470,738</u>	<u>4,918,673</u>	<u>4,646,771</u>	<u>6,416,122</u>	<u>5,583,693</u>	<u>4,185,441</u>
All Other Governmental Funds										
Reserved	7,499,416	5,736,087	4,328,302	1,303,368	1,741,779	12,269,069	13,261,102	10,325,194	7,409,128	80,402,709
Unreserved, Reported In:										
Special Revenue Funds	-	49,290	54,946	47,751	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 7,499,416</u>	<u>5,785,377</u>	<u>4,383,248</u>	<u>1,351,119</u>	<u>1,741,779</u>	<u>12,269,069</u>	<u>13,261,102</u>	<u>10,325,194</u>	<u>7,409,128</u>	<u>\$ 80,402,709</u>

Note: (1) Decrease due to capital projects expenditures.

(2) Increase due to reserve for capital projects debt service and issuance of series 2001 general obligation bonds.

(3) Increase due to issuance of N.I.C.E. installment purchase revenue bonds.

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	8,413,203	8,670,818	10,074,101	10,197,533	10,793,059	11,757,940	12,597,945	13,287,796	13,860,667	14,554,824
Property Tax - Debt Service	4,093,296	4,536,671	5,965,679	687,393	72,256	4,217,454	4,583,513	4,414,984	3,748,285	4,559,900
Investment Earnings	493,575	556,043	786,334	587,285	484,483	360,442	260,761	313,940	316,366	2,673,317
Other Local Sources	415,717	394,981	339,325	111,872	394,736	180,494	859,324	272,923	472,797	734,045
State Sources	18,956,007	20,552,032	22,385,064	22,380,456	25,572,043	26,812,237	26,976,900	31,660,536	26,773,215	28,352,455
Federal Sources	1,673,356	1,647,197	1,950,797	2,296,536	2,569,941	2,864,483	3,173,876	4,518,522	4,559,875	4,728,379
Intergovernmental Revenue				10,540	35,496	459,843	394,855	33,819	53,336	51,246
Total Revenues	34,045,154	36,357,742	41,501,300	36,271,615	39,922,014	46,652,893	48,847,174	54,502,520	49,784,541	55,654,166
<b>Expenditures</b>										
Current:										
Instruction	18,211,202	19,350,322	19,995,776	21,936,399	23,720,147	25,936,091	25,956,402	27,059,740	28,806,207	30,104,008
Support Services	10,639,956	11,357,424	11,281,318	13,479,521	14,257,345	15,341,352	15,435,594	15,854,536	17,576,998	22,513,151
Community Services	129,480	74,436	53,763	15,935	10,231	8,877	2,045	4,594	6,151	11,127
Intergovernmental	70,424	100,839	65,721	63,322	91,216	57,974	24,472	60,391	23,497	172,211
Capital Outlay	4,054,371	2,433,388	9,130,360	2,244,136	2,132,222	2,314,522	6,824,959	12,027,310	6,619,866	9,906,157
Debt Service:										
Principal	4,200,000	4,925,000	5,450,000	475,000	150,000	150,000	4,850,000	4,400,000	4,500,000	4,760,000
Interest and Fiscal Charges	276,546	280,282	215,468	44,079	18,069	75,428	137,852	117,770	97,260	2,998,136
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	1,210,665
Total Expenditures	37,581,979	38,521,691	46,192,406	38,258,392	40,379,230	43,884,244	53,231,324	59,524,341	57,629,979	71,675,455
Excess of Revenues Over (Under) Expenditures	(3,536,825)	(2,163,949)	(4,691,106)	(1,986,777)	(457,216)	2,768,649	(4,384,150)	(5,021,821)	(7,845,438)	(16,021,289)
<b>Other Financing Sources (Uses)</b>										
Transfers In	1,479,672	1,436,857	1,486,597	1,913,452	2,092,616	2,405,149	2,379,733	3,879,925	2,862,755	12,324,569
Transfers Out	(1,372,618)	(1,303,584)	(1,371,538)	(1,869,537)	(2,027,281)	(2,306,662)	(2,281,862)	(3,739,037)	(2,714,763)	(12,177,019)
Premium on Bonds Sold	-	-	-	-	-	6,410	6,410	2,306	-	2,743,878
Issuance of General Obligation Bonds	4,350,000	100,000	4,900,000	-	-	7,000,000	5,000,000	4,200,000	4,500,000	-
Issuance of NICE Bonds	-	-	-	-	-	-	-	-	-	84,725,000
Sale of Capital Assets	-	-	-	-	-	75	-	17,745	59,000	100
Medicaid Reimbursements	-	-	-	110,423	57,148	108,014	-	-	-	-
Total Other Financing Sources (Uses)	4,457,054	233,273	5,015,059	154,338	122,483	7,206,576	5,104,281	4,360,939	4,706,992	87,616,528
Net Change in Fund Balances	920,229	(1,930,676)	323,953	(1,832,439)	(334,733)	9,975,225	720,131	(660,882)	(3,138,446)	71,595,239
Capital Asset Expenditures	7,682,194	6,620,437	12,981,054	2,921,446	2,006,538	2,559,423	6,252,171	13,434,755	24,758,333	12,783,427
Debt Service as a Percentage of Noncapital Expenditures	15.0%	16.3%	17.1%	1.5%	0.4%	0.5%	10.6%	9.8%	14.0%	15.2%

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 Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Total Real Property	Motor Vehicles						
1997	(A)	(A)	\$ 37,383,160	14,696,200	29,937,100	(A)	75,712,070	202.0	\$ 1,321,137,172	5.7%
1998	(A)	(A)	38,803,570	N/A	N/A	(A)	78,693,720	214.0	1,375,524,124	5.7%
1999	(A)	(A)	39,869,524	N/A	N/A	(A)	78,959,873	230.0	1,383,966,489	5.7%
2000	(A)	(A)	49,127,840	17,580,250	26,636,460	(A)	87,664,630	144.7	1,368,844,100	6.4%
2001	(A)	(A)	49,881,900	17,485,510	25,640,140	(A)	89,721,360	156.7	1,397,779,069	6.4%
2002	(A)	(A)	51,069,180	16,442,850	25,238,900	(A)	89,848,570	219.5	1,419,885,234	6.3%
2003	(A)	(A)	52,345,610	16,388,100	26,294,450	(A)	89,716,530	226.1	1,445,910,764	6.2%
2004	(A)	(A)	54,387,210	16,127,175	24,920,835	(A)	91,831,190	230.1	1,483,277,121	6.2%
2005	50,783,180	3,604,030	54,387,210	15,384,580	21,079,380	3,604,030	87,247,140	227.2	1,514,624,342	5.8%
2006	\$ 51,402,180	4,542,485	55,944,665	15,041,390	26,127,989	723,055	96,390,989	245.3	\$ 1,539,518,583	6.3%

Source: Newberry County Auditor

Note: Property in the county was last reassessed for fiscal year 1999. Tax rates are per \$1,000 of assessed value.

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

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

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	School District of Newberry County			Overlapping Rates				Total Direct and Overlapping Rates
	Operating Millage	Debt		Newberry County			Other Governments	
		Service Millage	Total Millage	Operating Millage	Debt Service Millage	Total Millage		
1997	146.0	56.0	202.0	56.8	11.5	68.3	111.7	382.0
1998	150.0	64.0	214.0	56.8	14.8	71.6	101.4	387.0
1999	154.0	76.0	230.0	68.5	9.2	77.7	95.3	403.0
2000	144.7	0.0	144.7	65.2	15.2	80.4	84.7	309.8
2001	156.7	0.0	156.7	66.5	22.0	88.5	85.6	330.8
2002	165.0	54.5	219.5	81.9	8.9	90.8	96.7	407.0
2003	173.1	53.0	226.1	108.7	7.1	115.8	97.1	439.0
2004	179.5	50.6	230.1	114.3	1.5	115.8	97.1	443.0
2005	185.5	41.7	227.2	114.3	4.2	118.5	97.3	443.0
2006	192.3	53.0	245.3	114.3	11.0	125.3	99.9	470.5

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	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Oscar Mayer Foods Corporation	\$ 3,026,633	1	3.1%	\$ 1,343,820	5	1.8%
Newberry Electric Coop., Inc.	2,120,820	2	2.2%	1,107,030	7	1.5%
Duke Energy Corporation	1,803,580	3	1.9%	1,603,630	3	2.1%
South Carolina Electric and Gas	1,723,090	4	1.8%	1,817,880	2	2.4%
Bellsouth Telecommunications Inc.	1,700,680	5	1.8%	1,879,300	1	2.5%
Federal Paper Board Company Inc.	1,420,942	6	1.5%	944,060	9	1.2%
Pioneer Frozen Foods	2,259,319	7	2.3%	-	-	-
FG Wilson	1,085,910	8	1.1%	-	-	-
Georgia Pacific Corporation	837,030	9	0.9%	1,512,210	6	2.0%
Kiswire	904,046	10	0.9%	-	-	-
Whitmire Manufacturing Plant	-	-	-	1,730,230	4	2.3%
Kayser Roth Corporation	-	-	-	1,069,070	8	1.4%
Champton International Corporation	-	-	-	890,680	10	1.2%
Totals	<u>\$16,882,050</u>		<u>17.5%</u>	<u>\$13,897,910</u>		<u>18.4%</u>

Source: Newberry County Auditor



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
1997	\$ 15,006,777	N/A	15,006,777	14,330,313	95.5%	474,657	\$ 14,804,970	98.7%
1998	17,524,815	N/A	17,524,815	15,925,830	90.9%	277,499	16,203,329	92.5%
1999	20,395,945	N/A	20,395,945	20,092,249	98.5%	1,266,298	21,358,547	104.7%
2000	13,533,259	N/A	13,533,259	13,221,723	97.7%	563,745	13,785,468	101.9%
2001	14,296,979	N/A	14,296,979	13,917,535	97.3%	458,557	14,376,092	100.6%
2002	19,919,469	N/A	19,919,469	18,657,897	93.7%	777,941	19,435,838	97.6%
2003	21,174,223	N/A	21,174,223	20,094,161	94.9%	1,098,561	21,192,722	100.1%
2004	22,816,874	N/A	22,816,874	20,778,569	91.1%	1,070,381	21,848,950	95.8%
2005	22,921,526	N/A	22,921,526	20,924,117	91.3%	804,282	21,728,399	94.8%
2006	\$ 20,744,068	1,940,622	22,684,690	21,699,508	95.7%	-	\$ 21,699,508	95.7%

Source: Newberry County Treasurer

**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	Installment Purchase Revenue Bonds			
1997	\$ 5,950,000	-	5,950,000	0.9%	\$ 172
1998	1,225,000	-	1,225,000	0.2%	35
1999	775,000	-	775,000	0.1%	22
2000	300,000	-	300,000	0.0%	9
2001	150,000	-	150,000	0.0%	4
2002	7,000,000	-	7,000,000	0.9%	193
2003	7,150,000	-	7,150,000	0.9%	194
2004	6,950,000	-	6,950,000	0.8%	187
2005	6,950,000	-	6,950,000	0.8%	187
2006	\$ 2,600,000	84,315,000	86,915,000	9.8%	\$ 2,333

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

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
1997	\$ 5,950,000	1,026,416	4,923,584	0.4%	\$ 142
1998	1,225,000	578,034	646,966	0.0%	19
1999	775,000	1,159,952	(384,952)		
2000	300,000	1,410,417	(1,110,417)		
2001	150,000	1,413,480	(1,263,480)		
2002	7,000,000	5,863,798	1,136,202	0.1%	31
2003	7,150,000	5,918,299	1,231,701	0.1%	33
2004	6,950,000	6,270,998	679,002	0.0%	18
2005	6,950,000	5,725,044	1,224,956	0.1%	\$ 33
2006	\$ 2,600,000	3,367,887	(767,887)		

Note: Details regarding the School District of Newberry County's outstanding debt can be found in the notes to the basic 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, 2006

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
1995 County General Obligation Bond	\$ 375,000	100.0%	\$ 375,000
2000 County General Obligation Bond	3,580,000	100.0%	3,580,000
2005B County General Obligation Bond	\$ 1,735,000	100.0%	<u>1,735,000</u>
Subtotal, Overlapping Debt			5,690,000
School District of Newberry County - Direct Debt			2,600,000
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			<u>84,315,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 92,605,000</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

Table 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ 6,056,970	6,295,498	6,316,790	7,013,170	7,177,709	7,187,886	7,177,322	7,345,253	7,346,495	\$ 7,769,124
Total Net Debt Applicable to Debt Limit	5,950,000	1,225,000	775,000	300,000	150,000	7,000,000	7,150,000	6,950,000	6,950,000	2,600,000
Legal Debt Margin	\$ 106,970	5,070,498	5,541,790	6,713,170	7,027,709	187,886	27,322	395,253	396,495	5,169,124
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	98.2%	19.5%	12.3%	4.3%	2.1%	97.4%	99.6%	94.6%	94.6%	33.5%

Legal Debt Margin Calculation for Fiscal Year 2006

Total Assessed Value	97,114,044
Debt Limit (8% of Total Assessed Value)	7,769,124
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	2,600,000
Total Amount of Debt Applicable to Debt Limit	<u>2,600,000</u>
Legal Debt Margin	<u>\$ 5,169,124</u>

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

<b>Fiscal Year Ended June 30</b>	<b>(1) Population</b>	<b>(2) Personal Income</b>	<b>(3) Per Capita Personal Income</b>	<b>(4) Median Age</b>	<b>(5) Education Level in Years of Formal Schooling</b>	<b>(6) School Enrollment</b>	<b>(7) Unemployment Rate</b>
1997	34,600	\$649,958,000	\$ 18,785	34.2	11.6	5,768	4.6%
1998	34,700	674,138,000	19,428	34.2	11.6	5,815	5.8%
1999	34,800	703,769,000	20,223	34.2	11.6	5,841	4.7%
2000	35,100	742,568,000	21,156	34.2	11.6	5,719	5.8%
2001	36,108	775,672,000	21,482	37.1	12.6	5,694	6.8%
2002	36,344	771,078,000	21,216	37.1	12.6	5,751	7.7%
2003	36,840	810,757,000	22,008	37.1	12.6	5,657	7.5%
2004	37,076	835,080,000	22,524	37.1	12.6	5,664	6.9%
2005	37,205	860,132,000	23,119	37.1	12.6	5,678	6.5%
2006	37,250	\$885,936,000	\$ 23,784	37.1	12.6	5,743	7.3%

Data Sources:

- (1) South Carolina Budget and Control Board Office of Research and Statistics. 2004 through 2006 are estimates by The School District of Newberry County.
- (2) South Carolina Budget and Control Board Office of Research and Statistics. 2004 through 2006 are estimates by The School District of Newberry County.
- (3) Computed by dividing Personal Income by Population
- (4) Fiscal Years 1997 through 2000 taken from 1990 Census; Fiscal years 2001 through 2006 figure taken from 2000 Census.
- (5) Estimates by Newberry County Development Board based on 1990 Census for fiscal years 1997 through 2000. Estimates by Newberry County Development Board based on 2000 Census for fiscal years 2001 through 2006.
- (6) School District of Newberry County - 135 Day Membership Report
- (7) South Carolina Employment Security Commission

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2006			1997 (Estimated)		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Louis Rich	1,387	1	3.72%	900	2	2.60%
Newberry County School District	1,140	2	3.06%	995	1	2.88%
Renfro Corporation	560	3	1.50%	-		
Newberry County Memorial Hospital	435	4	1.17%	290	5	0.84%
Georgia Pacific	287	5	0.77%	-		
Sea Pro Boats	160	6	0.43%	-		
County of Newberry	180	7	0.48%	148	9	0.43%
McKechnie Vehicle Components	171	8	0.46%	-		
Newberry College	170	9	0.46%	142	10	0.41%
Shakespeare Electronics and Fiberglass	282	10	0.76%	157	7	0.45%
American Fiber and Finishing				697	3	2.01%
Thompson International				310	4	0.90%
ISE America, Inc.				183	6	0.53%
Federal Paper Board				151	8	0.44%
Totals	<u>4,772</u>		<u>12.81%</u>	<u>3,973</u>		<u>11.48%</u>

Source: District Compiled Information

FULL-TIME EQUIVALENT SCHOOL DISTRICT OR DISTRICT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Instruction	623	632	626	648	699	649	695	683	713	714
Support Services	372	382	359	366	390	400	407	405	419	426
Total	995	1,014	985	1,014	1,089	1,049	1,102	1,088	1,132	1,140

Source: District Compiled Information



THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Pupil Enrollment	Modified Accrual Basis of Accounting		Accrual Basis of Accounting		Teaching Staff	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals		
		Operating Expenditures	Cost per Pupil	Percentage Change	Expenses				Cost per Pupil	Percentage Change
1997	5,768	\$ 29,051,062	5,037	5.9%	(A)	N/A	N/A	424	14	50.0%
1998	5,815	30,883,021	5,311	5.4%	(A)	N/A	N/A	424	14	50.0%
1999	5,841	31,396,578	5,375	1.2%	(A)	N/A	N/A	463	13	51.0%
2000	5,719	35,495,177	6,207	15.5%	(A)	N/A	N/A	461	12	51.0%
2001	5,694	38,078,939	6,688	7.7%	(A)	N/A	N/A	496	11	52.0%
2002	5,751	41,344,294	7,189	7.5%	(A)	N/A	N/A	493	12	53.0%
2003	5,657	41,418,513	7,322	1.9%	44,268,473	\$ 7,825	8.9%	503	11	52.0%
2004	5,664	42,979,261	7,588	3.6%	44,132,115	7,792	-0.4%	483	12	52.0%
2005	5,678	46,412,853	8,174	7.7%	47,898,411	8,436	8.3%	497	11	52.0%
2006	5,743	\$ 52,800,497	9,194	12.5%	51,080,135	\$ 8,894	5.4%	525	11	54.0%

Sources: District Compiled Information

Note: Operating expenditures are total expenditures in the governmental funds less debt service and capital outlay.

(A) GASB 34 was not implemented until the 02/03 fiscal year; expenses are not available prior to that fiscal year.

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

## CAPITAL ASSET STATISTICS BY FUNCTION

## LAST TEN FISCAL YEARS

## UNAUDITED

School	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Elementary</b>										
Boundary Street (1)										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	77,574
Capacity	380	380	380	380	380	380	380	380	380	558
Enrollment	463	477	489	455	460	453	421	417		402
Gallman Elementary (2)										
Square Feet	51,605	51,605	51,605	51,605	51,605	51,605	51,605	68,000	68,000	68,000
Capacity	395	395	395	395	395	395	395	509	509	509
Enrollment	446	450	428	394	407	424	402	385	346	357
Little Mountain										
Square Feet	27,041	27,041	27,041	27,041	27,041	38,341	38,341	38,341	38,341	38,341
Capacity	240	240	240	240	240	301	301	301	301	301
Enrollment	214	236	261	274	284	279	269	286	271	271
Newberry Elementary (3)										
Square Feet	-	-	-	-	-	-	-	87,317	87,317	87,317
Capacity	-	-	-	-	-	-	-	468	468	468
Enrollment	-	-	-	-	-	-	-	364	405	432
Pomaria-Garmany										
Square Feet	35,423	35,423	35,423	35,423	35,423	35,423	35,423	35,423	35,423	35,423
Capacity	232	232	232	232	232	232	232	232	232	232
Enrollment	279	270	313	320	327	354	345	341	347	362
Prosperity-Rikard										
Square Feet	39,990	39,990	39,990	39,990	39,990	39,990	39,990	39,990	39,990	39,990
Capacity	400	400	400	400	400	400	400	400	400	400
Enrollment	364	401	437	438	429	443	462	471	487	505
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	175	173	173	157	178	194	192	184	174	192

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Elementary (Continued)</b>										
Speers Street (4)										
Square Feet	27,200	27,200	27,200	27,200	27,200	27,200	27,200	27,200	27,200	27,200
Capacity	230	230	230	230	230	230	230	230	230	230
Enrollment	474	459	443	428	395	394	342	-	396	-
Whitmire Elementary (5)										
Square Feet	45,326	45,326	45,326	45,326	45,326	45,326	45,326	-	-	-
Capacity	240	240	240	240	240	240	240	-	-	-
Enrollment	308	321	300	303	280	293	301	-	-	-
<b>Middle</b>										
Mid-Carolina Middle										
Square Feet	73,898	73,898	73,898	73,898	73,898	73,898	73,898	73,898	73,898	73,898
Capacity	413	413	413	413	413	413	413	413	413	413
Enrollment	484	474	498	514	538	526	557	552	580	584
Newberry Middle										
Square Feet	81,317	81,317	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337
Capacity	475	475	752	752	752	752	752	752	752	752
Enrollment	778	754	716	740	731	700	702	713	732	671
<b>High</b>										
Mid-Carolina High										
Square Feet	73,059	73,059	73,059	73,059	73,059	73,059	73,059	73,059	73,059	73,059
Capacity	502	502	502	502	502	502	502	502	502	502
Enrollment	527	557	545	520	538	557	571	589	594	620
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	960	965	961	917	884	893	878	863	845	827
Whitmire High (6)										
Square Feet	51,445	51,445	51,445	51,445	51,445	51,445	51,445	51,445	51,445	51,445
Capacity	295	295	295	295	295	295	295	295	295	295
Enrollment	296	278	277	259	243	241	215	-	-	-

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Other</b>										
Gallman Education Center (7)										
Square Feet	-	-	-	-	-	-	-	51,605	51,605	51,605
Capacity	-	-	-	-	-	-	-	114	114	114
Enrollment	-	-	-	-	-	-	-	71	72	70
Newberry Career Center (8)										
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	614	614	689	600	516	564	567	667	597	659
Whitmire Community School (9)										
Square Feet	-	-	-	-	-	-	-	55,326	55,326	55,326
Capacity	-	-	-	-	-	-	-	347	347	347
Enrollment	-	-	-	-	-	-	-	499	501	501

Sources: Various School District of Newberry County departments.

Note:

1. Bounday Street students and faculty were housed at Speers Street during the 2005 school year due to renovation and additions at the Bounday Street site.
2. In 2004 Gallman Elementary moved into a new facility and became a K-5 school. The former facility became Gallman Education Center which now houses our Alternative School, Adult Education Center, and Technology Department.
3. In 2004 Speers Street Elementary moved into a renovated facility and became Newberry Elementary. The Speers Street facility currently is vacant.
4. See Note 3. Speers Street Elementary housed Bounday Street Elementary during 2005.
5. In 2004 a new addition to Whitmire Elementary allowed the move of Whitmire High students to that location. Whitmire Elementary became Whitmire Community School.
6. See Note 5. This facility has remained vacant due to the aforementioned move.
7. See Note 2. This student count is included in the student's home school enrollment figure therefore should not be included in total enrollment.
8. This student count is included in the student's home school enrollment therefore should not be included in total enrollment. Capacity is space available for instruction at any given time.
9. See Note 5.



Newberry High's homecoming queen is escorted by Dr. Rosenberg and her court.



Spirited students at Pomaria-Garmany Elementary show their patriotism during Flag Day festivities.

Compliance Section Tab Back page

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2006**

<b>LEA Subfund Code</b>	<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b>US DEPARTMENT OF AGRICULTURE</b>				
Pass-through State Department of Education:				
600	Food Distribution	10.550	N/A	\$ 136,045
600	National School Breakfast Program	10.553	N/A	422,432
600	National School Lunch Program	10.555	N/A	1,347,959
Total Passed Through State Department of Education				<u>1,906,436</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	73,063
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>				<u><b>1,979,499</b></u>
<b>US DEPARTMENT OF EDUCATION</b>				
Pass-through State Department of Education:				
201	Title I	84.010	05-BA064	1,489,082
Individuals with Disabilities Education Act				
203	Special Education--Grants to States	84.027	05-CA064	1,441,651
211	IDEA Capacity Building	84.027A	05-CR064	-
213	Personnel Development	84.027A	05-CO064	10,167
Total 84.027				<u>1,451,818</u>
205	Special Education--Preschool Grants	84.173	05-CG064	101,239
207	Occupational Education	84.048	05-VA064	153,817
209	Safe and Drug Free Schools and Communities	84.186	05-FQ064	49,025
218	SC Reading First	84.357A	05-RC064	500,000
224	21st Century Learning	84.287C	05-CL064	185,000
235	Migrant Education - Basic State Grant Program	84.011	05-BG064	72,761
241	Title V - Chapter II	84.298	05-BB064	19,811
243	Adult Education - State - Administered Basic Grant Program	84.002	05-EA064	65,989
244	Temporary Emergency Impact Aid	84.938	N/A	18,000
248	CDC State and Local Coordinated School Health Programs	94.938	N/A	220
253	Title II - Ed Tech	84.318	05-ET064	24,870
264	ESOL - Title III	84.365A	05-BP064	44,480
267	Improving Teacher Quality	84.367A	05-TQ064	351,812
<b>TOTAL US DEPARTMENT OF EDUCATION</b>				<u><b>4,527,924</b></u>
<b>US DEPARTMENT OF DEFENSE</b>				
Direct Programs:				
272	JROTC	12.000	N/A	127,392
<b>TOTAL US DEPARTMENT OF DEFENSE</b>				<u><b>127,392</b></u>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>				<u><u><b>\$ 6,634,815</b></u></u>

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, 2006**

---

**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, 2006. 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 basic financial statements.

**C – Relationship to Basic Financial Statements**

Federal award expenditures are reported in the School District’s basic financial statements as expenditures in the Special Revenue Fund and operating expenses in the Enterprise Fund.

**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.



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

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

We have audited the financial statements of the governmental activities, the business-type 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, 2006, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of 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 basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an object 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 *Governmental Auditing Standards*.

We noted certain other matters that we reported to management of the School District in a separate letter dated November 17, 2006.

This report is intended solely for the information and use of the Board of Trustees, management, the South Carolina Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Greene, Finney & Horton, LLP  
November 17, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of The School District of Newberry County, South Carolina (the "School District") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management, the South Carolina Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Greene, Finney & Horton, LLP  
November 17, 2006

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2006**

---

There were no audit findings in the prior year.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2006**

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Type of auditors' report issued on compliance for major programs: Unqualified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.550-10.555	USDA - Breakfast, Lunch and Commodities Cluster

Dollar threshold used to distinguish between type A and type B programs:	_____ 300,000 _____
--	---------------------

Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
--	--------------------	----------

**Section II - Findings - Current Year Financial Statements Audit**

NONE

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

NONE