

# **Comprehensive Annual Financial Report**



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

**Fiscal Year Ended June 30, 2007**



**THE SCHOOL DISTRICT OF  
NEWBERRY COUNTY**

**NEWBERRY, SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007**

Prepared by the Office of Finance



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

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The children at Prosperity Rikard put on a show.



Meeting new friends at Pomaria Garmany Elementary.



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

**PRINCIPAL OFFICIALS**

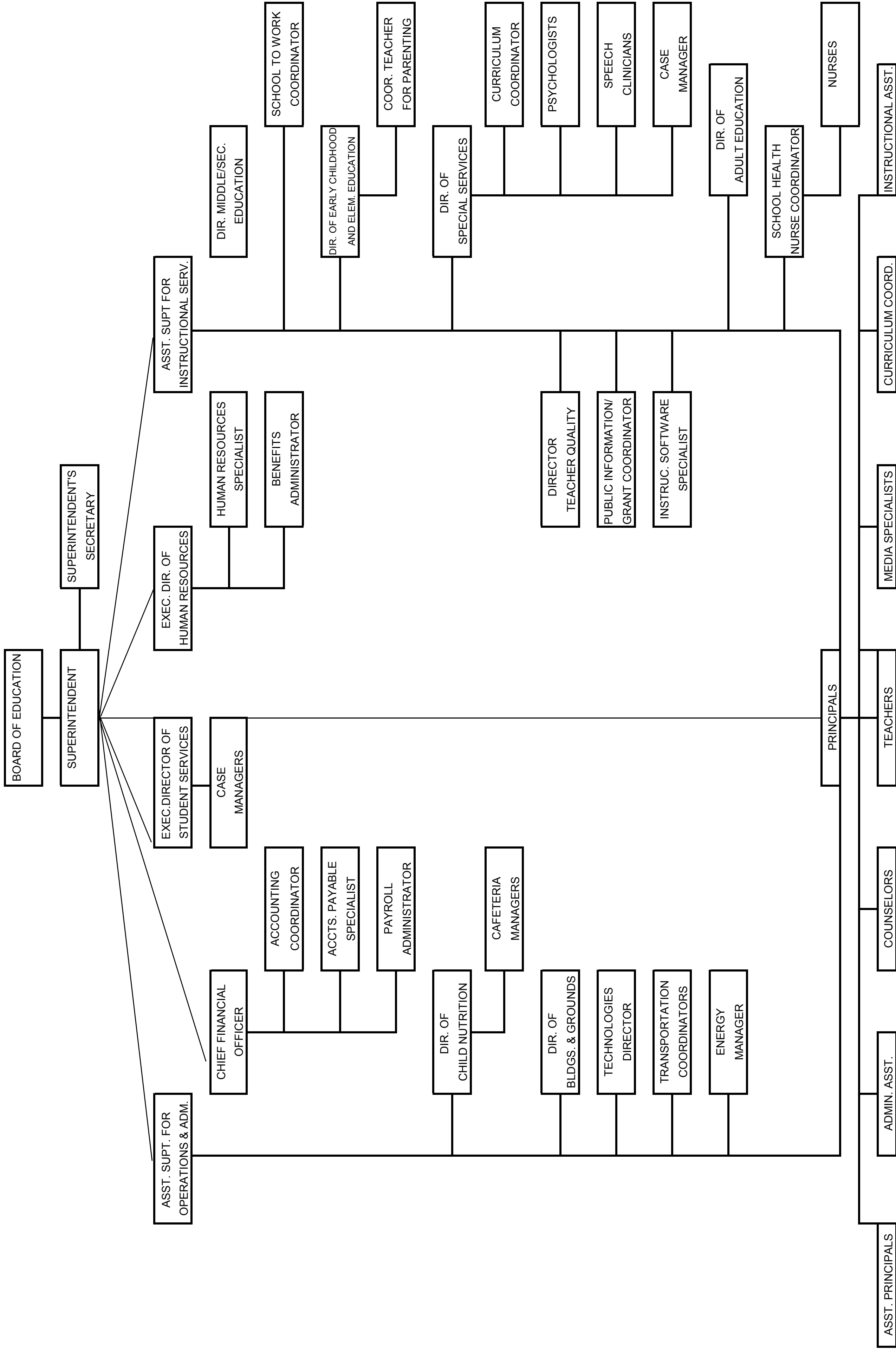
**Board of Education**

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

**Administrative Cabinet**

Mr. Bennie Bennett, Superintendent  
Dr. Cynthia A Downs, Assistant Superintendent for Instructional Services  
Mr. James C. Suber, Assistant Superintendent for Operations  
Mrs. Pamela H. Arrington, Exec. Director of Human Resource Services  
Mr. James Caldwell, Jr., Exec. Director of Student Services  
Mrs. Susan W. Dowd, Chief Financial Officer

THE SCHOOL DISTRICT OF NEWBERRY COUNTY  
ORGANIZATIONAL CHART



December 7, 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, 2007, 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.

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 the 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 5733 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 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 provided 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. The District has Montessori preschool classes for 3, 4, and 5 year olds and grades 1-5 in two of our schools. 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. The District has an employability diploma program designed to ensure that our students with disabilities will leave high school with the skills necessary for successful employment and citizenship. Middle and high schools also offer transition services, which provide an interface between school and work for students needing these services. Homebound instruction is provided for students 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 715 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. All schools and the Career Center have been accredited by this nationally recognized accreditation entity. In addition 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 2006-2007 enrollment was 1,057 students. The program graduated 40 students, 20 with State High

School diplomas and 20 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.

## **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 37,762. 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 \$72,738,000 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. In June of 2006, Schweitzer-Mauduit, a producer of premium specialty papers, announced its plans to locate in Newberry's industrial park which already houses Komatsu and Kiswire. In addition, Naysmith Group LTD, a manufacturer of aerospace components has announced plans to locate its headquarters in Newberry County and employ up to 100.

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 6.1%, a decrease of 1.2% from June 2006. 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 2006-2007 season was a success marking seven consecutive seasons that the facility has performed at a high level.

Newberry College provides a liberal arts education to about 920 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.

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

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 have included a new administrative office area, engineering upgrades, upgraded and additional medical equipment, a New Beginnings Birthing Center and a NCMH visiting physician's suite. In 2006 further renovations were made in the laboratory, surgical, and pediatric areas of NCMH. In 2007 the hospital has begun a medical office building project in the front of the hospital. This will include a new and expanded Wellness Center.

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, 2007, 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. Construction for the new Mid Carolina High School as well as the additions and renovations at Whitmire Community School has begun. The bid process for Little Mountain Elementary will soon be completed. Plans also include additions and renovations at Pomaria Garmany Elementary School and additions at Prosperity Rikard Elementary. 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 2006-2007 school year continued progress was made in the technology arena. Classroom computers were upgraded and additional Smart Boards were added to classrooms around the district. Schools purchased digital projectors for classroom and Smart Board 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 again from 10 meg to 20 meg. Schools and teachers increased their use and creation of classroom websites. United Streaming videos were added as an additional instructional item. Infrastructure upgrades continue to take place to help maintain our network in top operating condition.

There were many educational accomplishments during the 2006-07 school year. Scholarships offered to District seniors totaled approximately \$2.2 million. Four Newberry County schools were selected as South Carolina Palmetto Gold and Silver Schools. Whitmire Community School (high school level) and

the Newberry County Career Center were recognized as Gold awardees while Gallman Elementary, Little Mountain and Whitmire (elementary level) were Silver awardees. Gallman and Little Mountain Elementary Schools were selected by the South Carolina Department of Education to participate in the Showcase School Program, which highlights best practices in public education.

The 2006-07 year was a record breaker for SAT scores as well. Rising to its highest score on record, Whitmire Community School achieved an average student score of 988. Mid-Carolina increased its average student score 68 points to 1027 and was recognized by the state department of education as exceeding state and national scores. Mid-Carolina High achieved all this while at the same time increasing the number of test takers by almost 50%.

## **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, 2007, 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. The District also has a blended component unit; Newberry Investing in Children's Education (N.I.C.E.). Budgetary controls are used to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Object and activity within each individual fund account through an encumbrance accounting system establish the level of budgetary control at which expenditures should not exceed the appropriated amount. Estimated purchase amounts establish the encumbrance prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun at the object level, are not released until additional appropriations are made available. The Chief Financial Officer is authorized to administer the budget and may approve the transfer of appropriated funds within and between the departments/programs as necessary to achieve the goals of the budget. All transfers made within the general fund are reported to the Board. Also, when necessary, the board may approve the hiring of additional personnel during the year in order to accommodate student counts in certain areas or may

approve capital purchases as deemed necessary with the available general fund balance. When this happens, the budget is not amended to reflect the additional expenditures. For these reasons, there may be instances where budgeted figures will be less than actual expenditures.

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

#### 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, 2007 totaled \$85,085,000. This outstanding debt is for the General Obligation Bond series 2004 and Installment Purchase Revenue Bonds NICE Series 2005. Currently the School District's bond rating is BBB+ and AA- with Standard and Poor's Corporation and Baa1 and Aa1 (A3 underlying) with Moody's Investors Service for these issues.

#### 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 2006-2007. 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 tenth comprehensive annual financial report for fiscal year ended June 30, 2006. We believe our current report continues to conform to the Certificate of Achievement/Excellence program requirements, and we are submitting it to GFOA and ASBO.

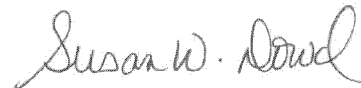
### **ACKNOWLEDGMENTS**

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

Respectfully submitted,



Bennie Bennett  
Superintendent



Susan W. Dowd  
Chief Financial Officer

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# 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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

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, 2006

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

Executive Director





Award winning Mid-Carolina High School Competition Cheerleaders.



Out with the old and in with the new for Mid-Carolina High School.







# GREENE FINNEY & HORTON

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## 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, 2007, 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 the 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof 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 5, 2007 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison schedule for the General Fund, as listed in the table of contents, are not a required part 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 the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards of the primary government 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 statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Greene, Finney & Horton, LLP  
November 5, 2007

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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This discussion and analysis of The School District of Newberry County's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2007. 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 2007 are as follows:

- The capital projects included in Newberry Investing in Children's Education ("NICE") program continued during the 2006-2007 fiscal year. NICE was established in 2005 as a nonprofit corporation and was organized primarily to construct and renovate school facilities for the use of the School District and to encourage and promote public education. Although NICE is a legally separate entity, it is controlled by the School District as all members of its board are appointed by the School District. Accordingly, NICE is reflected as a blended component unit of the School District and the financial information of NICE is included in individual columns throughout the basic financial statements.
- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$66.7 million. Of this amount, \$7.9 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 \$2.2 million, as governmental activities increased \$2.1 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 \$72.0 million, a decrease of \$12.5 million from the prior year fund balance, which is attributable to NICE's capital project expenditures related to construction projects. Approximately 8.6% of the total amount, or \$6.2 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 \$6.2 million, which was 15.4% of total General Fund expenditures.
- The School District's total capital assets increased by \$12.6 million (18.8%) during the current fiscal year. The key factor in this increase was several projects which included the beginning of new construction for a new Mid-Carolina High School as well as additions and renovations at Whitmire Community School getting under way that were financed by the NICE installment purchase revenue bonds ("IPR") that were issued in 2006.
- The School District's total long-term obligations decreased by \$1.8 million to \$85.1 million due to scheduled principal payments.
- During the 2007 fiscal year, the School District's governmental fund revenues were \$62.1 million, compared to \$55.7 million in the prior year. This increase was primarily due to higher tax revenue of \$3.8 million due to reassessment, higher state revenue of \$1.4 million from additional EFA and fringe and retiree funding, and \$0.9 million in higher investment earnings. The School District's governmental fund expenditures were \$74.8 million, compared to \$71.7 million in the prior year. The increase was primarily due to higher expenditures related to NICE's building program.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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

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.

**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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide 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 referred to earlier in connection with governmental funds can be found as listed in the table of contents of this report.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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

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

Figure A-1 Major Features of the School District's Government-Wide and Fund Basic Financial Statements				
	Government-Wide Basic Financial Statements	Fund Basic Financial 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

**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 \$66.7 million and \$64.5 million at the close of the current and prior fiscal year.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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

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

Table 1 provides a summary of the School District's net assets as of June 30, 2007 compared to June 30, 2006:

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and Other Assets	\$ 82,334,758	96,756,618	1,020,249	851,634	83,355,007	\$ 97,608,252
Capital Assets, Net	79,254,127	66,547,695	423,338	504,889	79,677,466	67,052,584
Total Assets	161,588,885	163,304,313	1,443,587	1,356,523	163,032,472	164,660,836
<b>Liabilities</b>						
Other Liabilities	8,227,562	10,215,484	13,109	13,109	8,240,671	10,228,593
Long Term Liabilities	88,090,026	89,906,258	-	-	88,090,026	89,906,258
Total Liabilities	96,317,588	100,121,742	13,109	13,109	96,330,697	100,134,851
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	55,382,236	55,107,520	423,338	504,889	55,805,574	55,612,409
Restricted	3,009,963	3,139,268	-	-	3,009,963	3,139,268
Unrestricted	6,879,098	4,935,783	1,007,140	838,525	7,886,238	5,774,308
Total Net Assets	\$ 65,271,297	63,182,571	1,430,478	1,343,414	66,701,775	\$ 64,525,985

Current and other assets decreased \$14 million primarily due to expenditures relating to the construction of several schools related to the School District's NICE building program. Capital assets increased \$12.6 million due to current year additions, net of depreciation expense. Other liabilities decreased \$2.0 million primarily due to less amounts owed to contractors on NICE construction projects at June 30, 2007 (as compared to the prior year) as well as the settlement of a construction suit which had been accrued in the prior year for approximately \$1.4 million. Long term liabilities decreased \$1.8 million primarily due to scheduled principal payments on long-term debt.

The School District's government-wide net assets increased a total of \$2.2 million, or approximately 3.4%, during 2007. 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 \$7.9 million at June 30, 2007, an increase of approximately \$2.1 million, due primarily to the increases in local and state revenues more than offsetting the increases in instruction related and depreciation expenses.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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

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

Table 2 shows the changes in net assets for fiscal year 2007 compared to 2006:

Table II  
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 576,140	537,019	934,671	946,906	1,510,811	\$ 1,483,925
Operating Grants	30,247,289	28,612,211	2,080,906	1,915,452	32,328,195	30,527,663
Capital Grants	22,022	-	-	-	22,022	-
General Revenue:						
Taxes	27,574,408	23,195,618	-	-	27,574,408	23,195,618
Other	4,007,513	3,122,048	39,927	23,515	4,047,440	3,145,563
Total Revenues	<u>62,427,372</u>	<u>55,466,896</u>	<u>3,055,504</u>	<u>2,885,873</u>	<u>65,482,876</u>	<u>58,352,769</u>
<b>Program Activities</b>						
Instruction	32,773,071	31,386,275	-	-	32,773,071	31,386,275
Support Services	23,110,426	19,510,522	-	-	23,110,426	19,510,522
Community Services	4,409	11,127	-	-	4,409	11,127
Intergovernmental	204,441	172,211	-	-	204,441	172,211
Interest and Fiscal Charges	4,408,397	3,309,997	-	-	4,408,397	3,309,997
Food Service	-	-	2,806,342	2,630,693	2,806,342	2,630,693
Total Expenses	<u>60,500,744</u>	<u>54,390,132</u>	<u>2,806,342</u>	<u>2,630,693</u>	<u>63,307,086</u>	<u>57,020,825</u>
Excess Before Transfers	1,926,628	1,076,764	249,162	255,180	2,175,790	1,331,944
Transfers In (Out)	<u>162,098</u>	<u>147,550</u>	<u>(162,098)</u>	<u>(147,550)</u>	<u>-</u>	<u>-</u>
Change in Net Assets	2,088,726	1,224,314	87,064	107,630	2,175,790	1,331,944
Net Assets, Beginning of Year	<u>63,182,571</u>	<u>61,958,257</u>	<u>1,343,414</u>	<u>1,235,784</u>	<u>64,525,985</u>	<u>63,194,041</u>
Net Assets, End of Year	<u>\$ 65,271,297</u>	<u>\$ 63,182,571</u>	<u>1,430,478</u>	<u>1,343,414</u>	<u>66,701,775</u>	<u>\$ 64,525,985</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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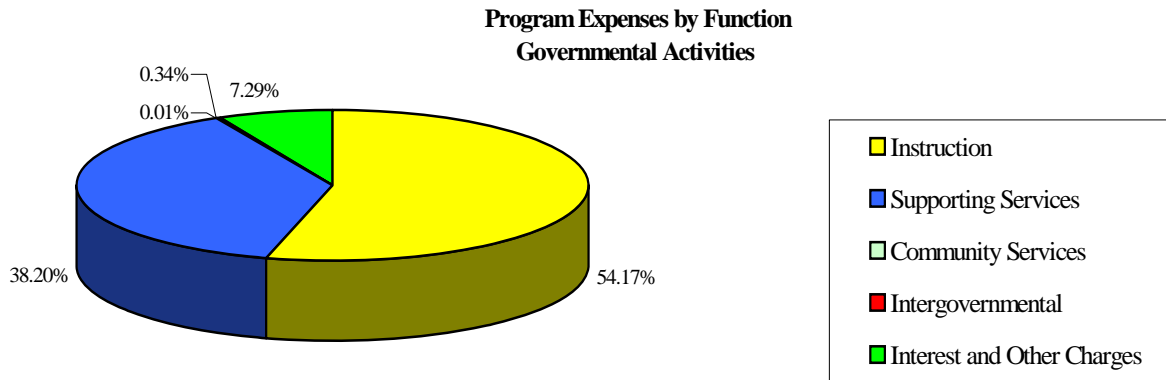
**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

**Governmental Activities:** Net Assets for Governmental Activities increased \$2.1 million from the previous year, as revenues continued to exceed the operating expenses of the School District. This change was an increase of approximately \$.9 million compared to the 2006 net change in net assets. Key elements of this change are as follows:

- Total revenues increased \$7 million; increased tax revenue of \$3.8 million due to reassessment, higher state revenue of \$1.4 million from additional EFA and fringe and retiree funding, and \$.9 million increase in investment earnings.
- Total expenses increased \$6.1 million; higher salaries and benefits of \$2.3 million, \$1.1 million increase in interest expense, \$2 million increase in other support service expenses, and a \$.3 million increase in depreciation expense.

**Business-Type Activities:** Net Assets for Business-Type Activities increased approximately \$87 thousand from the previous year. However, this change was a decrease of approximately \$21 thousand compared to the prior year change in net assets. This change is due to expenses (primarily salaries and benefits, and food costs and supplies) increasing \$21 thousand more than revenues (primarily meal sales and USDA reimbursements).



**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, 2007**

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

**Governmental Funds (Continued)**

For the year ended June 30, 2007, the School District's governmental funds reported a *combined* fund balance of approximately \$72.0 million, as compared to \$84.6 million for the prior year. The decrease in governmental fund balance is primarily attributable to NICE's capital project expenditures related to the building program. 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, 2007, the School District's unreserved, undesignated fund balance for all governmental funds was approximately \$6.2 million which solely represents the General Fund. The remainder, approximately \$65.8 million is reserved primarily for Capital Projects for the School District's building plans (\$54.7 million), Debt Service (\$11.1 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 \$6.2 million, and the total fund balance was also \$6.2 million. The fund balance for the School District's General Fund increased by approximately \$2.0 million, or 48%, during the current fiscal year primarily due to increased tax revenue of \$2.7 million due to reassessment and higher state revenue of .9 million from additional EFA and fringe and retiree funding, while expenses remained essentially flat compared to the prior year.

The Debt Service Funds are used to account for the accumulation of funds for debt retirement. The fund balance for the District's Debt Service Fund decreased approximately \$0.2 million to \$3.1 million at June 30, 2007, primarily due to transfers of \$3.9 million to the NICE Debt Service fund to enable NICE to make its fiscal 2007 debt service payments on the IPR Bonds and \$.6 million to the School District's capital projects fund for construction projects, partially offset by higher property tax revenues of \$1.1 million. The fund balance for the NICE Debt Service Fund remained at \$8.0 million primarily due to principal and interest payments on outstanding debt being offset by a transfer from the District's Debt Service Fund.

Two Capital Projects funds are utilized as well to segregate NICE capital project expenditures from School District capital project expenditures. The School District's Capital Projects Fund remained constant at \$.1 million as capital project expenditures were offset by a transfer in from the District's Debt Service Fund. The NICE Capital Projects Fund decreased by approximately \$14.3 million from the prior year to approximately \$54.6 million and all is reserved for capital expenditures during the building program. This decrease is primarily due to capital outlay expenditures related to the building program for construction activities primarily for the beginning of new construction for a new Mid-Carolina High School as well as additions and renovations at Whitmire Community School.

**Proprietary Funds**

The School District's only Proprietary Fund is the Food Service Fund. This program had an increase in net assets of approximately \$87 thousand for 2007 due to meal sales and USDA reimbursements slightly outpacing salaries and benefits, food costs and supplies, and other expenses.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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

**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 2007, there were no amendments to the School District's General Fund expenditure or revenue budgets. Actual revenues came in higher than budget by \$1.4 million due primarily to higher than budgeted tax revenue of \$1 million while investment earnings and state revenues were both approximately \$200 thousand higher than budget. Actual expenditures were less than budget by \$600 thousand due to the availability of special revenue funds that were expended in lieu of certain budgeted expenditures in the general fund. In addition, a need for long-term substitutes lowered actual instructional expenditures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At the end of 2007, the School District had \$79.7 million invested in capital assets, net of depreciation.

The total increase in the School District's investment in capital assets was \$12.7 million, or 19%. Major capital asset events during the current fiscal year included:

- The beginning of construction for the new Mid-Carolina High School.
- The beginning of additions and renovations at Whitmire Community School.
- The Completion of mechanical projects at Reuben Elementary School, Mid Carolina Middle School, and Newberry High School.

The following table shows the capital asset balances for 2007 and 2006:

Table III  
Capital Assets at June 30

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
<b>Capital Assets</b>						
Land	\$ 1,904,646	1,781,651	-	-	1,904,646	\$ 1,781,651
Building, Improvements, and Equipment	81,903,253	72,047,804	1,726,819	1,706,870	83,630,072	73,754,674
Construction in Progress	17,314,760	12,481,662	-	-	17,314,760	12,481,662
Less: Accum. Depreciation	(21,868,532)	(19,763,422)	(1,303,481)	(1,201,981)	(23,172,013)	(20,965,403)
Capital Assets, Net	<u>\$ 79,254,127</u>	<u>66,547,695</u>	<u>423,338</u>	<u>504,889</u>	<u>79,677,465</u>	<u>\$ 67,052,584</u>

The School District (through its blended component unit – NICE) has total outstanding construction commitments of approximately \$22.6 million at June 30, 2007.

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

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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

*Debt Administration*

At the end of the current and prior fiscal year-end, the School District had \$800,000 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, the School District had \$84,285,000 in Installment Purchase Revenue Bonds (“IPR”) outstanding as shown in the table below. These bonds were issued 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.

Table IV  
Outstanding Debt, at Year End

	Governmental Activities 2007	Governmental Activities 2006
	<u>2007</u>	<u>2006</u>
Series 2003 GOBs	\$ -	\$ 200,000
Series 2004 GOBs	800,000	2,400,000
NICE Series 2005 IPR Bonds	84,285,000	84,315,000
	<u>2007</u>	<u>2006</u>
Total	<u>\$ 85,085,000</u>	<u>\$ 86,915,000</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 well below this state-imposed limit – see table 12 in the statistical section for more details.

The School District (including its blended component unit – NICE) made principal payments of \$1.83 million during 2007. 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 41% since 1998 to \$111 million in 2007. Growth increased due to reassessment in 2007. Total property tax collections remain strong averaging around 97%.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2007**

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**FY 08 BUDGETS**

Many factors were considered by the School District's administration during the process of developing the fiscal year 2007-2008 budget including the changes in property tax legislation brought on by the passage of Act 388. The School District's objective continues to be equity and maintenance of pupil to teacher ratios in elementary grades. Staffing at all schools was closely analyzed and changes made as needed. Plans for employing nurses at all elementary schools were in place due to expected state funding for this purpose. 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 with an additional percentage for all classified staff.

The School District's Food Service Fund FY08 budget included a pay increase for all employees.

**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.

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Newberry High School Varsity Cheerleaders.



Health Occupation students in the lab at the Newberry County Career Center.



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

**STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

	<b>PRIMARY GOVERNMENT</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 321,386	851,671	\$ 1,173,057
Cash and Cash Equivalents, Restricted	4,219	-	4,219
Investments, Restricted	64,913,929	-	64,913,929
Cash and Investments Held by County Treasurer	12,825,109	-	12,825,109
Property Taxes Receivable, Net	813,681	-	813,681
Accounts Receivable, Net	11,871	-	11,871
Due from Other Governments	1,392,170	393,719	1,785,889
Internal Balances	300,571	(300,571)	-
Inventory and Prepaid Items	55,019	75,430	130,449
Bond Issuance Costs, Net	1,127,248	-	1,127,248
Other Assets	569,555	-	569,555
Capital Assets:			
Non-Depreciable	19,219,406	-	19,219,406
Depreciable, Net	60,034,721	423,338	60,458,059
<b>TOTAL ASSETS</b>	<b>161,588,885</b>	<b>1,443,587</b>	<b>163,032,472</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	7,007,520	-	7,007,520
Accrued Interest Payable	363,602	-	363,602
Unearned Revenue	856,440	13,109	869,549
Non-Current Liabilities:			
Due Within One Year	1,746,808	-	1,746,808
Due in More than One Year	86,343,218	-	86,343,218
<b>TOTAL LIABILITIES</b>	<b>96,317,588</b>	<b>13,109</b>	<b>96,330,697</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	55,382,236	423,338	55,805,574
Restricted For:			
Debt Service	2,962,600	-	2,962,600
Special Revenue	47,363	-	47,363
Unrestricted	6,879,098	1,007,140	7,886,238
<b>TOTAL NET ASSETS</b>	<b>\$ 65,271,297</b>	<b>1,430,478</b>	<b>\$ 66,701,775</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, 2007

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
Instruction	\$ 32,773,071	21,939	21,717,006	-	(11,034,126)	-	\$ (11,034,126)
Support Services	23,110,426	554,201	8,530,283	22,022	(14,003,920)	-	(14,003,920)
Community Services	4,409	-	-	-	(4,409)	-	(4,409)
Intergovernmental	204,441	-	-	-	(204,441)	-	(204,441)
Interest and Other Charges	4,408,397	-	-	-	(4,408,397)	-	(4,408,397)
Total Governmental Activities	<u>60,500,744</u>	<u>576,140</u>	<u>30,247,289</u>	<u>22,022</u>	<u>(29,655,293)</u>	<u>-</u>	<u>(29,655,293)</u>
Business-Type Activities:							
Food Services	2,806,342	934,671	2,080,906	-	-	209,235	209,235
Total Business-Type Activities	<u>2,806,342</u>	<u>934,671</u>	<u>2,080,906</u>	<u>-</u>	<u>-</u>	<u>209,235</u>	<u>209,235</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 63,307,086</u></b>	<b><u>1,510,811</u></b>	<b><u>32,328,195</u></b>	<b><u>22,022</u></b>	<b><u>(29,655,293)</u></b>	<b><u>209,235</u></b>	<b><u>(29,446,058)</u></b>
<b>GENERAL REVENUES AND TRANSFERS:</b>							
General Revenues:							
Property Taxes Levied for General Purposes					17,511,971	-	17,511,971
Property Taxes Levied for Debt Service					5,728,700	-	5,728,700
Other Taxes					4,333,737	-	4,333,737
Unrestricted Grants and Contributions					36,682	-	36,682
Unrestricted Investment Earnings					3,542,107	35,647	3,577,754
Unrestricted Intergovernmental General Revenue					51,800	-	51,800
Miscellaneous					376,924	4,280	381,204
Transfers					162,098	(162,098)	-
Total General Revenues and Transfers					<u>31,744,019</u>	<u>(122,171)</u>	<u>31,621,848</u>
<b>CHANGE IN NET ASSETS</b>					<b>2,088,726</b>	<b>87,064</b>	<b>2,175,790</b>
NET ASSETS, Beginning of Year					<u>63,182,571</u>	<u>1,343,414</u>	<u>64,525,985</u>
<b>NET ASSETS, End of Year</b>					<b><u>65,271,297</u></b>	<b><u>1,430,478</u></b>	<b><u>\$ 66,701,775</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, 2007**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 321,386	-
Cash and Cash Equivalents, Restricted	-	-
Investments, Restricted	-	-
Cash and Investments Held by County Treasurer	9,096,777	75,826
Receivables, Net:		
Taxes	609,371	-
Accounts	3,871	8,000
Due From:		
State Agencies	52,315	22,047
Federal Agencies	-	1,245,210
Other Funds	3,306,469	-
Other Governments	143	45,698
Prepaid Items	8,644	16,653
<b>TOTAL ASSETS</b>	<b>13,398,976</b>	<b>1,413,434</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts and Retainage Payable	3,276,473	-
Accrued Salaries, Fringe & Benefits	3,111,240	-
Due to Other Funds	275,939	885,619
Deferred/Unearned Revenue	547,505	480,452
<b>TOTAL LIABILITIES</b>	<b>7,211,157</b>	<b>1,366,071</b>
<b>FUND BALANCES:</b>		
Fund Balances		
Reserved for:		
Prepaid Items	8,644	16,653
Debt Service	-	-
Capital Projects	-	-
Special Revenue	-	30,710
Unreserved:		
Undesignated	6,179,175	-
<b>TOTAL FUND BALANCES</b>	<b>6,187,819</b>	<b>47,363</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,398,976</b>	<b>1,413,434</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>
-	-	-	-	-	\$ 321,386
-	-	4,219	-	-	4,219
-	-	7,956,867	-	56,957,062	64,913,929
-	3,118,270	-	534,236	-	12,825,109
-	204,310	-	-	-	813,681
-	-	-	-	-	11,871
4,735	-	-	22,022	-	101,119
-	-	-	-	-	1,245,210
336,860	3,379	-	-	376,995	4,023,703
-	-	-	-	-	45,841
29,722	-	-	-	-	55,019
<b>371,317</b>	<b>3,325,959</b>	<b>7,961,086</b>	<b>556,258</b>	<b>57,334,057</b>	<b>84,361,087</b>
-	-	-	-	619,807	3,896,280
-	-	-	-	-	3,111,240
-	-	-	441,293	2,120,281	3,723,132
371,317	184,358	-	4,671	-	1,588,303
<b>371,317</b>	<b>184,358</b>	<b>-</b>	<b>445,964</b>	<b>2,740,088</b>	<b>12,318,955</b>
-	-	-	-	-	25,297
-	3,141,601	7,961,086	-	-	11,102,687
-	-	-	110,294	54,593,969	54,704,263
-	-	-	-	-	30,710
-	-	-	-	-	6,179,175
<b>-</b>	<b>3,141,601</b>	<b>7,961,086</b>	<b>110,294</b>	<b>54,593,969</b>	<b>72,042,132</b>
<b>371,317</b>	<b>3,325,959</b>	<b>7,961,086</b>	<b>556,258</b>	<b>57,334,057</b>	<b>\$ 84,361,087</b>

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

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

**JUNE 30, 2007**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 72,042,132**

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.	731,863
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 \$71,952.	1,127,248
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 \$284,777 and are included in Other Assets.	569,555
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 \$101,122,659, and the accumulated depreciation is \$21,868,532.	79,254,127
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.	(363,602)
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	(85,085,000)
Premium on Bonds Payable	(2,579,245)
Compensated Absences	(425,781)
	(88,090,026)

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES** **\$ 65,271,297**

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



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

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

**GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2007**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>REVENUES</b>		
Local Sources:		
Taxes	\$ 17,276,645	-
Investment Earnings	309,435	2,700
Other Local Sources	81,503	693,633
State Sources	23,072,599	600,038
Federal Sources	-	5,042,655
Intergovernmental Revenue	-	51,800
<b>TOTAL REVENUE ALL SOURCES</b>	<b>40,740,182</b>	<b>6,390,826</b>
<b>EXPENDITURES</b>		
Current:		
Instruction	23,456,512	3,974,573
Support Services	16,390,570	2,036,098
Community Services	4,409	-
Intergovernmental	67,933	136,508
Capital Outlay	81,568	107,315
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	44,713	-
<b>TOTAL EXPENDITURES</b>	<b>40,045,705</b>	<b>6,254,494</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>694,477</b>	<b>136,332</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	1,307,901	-
Transfers Out	-	(135,588)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,307,901</b>	<b>(135,588)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>2,002,378</b>	<b>744</b>
FUND BALANCE, Beginning of Year	4,185,441	46,619
<b>FUND BALANCE, End of Year</b>	<b>\$ 6,187,819</b>	<b>47,363</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>
-	5,647,748	-	-	-	\$ 22,924,393
-	140,007	406,166	2,856	2,680,943	3,542,107
-	-	-	-	-	775,136
5,624,469	455,872	-	22,022	-	29,775,000
-	-	-	-	-	5,042,655
-	-	-	-	-	51,800
<b>5,624,469</b>	<b>6,243,627</b>	<b>406,166</b>	<b>24,878</b>	<b>2,680,943</b>	<b>62,111,091</b>
3,797,805	-	-	-	-	31,228,890
735,335	-	-	254,788	2,562,278	21,979,069
-	-	-	-	-	4,409
-	-	-	-	-	204,441
81,114	-	-	385,492	14,432,089	15,087,578
-	1,800,000	30,000	-	-	1,830,000
-	124,507	4,299,850	-	15,750	4,484,820
4,614,254	1,924,507	4,329,850	640,280	17,010,117	74,819,207
<b>1,010,215</b>	<b>4,319,120</b>	<b>(3,923,684)</b>	<b>(615,402)</b>	<b>(14,329,174)</b>	<b>(12,708,116)</b>
-	-	3,923,927	621,073	-	5,852,901
(1,010,215)	(4,545,000)	-	-	-	(5,690,803)
(1,010,215)	(4,545,000)	3,923,927	621,073	-	162,098
-	<b>(225,880)</b>	<b>243</b>	<b>5,671</b>	<b>(14,329,174)</b>	<b>(12,546,018)</b>
-	3,367,481	7,960,843	104,623	68,923,143	84,588,150
-	<b>3,141,601</b>	<b>7,961,086</b>	<b>110,294</b>	<b>54,593,969</b>	<b>\$ 72,042,132</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, 2007**

---

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (12,546,018)**

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.	316,278
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.	1,830,000
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.	(47,968)
Bond premiums are reflected as other financing sources in the governmental funds when they are received but are amortized over the lives of the bonds in the Statement of Activities. This amount is the difference between the premiums received and the amortization for the current period.	109,755
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount is the net change in accrued interest.	14,636
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 Activities. However, in the governmental funds, these costs are expenditures in the year they are incurred.	(170,866)
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.	(123,523)
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 \$14,811,542 exceeded depreciation expense of \$2,105,110 in the current period.	12,706,432

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 2,088,726**

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, 2007**

	<u><b>ENTERPRISE</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 851,671
Due From:	
County Treasurer	966
Federal Agencies	392,753
Inventories	75,430
Total Current Assets	<u>1,320,820</u>
Non-Current Assets:	
Capital Assets	1,726,819
Less: Accumulated Depreciation	(1,303,481)
Total Non-Current Assets	<u>423,338</u>
<b>TOTAL ASSETS</b>	<u><b>1,744,158</b></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Due to Other Funds	300,571
Deferred Revenue	13,109
Total Current Liabilities	<u>313,680</u>
<b>TOTAL LIABILITIES</b>	<u><b>313,680</b></u>
<b>NET ASSETS</b>	
Invested in Capital Assets	423,338
Unrestricted	1,007,140
<b>TOTAL NET ASSETS</b>	<u><u><b>\$ 1,430,478</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, 2007**

	<u><b>ENTERPRISE</b></u>
<b>OPERATING REVENUES</b>	
Proceeds from Sale of Meals	\$ 934,671
<b>OPERATING EXPENSES</b>	
Salaries	1,161,582
Employee Benefits	132,718
Purchased Services	43,837
Food Costs and Supplies	1,287,884
Equipment - Expendable	55,092
Depreciation	101,500
Other	23,729
<b>TOTAL OPERATING EXPENSES</b>	<u>2,806,342</u>
<b>OPERATING LOSS</b>	<u><b>(1,871,671)</b></u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Commodities Received from USDA	150,179
USDA Reimbursements	1,915,957
Other State and Federal Aid	4,280
Interest	35,647
Other Revenue	14,770
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>2,120,833</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>249,162</u>
<b>TRANSFERS</b>	
Transfer Out	<u>(162,098)</u>
<b>TOTAL TRANSFERS</b>	<u>(162,098)</u>
<b>CHANGE IN NET ASSETS</b>	<b>87,064</b>
<b>TOTAL NET ASSETS, Beginning of Year</b>	<u>1,343,414</u>
<b>TOTAL NET ASSETS, End of Year</b>	<u><u><b>\$ 1,430,478</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, 2007**

	<u><b>ENTERPRISE</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Meal Sales	\$ 934,671
Receipts from Other Revenues	14,770
Payments to Employees for Services	(1,294,300)
Payments to Suppliers for Goods and Services	(1,271,380)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u><b>(1,616,239)</b></u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
USDA Reimbursement	1,525,027
Revenue from State and Federal Sources	4,280
Transfers to Other Funds	(145,298)
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u><b>1,384,009</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(19,949)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u><b>(19,949)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on Investments	35,647
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u><b>35,647</b></u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(216,532)</b>
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,068,203</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><b>\$ 851,671</b></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (1,871,671)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation Expense	101,500
Non-Cash USDA Commodities Used	150,179
Other Revenues	14,770
Change In:	
Inventories	(11,017)
Net Cash Used in Operating Activities	<u><b>\$ (1,616,239)</b></u>
Non-Cash Transactions:	
Depreciation Expense	\$ 101,500
Commodities Received from the USDA	<u>150,179</u>
	<u><b>\$ 251,679</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, 2007**

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	<u><b>AGENCY</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 390,451
Investments	40,772
<b>TOTAL ASSETS</b>	<u><u><b>431,223</b></u></u>
<b>LIABILITIES</b>	
Accounts Payable	8,000
Due to Student Organizations	423,223
<b>TOTAL LIABILITIES</b>	<u><u><b>\$ 431,223</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, 2007**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**

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

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

are as follows: O.L. "Buddy" Johnson, J. Thomas Johnson, Timothy L. Carroll, Donald Layton and John E. Caldwell. 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, 2007**

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**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, 2007**

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**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, 2007**

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**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, 2007**

---

**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, 2007**

**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, 2007**

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**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, 2007**

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**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, 2007**

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

**A. Budgetary Information (Continued)**

(3) The Chief Financial Officer 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 AND ACTIVITIES**

**A. Deposits and Investments**

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2007, none of the School District's bank balances of \$1,356,335, which had a carrying value of \$1,177,275, were exposed to custodial credit risk.

*Investments*

As of June 30, 2007, the School District had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturity
Cash and Investments Held by County Treasurer	Unrated	\$ 12,825,109	^
Repurchase Agreement - Citigroup Global Markets	Unrated	56,957,062	10/01/2010
Repurchase Agreement - Royal Bank of Canada	Unrated	7,956,867	12/01/2015
Total		\$ 77,739,038	

^ 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, 2007**

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**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (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, 2007, 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.

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

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

**B. Property Taxes and Other Receivables**

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

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value of approximately \$111 million at rates of 182.1 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 \$279,000 at June 30, 2007. 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, 2007**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (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, 2007, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$	547,505
Delinquent Property Taxes Receivable - Debt Service Fund		184,358
Unearned Revenue from Special Revenue Funds		851,769
Unearned Revenue from Capital Projects Fund		4,671
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$</u>	<u>1,588,303</u>

**C. Interfund Receivables and Payables**

Interfund balances at June 30, 2007 (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	\$ 3,306,469	\$ 275,939
Special Revenue Funds:		
Special Revenue	-	885,619
Education Improvement Act	336,860	-
Debt Service Fund - District	3,379	-
Capital Projects Fund - District	-	441,293
Capital Projects Fund - NICE	376,995	2,120,281
Enterprise Fund	-	300,571
	<u>\$ 4,023,703</u>	<u>\$ 4,023,703</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, 2007**

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

**D. Capital Assets**

Capital asset activity for the School District for the year ended June 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 1,781,651	122,995	-	-	\$ 1,904,646
Construction in Progress	12,481,662	14,016,743	-	(9,183,645)	17,314,760
<b>Total Capital Assets, Non-Depreciable</b>	<b>14,263,313</b>	<b>14,139,738</b>	<b>-</b>	<b>(9,183,645)</b>	<b>19,219,406</b>
Capital Assets, Depreciable:					
Buildings and Improvements	64,604,858	103,362	-	9,183,645	73,891,865
Improvements Other Than Buildings	3,931,005	176,055	-	-	4,107,060
Vehicles	868,845	325,310	-	-	1,194,155
Machinery and Equipment	2,524,760	67,077	-	-	2,591,837
Furniture and Equipment	118,336	-	-	-	118,336
<b>Total Capital Assets Depreciable</b>	<b>72,047,804</b>	<b>671,804</b>	<b>-</b>	<b>9,183,645</b>	<b>81,903,253</b>
Less: Accumulated Depreciation for:					
Buildings and Improvements	15,914,242	1,616,085	-	-	17,530,327
Improvements Other Than Buildings	1,811,585	156,451	-	-	1,968,036
Vehicles	622,747	69,631	-	-	692,378
Machinery and Equipment	1,336,175	259,420	-	-	1,595,595
Furniture and Equipment	78,673	3,523	-	-	82,196
<b>Total Accumulated Depreciation</b>	<b>19,763,422</b>	<b>2,105,110</b>	<b>-</b>	<b>-</b>	<b>21,868,532</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>52,284,382</b>	<b>(1,433,306)</b>	<b>-</b>	<b>9,183,645</b>	<b>60,034,721</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 66,547,695</b>	<b>12,706,432</b>	<b>-</b>	<b>-</b>	<b>\$ 79,254,127</b>
<b>Business-Type Activities:</b>					
Capital Assets, Depreciable:					
Furniture and Equipment	\$ 1,706,870	19,949	-	-	\$ 1,726,819
Less: Accumulated Depreciation	1,201,981	101,500	-	-	1,303,481
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 504,889</b>	<b>(81,551)</b>	<b>-</b>	<b>-</b>	<b>\$ 423,338</b>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**

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

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the Primary Government as follows for 2007:

<b>Governmental Activities:</b>	
Instruction	\$ 1,312,837
Support Services	792,273
Total Depreciation Expense - Governmental Activities	<u>\$ 2,105,110</u>
 <b>Business-Type Activities:</b>	
Enterprise Fund	\$ 101,500
Total Depreciation Expense - Business-Type Activities	<u>\$ 101,500</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 School District in the formulation of an Installment Purchase plan, whereby the School District has leased the applicable buildings to the Corporation for the purpose of capital improvements, and is in the process of purchasing them back utilizing General Obligation debt over a 25 or 26 year period, allowing the School District to leverage its constitutional debt limit to complete the capital needs within a five-year construction cycle versus the more piecemeal approach of “pay as you go.” During 2007, the School District has completed mechanical projects at Reuben Elementary School, Mid Carolina Middle School, and Newberry High School. Construction for the new Mid Carolina High School as well as the additions and renovations at Whitmire Community School has begun. The bid process for Little Mountain Elementary will soon be completed. Plans also include additions and renovations at Pomaria Garmany Elementary School and additions at Prosperity Rikard Elementary. At the end of this construction cycle, the School District anticipates being able to house all students in permanent facilities, with a reasonable margin for future growth.

***Agreement with Institutional Resources LLC***

During 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, 2007, 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, 2007 are approximately \$22,628,000, 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, 2007**

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

**E. Accounts Payable and Accrued Expenses**

The significant components of accounts payable and accrued expenses at June 30, 2007, consisted of the following:

**Governmental Activities:**

Accounts Payable	\$ 3,276,473
Retainage Payable	619,807
Accrued Salaries	2,149,930
Accrued Fringe and Benefits	961,310
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u><u>\$ 7,007,520</u></u>

**F. Operating Lease**

The School District entered into an operating lease agreement for copier equipment during fiscal year 2006. The lease runs for a period of 60 months ending November 2010, 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 \$127,000 for the year ended June 30, 2007.

**G. Short-Term Obligations**

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bond	\$ -	4,545,000	4,545,000	\$ -
Tax Anticipation Note - SCAGO	-	1,089,173	1,089,173	-
Tax Anticipation Note - Bank	-	1,400,000	1,400,000	-
Total Governmental Activities	<u><u>\$ -</u></u>	<u><u>7,034,173</u></u>	<u><u>7,034,173</u></u>	<u><u>\$ -</u></u>

In October 2006, the School District issued \$4,545,000 of general obligation bonds for the purpose of making payments to NICE. These bonds, including interest of \$91,133, were repaid upon maturity in April 2007 utilizing debt service fund property tax revenues.

In July 2006, the School District participated in a Tax Anticipation Note ("TAN") program through the South Carolina Association of Government Officials ("SGAGO"). The School District withdrew \$1,089,173 of the maximum amount of \$1,100,000 that was available under this program to help provide financial resources for operations. This amount, including interest of \$18,644, was repaid in March 2007.

In November 2006, the School District participated in a Tax Anticipation Note ("TAN") program through a local bank. The School District withdrew the maximum amount of \$1,400,000 that was available under this program to help provide financial resources for operations. This amount, including interest of \$26,068, was repaid in April 2007.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**

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

**H. Long-Term Obligations**

The Primary Government had the following outstanding indebtedness at June 30, 2007:

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, 2007 were \$2,579,245 and \$1,127,248, 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, 2007:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Series 2003	\$ 200,000	-	200,000	-	\$ -
Series 2004	2,400,000	-	1,600,000	800,000	800,000
NICE Series 2005 IPR Bonds	84,315,000	-	30,000	84,285,000	920,000
Total Debt	86,915,000	-	1,830,000	85,085,000	1,720,000
Premium on NICE Series 2005	2,689,000	-	109,755	2,579,245	-
Compensated Absences	302,258	132,860	9,337	425,781	26,808
Total Governmental Activities	<u>\$ 89,906,258</u>	<u>132,860</u>	<u>1,949,092</u>	<u>88,090,026</u>	<u>\$ 1,746,808</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, 2007.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**

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

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

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

- Project Account – Proceeds in these funds will be used to pay administrative fees, as well as construction costs of the Capital Projects. The total in this account was \$56,957,062 at June 30, 2007.
- 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 \$7,961,086 at June 30, 2007.

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

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

Years Ending June 30	General Obligation Bonds		Totals
	Principal	Interest	
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	1,500,000	4,061,825	5,561,825
2013-2017	10,335,000	18,891,569	29,226,569
2018-2022	16,325,000	15,432,593	31,757,593
2023-2027	24,370,000	10,146,450	34,516,450
2028-2031	27,270,000	2,876,750	30,146,750
Totals	\$ 85,085,000	68,275,037	\$ 153,360,037

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, 2007, the School District’s assessed property valuation was approximately \$111,000,000, and the legal debt limit was approximately \$8,880,000, of which \$800,000 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, 2007**

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

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

Transfers from (to) other funds for the year ended June 30, 2007, consisted of the following:

Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 1,010,215		\$ -
Food Service - Indirect Cost	162,098		-
Special Revenue- Indirect Cost	135,588		-
	<u>1,307,901</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>135,588</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund	<u>1,010,215</u>
<b>Debt Service Fund - District</b>			
Transfers from	Amount	Transfers to	Amount
	-	NICE Debt Service	3,923,927
	-	Capital Projects - District	621,073
	<u>-</u>		<u>4,545,000</u>
<b>Debt Service Fund - NICE</b>			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>3,923,927</u>		<u>-</u>
<b>Capital Projects Fund - District</b>			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>621,073</u>		<u>-</u>
<b>Proprietary Fund</b>			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund- Indirect Costs	<u>\$ 162,098</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, 2007, 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, 2007**

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**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (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 and the Capital Projects – District from the Debt Service – District to fund the 2007 debt service payments for the NICE bonds and to fund additional capital projects.

**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 6.5% of salary. Employers are required to contribute at the following actuarially determined rates: SCRS State Agencies & Public Schools – 8.05%. 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 \$3,732,499, \$3,308,091 and \$3,222,871 for the years ended June 30, 2007, 2006, and 2005 respectively.

**B. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2007**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. 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, 2007, totaled approximately \$279,000 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, 2007, the SCSBIT/WCP had Retained Earnings of approximately \$5,771,785 and the SCSBIT/PCP had Retained Earnings of approximately \$2,599,465. 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.

**D. Subsequent Events**

In August 2007, the School District entered into a TAN program with the South Carolina Association of Governmental Organizations ("SCAGO") in the amount of \$2,000,000. This TAN program was 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 approximately \$1,925,000 available through this TAN.

In October 2007, the School District issued short-term general obligation bonds in the amount of \$5,500,000 for the purposes of paying NICE a portion of the installments of purchase price owing in fiscal year 2008 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 3.53%, is due in full on April 1, 2008.

In October 2007, the property tax levy for the General Fund for fiscal 2008 was increased from 182.1 mills to 190 mills, an increase of 7.9 mills. The property tax levy for the Debt Service fund for fiscal 2008 did not change from its present amount of 53.0 mills.



Mid-Carolina Middle School students work together in the science lab.



Students learn about animals and their habitats at Reuben Elementary.



REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 16,305,110	16,305,110	17,276,645	\$ 971,535
Investment Earnings	120,000	120,000	309,435	189,435
Other Local Sources	40,000	40,000	81,503	41,503
State Sources	22,885,104	22,885,104	23,072,599	187,495
<b>TOTAL REVENUE ALL SOURCES</b>	<b>39,350,214</b>	<b>39,350,214</b>	<b>40,740,182</b>	<b>1,389,968</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	24,422,720	24,422,720	23,456,512	966,208
Support Services	15,976,514	15,976,514	16,390,570	(414,056)
Community Services	12,100	12,100	4,409	7,691
Intergovernmental	47,800	47,800	67,933	(20,133)
Capital Outlay	155,798	155,798	81,568	74,230
Debt Service:				
Interest and Fiscal Charges	-	-	44,713	(44,713)
<b>TOTAL EXPENDITURES</b>	<b>40,614,932</b>	<b>40,614,932</b>	<b>40,045,705</b>	<b>569,227</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,264,718)</b>	<b>(1,264,718)</b>	<b>694,477</b>	<b>1,959,195</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,264,718	1,264,718	1,307,901	43,183
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,264,718</b>	<b>1,264,718</b>	<b>1,307,901</b>	<b>43,183</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>2,002,378</b>	<b>2,002,378</b>
FUND BALANCE, Beginning of Year	4,185,441	4,185,441	4,185,441	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 4,185,441</b>	<b>4,185,441</b>	<b>6,187,819</b>	<b>\$ 2,002,378</b>

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

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## **GENERAL FUND**

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

The following Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Revised Budget for the General Fund has been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.

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GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 15,008,497	16,098,598	\$ 1,090,101
1140 Penalties & Interest on Taxes (Independent)	410,000	273,273	(136,727)
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	886,613	904,774	18,161
1300 Tuition:			
1310 From Patrons for Regular Day School	-	1,700	1,700
1320 From Other LEAs for Regular Day School	-	13,989	13,989
1350 From Patrons for Summer School	20,000	6,250	(13,750)
1500 Earnings on Investments:			
1510 Interest on Investments	120,000	309,435	189,435
1900 Other Revenue from Local Sources:			
1910 Rentals	-	2,600	2,600
1950 Refund of Prior Year's Expenditures	-	2,683	2,683
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	25,261	25,261
1999 Revenue from Other Local Sources	20,000	29,020	9,020
Total Revenue from Local Sources	<u>16,465,110</u>	<u>17,667,583</u>	<u>1,202,473</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	859	859
3160 School Bus Driver's Salary	388,587	446,574	57,987
3162 Transportation Workers' Compensation	-	35,275	35,275
3165 EEDA Transportation	-	5,427	5,427
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	4,238,819	4,249,525	10,706
3181 Retiree Insurance (No Carryover Provision)	636,479	634,009	(2,470)
3199 Other Restricted State Grants	-	30,407	30,407
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	1,019,974	976,293	(43,681)
3312 Primary	2,468,948	2,656,213	187,265
3313 Elementary	3,517,069	3,282,079	(234,990)
3314 High School	1,483,425	1,451,796	(31,629)
3315 Trainable Mentally Handicapped	33,769	48,515	14,746
3316 Speech Handicapped (Part-Time Program)	1,450,181	1,435,693	(14,488)
3317 Homebound	\$ 55,030	44,999	\$ (10,031)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 226,355	105,339	\$ (121,016)
3322 Educable Mentally Handicapped	129,734	201,281	71,547
3323 Learning Disabilities	1,667,675	1,655,364	(12,311)
3324 Hearing Handicapped	24,564	30,344	5,780
3325 Visually Handicapped	6,105	12,723	6,618
3326 Orthopedically Handicapped	12,287	12,157	(130)
3327 Vocational	1,691,664	1,803,042	111,378
3330 Other EFA Programs:			
3331 Autism	62,828	76,820	13,992
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	1,200,582	100,582
3830 Merchant's Inventory Tax	158,000	158,280	280
3840 Manufacturers Depreciation Reimbursement	230,000	233,642	3,642
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	135,000	136,749	1,749
Total Revenue from State Sources	<u>22,885,104</u>	<u>23,072,599</u>	<u>187,495</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>39,350,214</u></b>	<b><u>40,740,182</u></b>	<b><u>1,389,968</u></b>
<b>EXPENDITURES</b>			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,203,627	1,204,944	(1,317)
200 Employee Benefits	394,389	393,255	1,134
300 Purchased Services	9,927	9,928	(1)
400 Supplies and Materials	22,371	19,928	2,443
112 Primary Programs:			
100 Salaries	3,383,251	3,461,480	(78,229)
200 Employee Benefits	1,007,853	1,037,366	(29,513)
300 Purchased Services	25,333	24,371	962
400 Supplies and Materials	74,307	74,438	(131)
600 Other Objects	21,400	6,948	14,452
113 Elementary Programs:			
100 Salaries	5,508,025	5,381,985	126,040
200 Employee Benefits	1,568,541	1,578,184	(9,643)
300 Purchased Services	48,911	48,515	396
400 Supplies and Materials	99,929	96,842	3,087
600 Other Objects	\$ 12,500	5,113	\$ 7,387

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
114 High School Programs:			
100 Salaries	\$ 3,816,885	3,429,409	\$ 387,476
200 Employee Benefits	1,067,790	988,658	79,132
300 Purchased Services	38,227	270,929	(232,702)
400 Supplies and Materials	138,359	112,158	26,201
600 Other Objects	1,500	14,638	(13,138)
115 Vocational Programs:			
100 Salaries	714,849	716,904	(2,055)
200 Employee Benefits	208,852	206,910	1,942
300 Purchased Services - Other Than Tuition	3,578	7,130	(3,552)
400 Supplies and Materials	37,915	37,150	765
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	564,823	445,191	119,632
200 Employee Benefits	182,516	146,796	35,720
300 Purchased Services	885	-	885
400 Supplies and Materials	4,790	4,797	(7)
500 Capital Outlay	3,037	-	3,037
122 Trainable Mentally Handicapped:			
100 Salaries	260,366	226,501	33,865
200 Employee Benefits	82,013	68,989	13,024
300 Purchased Services	47,000	38,277	8,723
400 Supplies and Materials	2,687	2,507	180
500 Capital Outlay	1,260	-	1,260
123 Orthopedically Handicapped:			
100 Salaries	2,499	2,499	-
200 Employee Benefits	645	635	10
300 Purchased Services	1,300	-	1,300
400 Supplies and Materials	324	-	324
500 Capital Outlay	180	-	180
124 Visually Handicapped:			
100 Salaries	20,166	20,166	-
200 Employee Benefits	5,494	5,458	36
300 Purchased Services	14,050	1,555	12,495
400 Supplies and Materials	324	-	324
126 Speech Handicapped:			
100 Salaries	225,598	213,409	12,189
200 Employee Benefits	62,516	57,725	4,791
300 Purchased Services	9,800	3,366	6,434
400 Supplies and Materials	5,265	4,032	1,233
500 Capital Outlay	\$ 360	-	\$ 360

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
127 Learning Disabilities:			
100 Salaries	\$ 1,318,544	1,101,098	\$ 217,446
200 Employee Benefits	392,607	338,093	54,514
300 Purchased Services	750	158,000	(157,250)
400 Supplies and Materials	11,551	9,363	2,188
500 Capital Outlay	2,403	-	2,403
128 Emotionally Handicapped:			
100 Salaries	224,211	195,918	28,293
200 Employee Benefits	66,023	62,577	3,446
400 Supplies and Materials	1,268	1,182	86
500 Capital Outlay	157	-	157
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	271,209	210,595	60,614
200 Employee Benefits	89,420	65,765	23,655
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	41,868	5,931	35,937
200 Employee Benefits	11,293	1,167	10,126
300 Purchased Services	2,700	3,857	(1,157)
145 Homebound:			
100 Salaries	30,000	31,842	(1,842)
200 Employee Benefits	6,000	6,264	(264)
300 Purchased Services	14,000	16,355	(2,355)
149 Other Special Programs:			
100 Salaries	1,200	-	1,200
300 Purchased Services	769,148	663,574	105,574
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	99,846	48,032	51,814
200 Employee Benefits	15,088	18,049	(2,961)
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	2,929	(2,929)
200 Employee Benefits	-	616	(616)
300 Purchased Services	-	3,000	(3,000)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	\$ 1,620	1,620	\$ -

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
185 Vocational Adult Education Programs:			
100 Salaries	\$ 51,172	50,632	\$ 540
200 Employee Benefits	16,487	16,383	104
188 Parenting/Family Literacy:			
100 Salaries	53,282	53,282	-
200 Employee Benefits	16,561	16,468	93
190 Instructional Pupil Activity:			
300 Purchased Services	4,950	4,834	116
Total Instruction	<u>24,430,117</u>	<u>23,456,512</u>	<u>973,605</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	193,978	194,536	(558)
200 Employee Benefits	80,892	56,698	24,194
300 Purchased Services	3,071	7,798	(4,727)
400 Supplies and Materials	2,025	1,653	372
500 Capital Outlay	503	503	-
212 Guidance Services:			
100 Salaries	1,020,085	986,927	33,158
200 Employee Benefits	277,128	272,679	4,449
213 Health Services:			
100 Salaries	173,332	181,318	(7,986)
200 Employee Benefits	52,690	53,331	(641)
300 Purchased Services	19,187	16,264	2,923
400 Supplies and Materials	6,341	6,527	(186)
600 Other Objects	252	191	61
214 Psychological Services:			
100 Salaries	115,535	115,535	-
200 Employee Benefits	34,761	34,458	303
300 Purchased Services	2,500	11,900	(9,400)
400 Supplies and Materials	3,240	3,380	(140)
500 Capital Outlay	450	-	450
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	690,857	650,777	40,080
200 Employee Benefits	188,720	172,142	16,578
300 Purchased Services	28,434	31,017	(2,583)
400 Supplies and Materials	38,290	35,264	3,026
500 Capital Outlay	1,339	1,339	-
600 Other Objects	\$ 1,175	-	\$ 1,175

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
222 Library and Media Services:			
100 Salaries	\$ 773,830	720,069	\$ 53,761
200 Employee Benefits	214,379	205,135	9,244
400 Supplies and Materials	72,834	72,943	(109)
223 Supervision of Special Programs:			
100 Salaries	37,596	42,316	(4,720)
200 Employee Benefits	9,863	11,302	(1,439)
400 Supplies and Materials	1,430	1,017	413
600 Other Objects	216	-	216
224 Improvement of Instruction-Inservice and Staff Training:			
300 Purchased Services	37,424	44,099	(6,675)
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	39,150	39,263	(113)
200 Employee Benefits	78,364	20,015	58,349
300 Purchased Services	55,245	52,722	2,523
318 Audit Services	26,614	38,450	(11,836)
400 Supplies and Materials	729	1,324	(595)
500 Capital Outlay	206	-	206
600 Other Objects	298,296	318,408	(20,112)
232 Office of Superintendent:			
100 Salaries	164,690	177,685	(12,995)
200 Employee Benefits	38,950	40,992	(2,042)
300 Purchased Services	23,356	27,376	(4,020)
400 Supplies and Materials	1,928	2,049	(121)
500 Capital Outlay	1,350	-	1,350
600 Other Objects	7,200	7,756	(556)
233 School Administration:			
100 Salaries	2,690,977	2,777,979	(87,002)
200 Employee Benefits	769,071	792,179	(23,108)
300 Purchased Services	27,360	29,851	(2,491)
400 Supplies and Materials	63,190	59,634	3,556
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	348,046	348,062	(16)
200 Employee Benefits	97,094	96,084	1,010
300 Purchased Services	11,756	12,843	(1,087)
400 Supplies and Materials	6,823	7,035	(212)
600 Other Objects	900	800	100
253 Facilities Acquisition and Construction:			
580 Mobile Classrooms	\$ 66,000	-	\$ 66,000

(Continued)



GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 549,448	610,362	\$ (60,914)
200 Employee Benefits	149,493	156,897	(7,404)
300 Purchased Services	1,635,742	1,635,104	638
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	133,200	130,734	2,466
400 Supplies and Materials	323,375	358,470	(35,095)
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,146,000	1,084,888	61,112
500 Capital Outlay	46,415	29,922	16,493
600 Other Objects	58,500	63,109	(4,609)
255 Student Transportation (State Mandated):			
100 Salaries	820,157	926,366	(106,209)
200 Employee Benefits	27,315	266,180	(238,865)
300 Purchased Services	80,707	131,129	(50,422)
400 Supplies and Materials	2,700	3,191	(491)
500 Capital Outlay	1,500	-	1,500
256 Food Service:			
200 Employee Benefits	323,000	381,531	(58,531)
257 Internal Services:			
100 Salaries	49,685	49,685	-
200 Employee Benefits	12,848	13,944	(1,096)
300 Purchased Services	152,573	143,858	8,715
400 Supplies and Materials	26,000	18,546	7,454
600 Other Objects	61,462	-	61,462
258 Security:			
300 Purchased Services	271,217	273,951	(2,734)
400 Supplies and Materials	3,150	4,560	(1,410)
500 Capital Outlay	750	-	750
600 Other Objects	500	-	500
260 Central Support Services:			
263 Information Services:			
100 Salaries	49,685	49,685	-
200 Employee Benefits	13,863	13,965	(102)
300 Purchased Services	2,375	2,409	(34)
400 Supplies and Materials	2,625	2,446	179
264 Staff Services:			
100 Salaries	231,563	239,790	(8,227)
200 Employee Benefits	67,450	69,415	(1,965)
300 Purchased Services	36,880	45,836	(8,956)
400 Supplies and Materials	3,240	5,232	(1,992)
500 Capital Outlay	1,256	20	1,236
600 Other Objects	8,010	4,955	3,055
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, 2007

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
266 Technology and Data Processing Services:			
100 Salaries	\$ 220,886	231,259	\$ (10,373)
200 Employee Benefits	60,570	65,381	(4,811)
300 Purchased Services	92,968	103,006	(10,038)
400 Supplies and Materials	40,500	36,468	4,032
500 Capital Outlay	23,632	44,784	(21,152)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	318,726	300,961	17,765
200 Employee Benefits (Optional)	52,242	59,134	(6,892)
300 Purchased Services (Optional)	65,455	85,469	(20,014)
400 Supplies and Materials (Optional)	-	271	(271)
500 Capital Outlay (Optional)	5,000	5,000	-
660 Pupil Activity	42,600	42,600	-
Total Support Services	<u>16,124,915</u>	<u>16,472,138</u>	<u>(347,223)</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
390 Other Community Services:			
300 Purchased Services	4,000	2,000	2,000
600 Other Objects	4,000	2,409	1,591
Total Community Services	<u>12,100</u>	<u>4,409</u>	<u>7,691</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	18,399	(18,399)
412 Payments to Other Governmental Units			
720 Transits	47,800	49,534	(1,734)
Total Intergovernmental Expenditures	<u>47,800</u>	<u>67,933</u>	<u>(20,133)</u>
500 Debt Service:			
620 Interest	-	44,713	(44,713)
Total Debt Service	<u>-</u>	<u>44,713</u>	<u>(44,713)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 40,614,932</u></b>	<b><u>40,045,705</u></b>	<b><u>\$ 569,227</u></b>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2007

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	\$ 1,022,718	1,010,215	\$ (12,503)
5260 Transfer from Food Service Fund (Excludes Indirect Cost)	148,000	162,098	14,098
5280 Transfer from Other Funds Indirect Costs	94,000	135,588	41,588
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,264,718</u>	<u>1,307,901</u>	<u>43,183</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-	<b>2,002,378</b>	<b>2,002,378</b>
FUND BALANCE, Beginning of Year	<u>4,185,441</u>	<u>4,185,441</u>	-
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 4,185,441</b></u>	<u><b>6,187,819</b></u>	<u><b>\$ 2,002,378</b></u>

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## **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.

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**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, 2007**

	<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	-	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue:		
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Revenue	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3126 Refurbishment of K-8 Science Kits	-	-
3127 Student Health and Fitness	-	-
3128 High Schools That Work	-	-
3150 Adult Education:		
3154 Young Adult Education	-	-
3160 School Bus Driver		
3161 EAA Bus Driver Salary and Fringe	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3195 High School Reading Initiative	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement	-	-
3610 K-5 Enhancement	-	-
3699 Other State Lottery Programs	-	-
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	-	-
Total Revenue from State Sources	<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>
-	-	-	-	-	2,700	\$ 2,700
-	-	-	-	-	36,682	36,682
-	-	-	-	-	554,201	554,201
-	-	-	-	-	102,750	102,750
-	-	-	-	-	696,333	696,333
-	-	-	-	-	51,800	51,800
-	-	-	-	-	51,800	51,800
-	-	-	-	39,815	-	39,815
-	-	-	-	32,098	-	32,098
-	-	-	-	26,663	-	26,663
-	-	-	-	7,938	-	7,938
-	-	-	-	28,500	-	28,500
-	-	-	-	16,043	-	16,043
-	-	-	-	6,145	-	6,145
-	-	-	-	17,792	-	17,792
-	-	-	-	-	4,239	4,239
-	-	-	-	14,800	-	14,800
-	-	-	-	393,600	-	393,600
-	-	-	-	2,533	-	2,533
-	-	-	-	9,872	-	9,872
-	-	-	-	595,799	4,239	\$ 600,038

(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, 2007**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
	<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)	1,392,821	-
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	-	-
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)	-	1,621,413
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	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,392,821</u>	<u>1,621,413</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>1,392,821</b></u>	<u><b>1,621,413</b></u>

**EXPENDITURES**

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	371,372	-
200 Employee Benefits	112,732	-
300 Purchased Services	13,762	-
400 Supplies and Materials	\$ 119,731	-

<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>
-	145,390	-	-	-	-	\$ 145,390
-	-	-	-	-	37,848	1,430,669
-	-	-	-	-	167,310	167,310
-	-	-	-	-	725,639	725,639
-	-	-	-	-	17,745	17,745
-	-	-	-	-	11,761	11,761
-	-	-	-	-	44,181	44,181
-	-	-	-	-	291,108	291,108
-	-	-	89,517	-	-	89,517
-	-	-	-	-	18,893	1,640,306
58,292	-	-	-	-	-	58,292
-	-	30,627	-	-	-	30,627
-	-	-	-	-	175,000	175,000
-	-	-	-	-	80,940	80,940
-	-	-	-	-	134,170	134,170
<b>58,292</b>	<b>145,390</b>	<b>30,627</b>	<b>89,517</b>	<b>-</b>	<b>1,704,595</b>	<b>5,042,655</b>
<b>58,292</b>	<b>145,390</b>	<b>30,627</b>	<b>89,517</b>	<b>595,799</b>	<b>2,456,967</b>	<b>6,390,826</b>
-	-	-	-	12,913	-	12,913
-	-	-	-	118,852	411,666	901,890
-	-	-	-	38,985	109,808	261,525
-	-	-	-	1,900	3,750	19,412
-	-	-	-	51,321	180,481	\$ 351,533

(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, 2007**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
113 Elementary Programs:		
100 Salaries	\$ 75,901	-
200 Employee Benefits	27,929	-
300 Purchased Services	-	-
400 Supplies and Materials	6,949	-
500 Capital Outlay	-	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
115 Vocational Programs:		
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
600 Other Objects	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	308,675
200 Employee Benefits	-	99,363
400 Supplies and Materials	-	1,815
122 Trainable Mentally Handicapped:		
100 Salaries	-	60,320
200 Employee Benefits	-	18,017
300 Purchased Services	-	31,055
400 Supplies and Materials	-	211
124 Visually Handicapped:		
100 Salaries	-	15,168
200 Employee Benefits	-	4,188
400 Supplies and Materials	-	-
126 Speech Handicapped:		
100 Salaries	-	266,637
200 Employee Benefits	-	81,217
400 Supplies and Materials	-	1,649
127 Learning Disabilities:		
100 Salaries	-	181,089
200 Employee Benefits	-	54,598
400 Supplies and Materials	-	86
128 Emotionally Handicapped:		
100 Salaries	-	20,609
200 Employee Benefits	\$ -	10,684

<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>
-	-	-	-	37,207	25,890	\$ 138,998
-	-	-	-	11,523	6,631	46,083
-	-	-	-	950	-	950
-	6,143	-	-	44,273	25,956	83,321
-	397	-	-	-	-	397
-	-	-	-	4,808	111,982	116,790
-	-	-	-	1,319	22,188	23,507
-	-	-	-	6,186	109,954	116,140
-	6,000	-	-	-	-	6,000
-	19,618	-	-	-	21,381	40,999
-	30,000	-	-	-	-	30,000
-	-	-	-	-	28	28
-	-	-	-	-	1,666	310,341
-	-	-	-	-	1,291	100,654
-	-	-	-	-	-	1,815
-	-	-	-	-	23,589	83,909
-	-	-	-	-	4,845	22,862
-	-	-	-	-	50,538	81,593
-	-	-	-	-	-	211
-	-	-	-	-	7,584	22,752
-	-	-	-	-	2,094	6,282
-	-	-	-	-	1,000	1,000
-	-	-	-	-	300	266,937
-	-	-	-	-	60	81,277
-	-	-	-	-	-	1,649
-	-	-	-	-	-	181,089
-	-	-	-	-	-	54,598
-	-	-	-	-	-	86
-	-	-	-	-	-	20,609
-	-	-	-	-	-	\$ 10,684

(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, 2007**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
139 Early Childhood Programs:		
100 Salaries	128,346	-
200 Employee Benefits	40,860	-
400 Supplies and Materials	592	-
140 Special Programs:		
145 Homebound:		
100 Salaries	-	20,255
200 Employee Benefits	-	4,053
300 Purchased Services	-	16,857
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	15,845
200 Employee Benefits	-	3,149
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
172 Elementary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	-	-
200 Employee Benefits	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
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>
7,686	-	-	-	-	-	\$ 7,686
3,010	-	-	-	-	-	3,010
34,880	-	-	-	-	-	163,226
10,969	-	-	-	-	-	51,829
-	-	-	-	-	-	592
-	-	-	-	-	350	20,605
-	-	-	-	-	70	4,123
-	-	-	-	-	-	16,857
-	-	-	-	-	19,273	35,118
-	-	-	-	-	3,885	7,034
-	-	-	-	-	13,007	13,007
-	-	-	-	-	2,734	2,734
-	-	-	-	-	14,331	14,331
-	-	-	-	-	44,600	44,600
-	-	-	-	-	8,920	8,920
-	-	-	-	-	20,000	20,000
-	-	-	-	-	5,666	5,666
-	-	-	-	-	9,370	9,370
-	-	-	-	-	1,855	1,855
-	-	-	44,430	-	5,000	49,430
-	-	-	8,800	-	-	8,800
-	-	-	3,000	-	-	3,000
-	-	-	9,786	-	3,151	12,937
-	-	-	7,360	23,195	-	30,555
-	-	-	1,458	4,453	-	5,911
-	-	-	3,000	112	-	3,112
-	-	-	9,000	740	-	\$ 9,740

(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, 2007**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
188 Parenting/Family Literacy:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
Total Instruction	<u>898,174</u>	<u>1,215,540</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	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
214 Psychological Services:		
100 Salaries	-	135,238
200 Employee Benefits	-	37,295
300 Purchased Services	-	22,444
400 Supplies and Materials	-	1,004
216 Vocational Placement Services:		
300 Purchased Services	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	230,706	-
200 Employee Benefits	63,164	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
222 Library and Media:		
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>
-	-	-	-	-	23,665	\$ 23,665
-	-	-	-	-	10,947	10,947
-	-	-	-	-	8,109	8,109
-	-	-	-	-	9,367	9,367
<u>56,545</u>	<u>62,158</u>	<u>-</u>	<u>86,834</u>	<u>358,737</u>	<u>1,326,982</u>	<u>4,004,970</u>
-	-	2,768	-	-	30,796	33,564
-	-	549	-	-	8,994	9,543
-	-	10,810	-	-	-	10,810
-	-	16,500	-	-	-	16,500
-	45,653	-	-	30,514	-	76,167
-	13,122	-	-	9,301	-	22,423
-	2,139	-	-	-	-	2,139
-	5,668	-	-	-	-	5,668
-	-	-	-	-	35,568	35,568
-	-	-	-	-	15,863	15,863
-	-	-	-	-	1,547	1,547
-	-	-	-	-	-	135,238
-	-	-	-	-	-	37,295
-	-	-	-	-	988	23,432
-	-	-	-	-	-	1,004
-	-	-	-	-	546	546
-	-	-	-	59,448	143,139	433,293
-	-	-	-	16,679	39,221	119,064
-	-	-	-	612	9,087	9,699
-	-	-	-	19,792	497	20,289
-	-	-	-	-	12,286	\$ 12,286

(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, 2007**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
223 Supervision of Special Programs:		
100 Salaries	\$ 68,561	107,627
200 Employee Benefits	15,985	29,934
300 Purchased Services	2,276	5,000
400 Supplies and Materials	3,103	5,000
500 Capital Outlay	-	4,696
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	500	-
200 Employee Benefits	100	-
300 Purchased Services	57,121	1,346
400 Supplies and Materials	11,383	-
230 General Administration Services:		
233 School Administration:		
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
300 Purchased Services	-	-
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay:		
580 Mobile Classrooms	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
600 Other Objects	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	7,901
400 Supplies and Materials	-	-
256 Food Service:		
400 Supplies and Materials (Include Energy)	-	-
257 Internal Services:		
300 Purchased Services	-	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
400 Supplies and Materials	-	-
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>
-	-	-	-	-	162,854	\$ 339,042
-	-	-	-	-	41,522	87,441
-	-	-	-	-	43,846	51,122
-	-	-	-	-	29,070	37,173
-	-	-	-	-	-	4,696
-	-	-	-	7,560	-	8,060
-	-	-	-	1,524	-	1,624
-	16,650	-	-	59,510	145,168	279,795
-	-	-	-	9,934	33,819	55,136
-	-	-	-	-	27	27
-	-	-	-	-	4,300	4,300
-	-	-	-	-	923	923
-	-	-	-	-	43,108	43,108
-	-	-	-	-	16,122	16,122
-	-	-	-	-	24,616	24,616
-	-	-	-	-	5,777	5,777
-	-	-	-	-	750	750
-	-	-	-	13,185	4,395	17,580
-	-	-	-	2,858	693	3,551
-	-	-	-	-	5,528	13,429
-	-	-	-	-	258	258
-	-	-	-	-	1,150	1,150
-	-	-	-	-	12,998	12,998
-	-	-	-	-	13,623	13,623
-	-	-	-	6,145	4,749	10,894
-	-	-	-	-	43,305	\$ 43,305

(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, 2007**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries (Optional)	\$ -	-
200 Employee Benefits (Optional)	-	-
300 Purchased Services (Optional)	-	-
400 Supplies and Materials (Optional)	-	-
Total Support Services	<u>452,899</u>	<u>357,485</u>
410 Intergovernmental Expenditures:		
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,351,073</u></b>	<b><u>1,573,025</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund Transfers, From (To) Other Funds:		
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(41,748)	(48,388)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(41,748)</u>	<u>(48,388)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ -</u></b>	<b><u>-</u></b>

<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>
-	-	-	-	-	3,175	\$ 3,175
-	-	-	-	-	646	646
-	-	-	-	-	6,113	6,113
-	-	-	-	-	4,644	4,644
-	83,232	30,627	-	237,062	951,711	2,113,016
-	-	-	-	-	136,508	136,508
-	-	-	-	-	136,508	136,508
<b>56,545</b>	<b>145,390</b>	<b>30,627</b>	<b>86,834</b>	<b>595,799</b>	<b>2,415,201</b>	<b>6,254,494</b>
(1,747)	-	-	(2,683)	-	(41,022)	(135,588)
(1,747)	-	-	(2,683)	-	(41,022)	(135,588)
-	-	-	-	-	744	744
-	-	-	-	-	46,619	46,619
-	-	-	-	-	<b>47,363</b>	<b>\$ 47,363</b>

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2007

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ADULT EDUCATION

243 Adult Education - Federal

OTHER DESIGNATED RESTRICTED STATE GRANTS

908 Refurbishment of K-8 Science Kits  
916 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)  
919 Education License Plates  
920 Young Adult Education  
927 EEDA 8th Grade Awareness  
928 EEDA Career Specialists  
932 EAA Bus Driver Salary and Fringe  
937 Student Health and Fitness  
938 High Schools That Work  
945 High School Reading Initiative  
960 K-5 Enhancement  
967 6-8 Enhancement  
969 K5 Field Trip Supplement

OTHER SPECIAL REVENUE PROGRAMS

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  
246 US Forestry Commission  
251 Rural and Low Income, Title VI  
253 Enhancing Education Through Technology (E2T2), Title II (84.318) (Carryover Provision)  
255 Medicaid  
264 Title III - LEP  
267 Improving Teacher Quality (84.367A) (Carryover Provision)  
272 JROTC  
800 Carowinds  
801 National Council for Teachers of Math  
802 Arts In Park  
803 Success by Six  
804 Calculators for Districts  
805 Aids: No Second Chance  
806 WES - House Toy & Garden  
807 Donations - Retirements  
808 International Paper  
811 Wal-Mart - All Schools  
812 NCTM - NMS - Altman

(Continued)

**SPECIAL REVENUE FUND**

**SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES**

**YEAR ENDED JUNE 30, 2007**

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**OTHER SPECIAL REVENUE PROGRAMS (CONTINUED)**

813	Wal-Mart Grant
814	NCCC House Account
819	Community Incentive Safety
820	SC Holocaust
822	Duke Endowment - Medical Services
824	Adult Ed - Louis Rich
825	Networking Academy
826	Copiers
828	SAT Improvement
832	ING \$ - NMS - Hendrix
838	MCHS Band Bus
839	Extended School Year
840	NCTM - Hendrix - 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
850	E-Rate
851	SCRI-HS
852	Copy Center
981	First Steps Parent

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2007

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)	\$ 32,098	32,098	-	-	\$ 3,067
916	3991	ADEPT (Assisting, Developing and Evaluating Professional Teaching)	9,872	9,872	-	-	66,225
919	3193	Education License Plates	6,145	6,145	-	-	378
920	3154	Young Adult Education	28,500	28,500	-	-	24,169
927	3117	EEDA 8th Grade Awareness	-	-	-	-	3,415
928	3118	EEDA Career Specialists	39,815	39,815	-	-	-
932	3161	EAA Bus Driver Salary and Fringe	16,043	16,043	-	-	-
937	3127	Student Helath and Fitness	26,663	26,663	-	-	-
938	3128	High Schools That Work	7,938	7,938	-	-	7,862
945	3195	High School Reading Initiative	17,792	17,792	-	-	10,208
960	3610	K-5 Enhancement	393,600	393,600	-	-	-
967	3607	6-8 Enhancement	14,800	14,800	-	-	-
969	3699	Other State Lottery Programs	2,533	2,533	-	-	10,141
<b>Totals</b>			<b>\$ 595,799</b>	<b>595,799</b>	<b>-</b>	<b>-</b>	<b>\$ 125,465</b>



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

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2007**

	<u>ACTUAL</u>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	\$ 190,597
3505 School Technology Initiative	22,122
3509 Arts in Education	16,600
3513 Parenting/Family Literacy	60,189
3515 Advanced Placement Courses	2,480
3517 Advanced Placement - Singleton (Subfund 315)	3,000
3520 Gifted and Talented - Academic	248,400
3522 Gifted and Talented - Artistic	34,175
3523 Junior Scholars Program	346
3525 Career and Technology Education Equipment	67,699
3527 Critical Teaching Needs	3,831
3529 EAA Retraining Funds (Carryover from 2005-06 Only)	7,850
3530 Trainable & Profoundly Mentally Disabled Student Services	22,399
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	376,902
3533 Teacher of the Year Awards	1,077
3534 Professional Development on Standards	15,760
3535 Institute of Reading (South Carolina Reading Initiative - Middle Grades)	50,000
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	210,331
3542 Preschool Programs for Children with Disabilities	58,861
3546 Academic Assistance K-3	649,309
3548 Academic Assistance 4-12	497,289
3549 Academic Assistance Reading Recovery	45,004
3550 Teacher Salary Increase (No Carryover Provision)	847,496
3553 Adult Education - Remedial	3,100
3555 School Employer Contributions (No Carryover Provision)	162,719
3562 Adult Education, Basic (Includes Rural and Workforce Initiative)	160,889
3564 Adult Education, Young Adult Initiative	6,001
3565 Adult Education, Literacy	38,568
3568 EAA Technical Assistance	585,596
3570 Intervention and Assistance	119,568
3575 Competitive Teacher Grants	28,528
3577 Teacher Supplies (No Carryover Provision)	121,250
3578 High Schools That Work	25,821
3582 Principal Salary/Fringe Increase (No Carryover Provision)	26,349
3583 EAA Summer School/Comprehensive Remediation	270,319
3588 EAA Palmetto Gold and Silver Award	22,070
3591 Excellence In Middle Schools	45,503
3592 School-to-Work Transition Act	34,012
3593 EAA Reduce Class Size Grades 1 - 3	313,921
3595 EAA Afterschool/Homework Center Awards (Carryover from 2005-06 Only)	20,012
3596 EAA Alternative Schools Program	203,791
3598 Bus Driver Salary Supplement (No Carryover Provision)	4,735
Total Revenue from State Sources	<u>5,624,469</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b>\$ 5,624,469</b>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2007

	<u>ACTUAL</u>
<b>EXPENDITURES</b>	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 232,399
200 Employee Benefits	80,598
400 Supplies and Materials	5,854
112 Primary Programs:	
100 Salaries	671,579
200 Employee Benefits	185,068
300 Purchased Services	12,822
400 Supplies and Materials	142,031
113 Elementary Programs:	
100 Salaries	513,634
200 Employee Benefits	139,485
300 Purchased Services	357
400 Supplies and Materials	162,178
500 Capital Outlay	10,130
114 High School Programs:	
100 Salaries	386,567
200 Employee Benefits	91,867
300 Purchased Services	3,966
400 Supplies and Materials	142,787
115 Vocation Programs:	
300 Purchased Services - Other Than Tuition	1,824
400 Supplies and Materials	13,214
500 Capital Outlay	66,999
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	3,750
122 Trainable Mentally Handicapped:	
100 Salaries	17,172
200 Employee Benefits	5,227
400 Supplies and Materials	500
124 Visually Handicapped:	
400 Supplies and Materials	250
126 Speech Handicapped:	
400 Supplies and Materials	3,150
127 Learning Disabilities:	
100 Salaries	7,500
200 Employee Benefits	1,482
400 Supplies and Materials	7,200
128 Emotionally Handicapped:	
400 Supplies and Materials	\$ 750

(Continued)

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

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2007**

	<u>ACTUAL</u>
130 Pre-School Programs:	
137 Preschool Handicapped Self-Contained (3- and 4- Yr. Olds):	
100 Salaries	\$ 47,827
200 Employee Benefits	11,034
400 Supplies and Materials	250
139 Early Childhood Programs:	
100 Salaries	153,477
200 Employee Benefits	47,151
300 Purchased Services	52
400 Supplies and Materials	23,533
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	193,705
200 Employee Benefits	54,695
400 Supplies and Materials	1,000
143 Advanced Placement:	
300 Purchased Services	110
400 Supplies and Materials	4,870
148 Gifted and Talented - Artistic:	
100 Salaries	2,834
200 Employee Benefits	555
300 Purchased Services	4,706
400 Supplies and Materials	25,786
500 Capital Outlay	294
149 Other Special Programs:	
300 Purchased Services	203,791
160 Other Exceptional Programs:	
161 Autism:	
400 Supplies and Materials	250
170 Summer School Programs:	
171 Primary Summer School:	
300 Purchased Services	10,015
172 Elementary Summer School:	
100 Salaries	19,525
200 Employee Benefits	4,086
400 Supplies and Materials	79
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	61,098
200 Employee Benefits	11,632
300 Purchased Services	1,112
400 Supplies and Materials	20,765
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	4,800
200 Employee Benefits	957
300 Purchased Services	2,000
400 Supplies and Materials	\$ 12,096

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2007

	<u>ACTUAL</u>
182 Adult Secondary Education Programs:	
100 Salaries	\$ 14,272
200 Employee Benefits	3,053
400 Supplies and Materials	1,414
183 Adult Education Literacy (ESL):	
100 Salaries	11,870
200 Employee Benefits	5,917
400 Supplies and Materials	928
185 Vocational Adult Education Programs:	
400 Supplies and Materials	250
187 Adult Education - Remedial:	
100 Salaries	2,584
200 Employee Benefits	516
Total Instruction	<u>3,875,229</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
400 Supplies and Materials	5,200
212 Human Services:	
100 Salaries	35,341
200 Employee Benefits	10,161
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	91,246
200 Employee Benefits	20,492
400 Supplies and Materials	13,368
222 Library and Media:	
100 Salaries	16,999
200 Employee Benefits	8,833
400 Supplies and Materials	27,131
500 Capital Outlay	290
223 Supervision of Special Programs:	
100 Salaries	161,459
200 Employee Benefits	50,117
300 Purchased Services	4,466
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	61,832
200 Employee Benefits	16,976
300 Purchased Services	146,763
400 Supplies and Materials	9,381
230 General Administration Services:	
233 School Administration:	
100 Salaries	32,278
200 Employee Benefits	\$ 7,683

(Continued)

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

**Schedule B-4**

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2007**

	<u><b>ACTUAL</b></u>
250 Finance and Operations Services:	
251 Student Transportation (Federal/District Mandated):	
100 Salaries	\$ 8,777
200 Employee Benefits	1,133
254 Operation and Maintenance of Plant:	
300 Purchased Services	770
255 Student Transportation (State Mandated):	
100 Salaries	3,984
200 Employee Benefits	864
300 Purchased Services	81
260 Central Support Services:	
266 Technology and Data Processing Services:	
500 Capital Outlay	3,400
Total Support Services	<u>739,025</u>
<b>TOTAL EXPENDITURES</b>	<u><b>4,614,254</b></u>
 <b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,010,215)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,010,215)</u>
 <b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	 -
 FUND BALANCE, Beginning of Year	 <u>-</u>
 FUND BALANCE, End of Year	 <u><u>\$ -</u></u>

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2007

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	\$ 190,597	190,597	-	-	\$ -
3505 School Technology Initiative	22,122	22,122	-	-	-
3509 Arts in Education	16,600	16,600	-	-	-
3513 Parenting/Family Literacy (Carryover from 2004-05 Only)	60,189	60,189	-	-	-
3515 Advanced Placement Courses	2,480	2,480	-	-	-
3517 Advanced Placement - Singleton (Subfund 315)	3,000	3,000	-	-	-
3520 Gifted and Talented - Academic	248,400	248,400	-	-	-
3522 Gifted and Talented - Artistic	34,175	34,175	-	-	-
3523 Junior Scholars Programs	346	346	-	-	-
3525 Career and Technology Education Equipment	67,699	67,699	-	-	11,756
3527 Critical Teaching Needs	3,831	3,831	-	-	-
3529 EAA Retraining Funds (Carryover from 2005-06 Only)	7,850	7,850	-	-	13,597
3530 Trainable & Profoundly Mentally Disabled Student Services	22,399	22,399	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	376,902	376,902	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3534 Professional Development on Standards	15,760	15,760	-	-	20,863
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)	210,331	210,331	-	-	-
3542 Preschool Programs for Children with Disabilities	58,861	58,861	-	-	-
3546 Academic Assistance K-3 (No Carryover Provision)	649,309	649,309	-	-	-
3548 Academic Assistance 4-12 (No Carryover Provision)	497,289	497,289	-	-	142
3549 Academic Assistance Reading Recovery	45,004	45,004	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	847,496	-	-	(847,496)	-
3553 Adult Education - Remedial	3,100	3,100	-	-	8,338
3555 School Employer Contributions (No Carryover Provision)	162,719	-	-	(162,719)	-
3562 Adult Education, Basic (Includes Rural And Workforce Initiative)	160,889	160,889	-	-	14,201
3564 Adult Education, Young Adult Initiative	6,001	6,001	-	-	6,444
3565 Adult Education, Literacy	38,568	38,568	-	-	23,357
3568 EAA Technical Assistance	585,596	585,596	-	-	123,311
3570 Intervention and Assistance	119,568	119,568	-	-	3,698
3575 Competitive Teacher Grants	28,528	28,528	-	-	1,731
3577 Teacher Supplies (No Carryover Provision)	121,250	121,250	-	-	-
3578 High Schools That Work	25,821	25,821	-	-	14,842
3582 Principal Salary/Fringe Increase (No Carryover Provision)	26,349	26,349	-	-	-
3583 EAA Summer School/Comprehensive Remediation	270,319	270,319	-	-	105,579
3588 EAA Palmetto Gold and Silver Award	22,070	22,070	-	-	18,260
3591 Excellence In Middle Schools	45,503	45,503	-	-	-
3592 School-to-Work Transition Act	34,012	34,012	-	-	-
3593 EAA Reduce Class Size Grades 1 - 3	313,921	313,921	-	-	-
3595 EAA Homework Center Awards (Carryover from 2005-06 Only) (Unsatisfactory and Below Average Schools)	20,012	20,012	-	-	5,198
3596 EAA Alternative Schools Program	203,791	203,791	-	-	-
3598 Bus Driver Salary Supplement (No Carryover Provision)	4,735	4,735	-	-	-
<b>Totals</b>	<b>\$ 5,624,469</b>	<b>4,614,254</b>	<b>-</b>	<b>(1,010,215)</b>	<b>\$ 371,317</b>

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

YEAR ENDED JUNE 30, 2007

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

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## **DEBT SERVICE FUNDS**

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

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

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

**Schedule C-1**

**DEBT SERVICE FUND - DISTRICT**

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

**YEAR ENDED JUNE 30, 2007**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 5,269,625
1140 Penalties & Interest on Taxes (Independent)	109,574
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	268,549
1500 Earnings on Investments:	
1510 Interest on Investments	140,007
Total Revenue from Local Sources	<u>5,787,755</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	348,990
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	70,751
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	25,776
Total Revenue from State Sources	<u>455,872</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>6,243,627</b></u>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	1,800,000
620 Interest	123,033
690 Other Objects (Includes Fees for Servicing Bonds)	1,474
Total Debt Service	<u>1,924,507</u>
<b>TOTAL EXPENDITURES</b>	<u><b>1,924,507</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(3,923,927)
424-710 Transfer to Capital Projects Fund	(621,073)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,545,000)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(225,880)</b>
FUND BALANCE, Beginning of Year	<u>3,367,481</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 3,141,601</b></u>

DEBT SERVICE FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 406,166
Total Revenue from Local Sources	<u>406,166</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>406,166</u></b>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	30,000
620 Interest	4,299,850
Total Debt Service	<u>4,329,850</u>
<b>TOTAL EXPENDITURES</b>	<b><u>4,329,850</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	3,923,927
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,923,927</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>243</b>
FUND BALANCE, Beginning of Year	<u>7,960,843</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 7,961,086</u></b>

## **CAPITAL PROJECTS FUNDS**

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

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

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**CAPITAL PROJECTS FUND - DISTRICT**

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

**YEAR ENDED JUNE 30, 2007**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,856
Total Revenue from Local Sources	<u>2,856</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3172 Children's Education Endowment (Barnwell Facilities Fund)	22,022
Total Revenue from State Sources	<u>22,022</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>24,878</b></u>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	63,524
400 Supplies and Materials	171,488
500 Capital Outlay:	
520 Construction Services	46,852
530 Improvements Other Than Buildings	63,165
550 Vehicles	275,475
600 Other Objects:	
690 Other Objects	19,776
Total Support Services	<u>640,280</u>
<b>TOTAL EXPENDITURES</b>	<u><b>640,280</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	621,073
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>621,073</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>5,671</b>
FUND BALANCE, Beginning of Year	<u>104,623</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 110,294</b></u>

CAPITAL PROJECTS FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,680,943
Total Revenue from Local Sources	<u>2,680,943</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>2,680,943</u></b>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	2,354,805
400 Supplies and Materials	175,413
500 Capital Outlay:	
510 Land	122,995
520 Construction Services	10,533,616
530 Improvements Other Than Buildings	3,682,669
540 Equipment	930
545 Technology, Equipment and Software	90,361
580 Mobile Classrooms	1,518
600 Other Objects:	
690 Other Objects	32,060
Total Support Services	<u>16,994,367</u>
500 Debt Service:	
690 Other Objects	15,750
Total Debt Service	<u>15,750</u>
<b>TOTAL EXPENDITURES</b>	<b><u>17,010,117</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(14,329,174)</b>
FUND BALANCE, Beginning of Year	<u>68,923,143</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 54,593,969</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.

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**FOOD SERVICE FUND**

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

**YEAR ENDED JUNE 30, 2007**

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 35,647
1600 Food Service:	
1610 Lunch Sales to Pupils	532,300
1620 Breakfast Sales to Pupils	21,885
1630 Special Sales to Pupils	250,718
1640 Lunch Sales to Adults	106,335
1650 Breakfast Sales to Adults	4,320
1660 Special Sales to Adults	19,113
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	14,770
Total Revenue from Local Sources	<u>985,088</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	4,280
Total Revenue from State Sources	<u>4,280</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,389,703
4830 School Breakfast Program	526,254
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	150,179
Total Revenue from Federal Sources	<u>2,066,136</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u>\$ 3,055,504</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, 2007**

	<u>ACTUAL</u>
<b>EXPENSES</b>	
256 Food Service:	
100 Salaries	\$ 1,161,582
200 Employee Benefits	132,718
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	43,837
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,287,884
500 Capital Outlay	156,592
600 Other Objects	23,729
Total Food Service Expenses	<u>2,806,342</u>
<b>TOTAL EXPENSES</b>	<u><b>2,806,342</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(162,098)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(162,098)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>87,064</b>
FUND NET ASSETS, Beginning of Year	<u>1,343,414</u>
<b>FUND NET ASSETS, End of Year</b>	<u><b>\$ 1,430,478</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.

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**PUPIL ACTIVITY FUND**

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

**YEAR ENDED JUNE 30, 2007**

	<u><b>ACTUAL</b></u>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 3,237
1700 Pupil Activities:	
1710 Admissions	259,715
1720 Bookstore Sales	39,059
1730 Pupil Organization Membership Dues and Fees	12,398
1740 Student Fees	186,270
1790 Other	503,629
1900 Other Revenue from Local Sources	
1910 Rentals	3,254
1920 Contributions & Donations Private Sources	70,166
1999 Revenue from Other Local Sources	1,245,603
Total Receipts from Local Sources	<u>2,323,331</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b><u>2,323,331</u></b>
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity:	
600 Other Objects (Optional)	932,751
Total Instruction	<u>932,751</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay (Optional)	14,622
660 Pupil Activity	1,448,608
Total Pupil Activity Expenditures	<u>1,463,230</u>
<b>TOTAL DISBURSEMENTS</b>	<b><u>2,395,981</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(72,650)</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>495,873</u>
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<b><u>\$ 423,223</u></b>

PUPIL ACTIVITY FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2007

	<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	\$ 470,256	-	79,805	\$ 390,451
Investments	52,887	-	12,115	40,772
<b>TOTAL ASSETS</b>	<u><u>523,143</u></u>	<u><u>-</u></u>	<u><u>91,920</u></u>	<u><u>431,223</u></u>
<b>LIABILITIES</b>				
Accounts Payable	27,270	-	19,270	8,000
Due to Student Organizations	495,873	-	72,650	423,223
<b>TOTAL LIABILITIES</b>	<u><u>\$ 523,143</u></u>	<u><u>-</u></u>	<u><u>91,920</u></u>	<u><u>\$ 431,223</u></u>





5th Grade students from Little Mountain Elementary in Washington, D.C.



The Adult Education Program.



## 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>	123
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>	128
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>	132
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>	136
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>	138

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

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NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 31,652,894	46,642,037	50,296,554	55,107,520	\$ 55,382,236
Restricted	13,172,709	6,404,625	5,865,963	3,139,268	3,009,963
Unrestricted	4,287,237	6,666,000	5,795,740	4,935,783	6,879,098
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>	<u>65,271,297</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	632,252	638,045	569,295	504,889	423,338
Restricted	-	-	-	-	-
Unrestricted	810,411	749,439	666,489	838,525	1,007,140
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>	<u>1,430,478</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	32,285,146	47,280,082	50,865,849	55,612,409	55,805,574
Restricted	13,172,709	6,404,625	5,865,963	3,139,268	3,009,963
Unrestricted	5,097,648	7,415,439	6,462,229	5,774,308	7,886,238
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>	<u>\$ 66,701,775</u>

(A) GASB 34 was not implemented until the 02/03 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**

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004 (1)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses</b>					
Governmental Activities:					
Instruction	\$26,596,128	\$28,294,288	\$25,700,879	\$31,386,275	\$32,773,071
Support Services	17,596,828	15,772,842	22,167,884	19,510,522	23,110,426
Community Services	2,045	4,594	6,151	11,127	4,409
Intergovernmental	73,472	60,391	23,497	172,211	204,441
Interest on Long-Term Obligations	131,872	93,129	106,541	3,309,997	4,408,397
Total Governmental Activities Expenses	<u>44,400,345</u>	<u>44,225,244</u>	<u>48,004,952</u>	<u>54,390,132</u>	<u>60,500,744</u>
Business-Type Activities:					
Food Services	2,402,198	2,521,675	2,714,804	2,630,693	2,806,342
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>	<u>2,806,342</u>
Total Primary Government Expenses	<u><u>46,802,543</u></u>	<u><u>46,746,919</u></u>	<u><u>50,719,756</u></u>	<u><u>57,020,825</u></u>	<u><u>63,307,086</u></u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
Instruction	1,483	23,011	28,436	26,757	21,939
Support	-	138,308	242,985	510,262	554,201
Operating Grants and Contributions	26,693,789	25,371,941	26,899,379	28,612,211	30,247,289
Capital Grants and Contributions	-	6,445,937	279,658	-	22,022
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>	<u>30,845,451</u>
Business-Type Activities:					
Charges for Services:					
Food Service	817,151	834,427	890,604	946,906	934,671
Operating Grants and Contributions	1,628,218	1,756,404	1,809,285	1,915,452	2,080,906
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>	<u>3,015,577</u>
Total Primary Government Program Revenues	<u><u>29,140,641</u></u>	<u><u>34,570,028</u></u>	<u><u>30,150,347</u></u>	<u><u>32,011,588</u></u>	<u><u>33,861,028</u></u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(17,705,073)	(12,246,047)	(20,554,494)	(25,240,902)	(29,655,293)
Business-Type Activities	43,171	69,156	(14,915)	231,665	209,235
Total Primary Government Net (Expense)/Revenue	<u><u>\$ (17,661,902)</u></u>	<u><u>(12,176,891)</u></u>	<u><u>(20,569,409)</u></u>	<u><u>(25,009,237)</u></u>	<u><u>\$(29,446,058)</u></u>

(Continued)

CHANGES IN NET ASSETS (CONTINUED)

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year				
	2003	2004 (1)	2005	2006	2007
<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	\$ 17,511,971
Property Tax - Debt Service	4,803,097	4,725,660	4,375,517	4,522,054	5,728,700
Other Taxes	-	4,085,343	4,259,364	4,268,163	4,333,737
Unrestricted Grants and Contributions	94,701	38,702	24,687	20,553	36,682
Intergovernmental Revenue	395,323	33,819	53,336	52,296	51,800
Unrestricted Investment Earnings	260,760	313,940	316,366	2,673,316	3,542,107
Miscellaneous	181,482	332,915	391,463	375,883	376,924
Transfers	146,871	140,888	147,992	147,550	162,098
Total Governmental Activities	<u>21,481,656</u>	<u>24,066,989</u>	<u>22,800,089</u>	<u>26,465,216</u>	<u>31,744,019</u>
Business-Type activities:					
Unrestricted Investment Earnings	-	267	6,882	19,207	35,647
Miscellaneous	33,828	16,286	4,325	4,308	4,280
Transfers	(146,871)	(140,888)	(147,992)	(147,550)	(162,098)
Total Business-Type Activities	<u>(113,043)</u>	<u>(124,335)</u>	<u>(136,785)</u>	<u>(124,035)</u>	<u>(122,171)</u>
Total Primary Government	<u>21,368,613</u>	<u>23,942,654</u>	<u>22,663,304</u>	<u>26,341,181</u>	<u>31,621,848</u>
<b>Change in Net Assets:</b>					
Governmental Activities	3,776,583	11,820,942	2,245,595	1,224,314	2,088,726
Business-Type Activities	(69,872)	(55,179)	(151,700)	107,630	87,064
Total Primary Government	<u>\$ 3,706,711</u>	<u>11,765,763</u>	<u>2,093,895</u>	<u>1,331,944</u>	<u>\$ 2,175,790</u>

(A) GASB 34 was not implemented until the 02/03 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									
	1998	1999	2000 (1)	2001	2002 (2)	2003	2004	2005	2006 (3)	2007
General Fund										
Reserved	\$ 1,475	2,926	8,012	8,945	16,528	4,914	6,419	3,612	3,070	\$ 8,644
Unreserved	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	6,179,175
Total General Fund	<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>	<u>6,187,819</u>
All Other Governmental Funds										
Reserved	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	65,854,313
Unreserved, Reported In:										
Special Revenue Funds	49,290	54,946	47,751	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 65,854,313</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. 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	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	17,276,645
Property Tax - Debt Service	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	5,647,748
Investment Earnings	556,043	786,334	587,285	484,483	360,442	260,761	313,940	316,366	2,673,317	3,542,107
Other Local Sources	394,981	339,325	111,872	394,736	180,494	859,324	272,923	472,797	734,045	775,136
State Sources	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	29,775,000
Federal Sources	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	5,042,655
Intergovernmental Revenue	-	-	10,540	35,496	459,843	394,855	33,819	53,336	51,246	51,800
Total Revenues	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	62,111,091
<b>Expenditures</b>										
Current:										
Instruction	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	31,228,890
Support Services	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	21,979,069
Community Services	74,436	53,763	15,935	10,231	8,877	2,045	4,594	6,151	11,127	4,409
Intergovernmental	100,839	65,721	63,322	91,216	57,974	24,472	60,391	23,497	172,211	204,441
Capital Outlay	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	15,087,578
Debt Service:										
Principal	4,925,000	5,450,000	475,000	150,000	150,000	4,850,000	4,400,000	4,500,000	4,760,000	1,830,000
Interest and Fiscal Charges	280,282	215,468	44,079	18,069	75,428	137,852	117,770	97,260	2,998,136	4,484,820
Bond Issuance Costs	-	-	-	-	-	-	-	-	1,210,665	-
Total Expenditures	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	74,819,207
Excess of Revenues Over (Under) Expenditures	(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)	(12,708,116)
<b>Other Financing Sources (Uses)</b>										
Transfers In	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	5,852,901
Transfers Out	(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)	(5,690,803)
Premium on Bonds Sold	-	-	-	-	-	6,410	2,306	-	2,743,878	-
Issuance of General Obligation Bonds	100,000	4,900,000	-	-	7,000,000	5,000,000	4,200,000	4,500,000	-	-
Issuance of NICE Bonds	-	-	-	-	-	-	-	-	84,725,000	-
Payment to Refunded Debt Escrow Agent	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	75	-	17,745	59,000	100	-
Medicaid Reimbursements	-	-	-	-	108,014	-	-	-	-	-
Total Other Financing Sources (Uses)	233,273	5,015,059	154,338	122,483	7,206,576	5,104,281	4,360,939	4,706,992	87,616,528	162,098
Net Change in Fund Balances	(1,930,676)	323,953	(1,832,439)	(334,733)	9,975,225	720,131	(660,882)	(3,138,446)	71,595,239	(12,546,018)
Capital Asset Expenditures	\$ 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	\$ 14,811,542
Debt Service as a Percentage of Noncapital Expenditures	16.3%	17.1%	1.5%	0.4%	0.5%	10.6%	9.8%	14.0%	15.2%	10.5%

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Total Real 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	Motor Vehicles	Other							
1998	(A)	(A)	N/A	N/A	\$ 38,803,570	39,890,150	(A)	78,693,720	214.0	\$ 1,375,524,124	5.7%
1999	(A)	(A)	N/A	N/A	39,869,524	39,090,349	(A)	78,959,873	230.0	1,383,966,489	5.7%
2000	(A)	(A)	17,580,250	26,636,460	49,127,840	38,536,790	(A)	87,664,630	144.7	1,368,844,100	6.4%
2001	(A)	(A)	17,485,510	25,640,140	49,881,900	39,839,460	(A)	89,721,360	156.7	1,397,779,069	6.4%
2002	(A)	(A)	16,442,850	25,238,900	51,069,180	38,779,390	(A)	89,848,570	219.5	1,419,885,234	6.3%
2003	(A)	(A)	16,388,100	26,294,450	52,345,610	37,370,920	(A)	89,716,530	226.1	1,445,910,764	6.2%
2004	(A)	(A)	16,127,175	24,920,835	54,387,210	41,048,010	(A)	91,831,190	230.1	1,483,277,121	6.2%
2005	50,783,180	3,604,030	15,384,580	21,079,380	54,387,210	36,463,960	3,604,030	87,247,140	227.2	1,514,624,342	5.8%
2006	51,402,180	4,542,485	15,041,390	26,127,989	55,944,665	41,169,379	723,055	96,390,989	245.3	1,539,518,583	6.3%
2007	\$ 72,459,690	4,312,890	13,879,900	20,342,990	76,772,580	34,222,890	37,757,150	110,995,470	235.1	\$ 2,004,997,600	5.5%

Source: Newberry County Auditor

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

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

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

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	School District of Newberry County			Overlapping Rates Newberry County				Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total Millage	Operating Millage	Debt Service Millage	Total Millage	Other Governments	
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
2007	182.1	53.0	235.1	135.5	9.8	145.3	92.6	473.0

Source: Newberry County Auditor

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

PRINCIPAL PROPERTY TAXPAYERS

CURRENT AND NINE YEARS AGO

UNAUDITED

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
Kraft Foods	\$ 3,026,633	1	2.7%	-	-	-
Newberry Electric Coop., Inc.	2,120,820	2	1.9%	1,150,280	6	1.5%
Pioneer Frozen Foods	1,897,930	3	1.7%	-	-	-
Duke Energy Corporation	1,803,580	4	1.6%	1,602,630	3	2.0%
South Carolina Electric and Gas	1,723,090	5	1.6%	1,821,120	1	2.3%
Bellsouth Telecommunications Inc.	1,700,680	6	1.5%	1,790,740	2	2.3%
Federal Paper Board Company Inc.	1,420,942	7	1.3%	849,820	10	1.1%
FG Wilson USA	1,085,912	8	1.0%	-	-	-
Kiswire Inc.	904,045	9	1.0%	-	-	-
Georgia-Pacific Corporation	837,030	10	0.8%	1,329,840	5	1.7%
Renfro Corporation	-	-	-	1,487,850	4	1.9%
Alamac Knit Fabrics	-	-	-	958,640	7	1.2%
Kayser Roth Corporation	-	-	-	946,770	8	1.2%
Shakespeare Composite Structures	-	-	-	881,660	9	1.1%
Totals	<u>\$16,520,662</u>		<u>15.0%</u>	<u>\$12,819,350</u>		<u>16.2%</u>

Source: Newberry County Auditor

- (1) Total assessed valuation for 2007 is \$110,995,470
- (2) Total assessed valuation for 1998 is \$78,693,720

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjustments to		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
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%	527,132	22,226,640	98.0%
2007	\$ 21,974,557	2,044,374	24,018,931	23,198,347	96.6%	-	\$ 23,198,347	96.6%

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	Other Bonds	Capital Leases			
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	10.1%	2,333
2007	\$ 800,000	84,285,000	-	85,085,000	9.5%	\$ 2,253

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>
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	3,367,481	(767,481)		
2007	\$ 800,000	3,141,601	(2,341,601)		

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, 2007

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	\$ 300,000	100.0%	\$ 300,000
2000 County General Obligation Bond	3,425,000	100.0%	3,425,000
2005B County General Obligation Bond	\$ 1,190,000	100.0%	<u>1,190,000</u>
Subtotal, Overlapping Debt			4,915,000
School District of Newberry County - Direct Debt			800,000
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			<u>84,285,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 90,000,000</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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 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	\$ 11,900,210
Total Net Debt Applicable to Debt Limit	1,225,000	775,000	300,000	150,000	7,000,000	7,150,000	6,950,000	6,950,000	2,600,000	800,000
Legal Debt Margin	\$ 5,070,498	5,541,790	6,713,170	7,027,709	187,886	27,322	395,253	396,495	5,169,124	\$ 11,100,210
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	19.5%	12.3%	4.3%	2.1%	97.4%	99.6%	94.6%	94.6%	33.5%	6.7%

Legal Debt Margin Calculation for Fiscal Year 2007

Total Assessed Value	\$ 148,752,620
Debt Limit (8% of Total Assessed Value)	11,900,210
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	800,000
Less: Debt Service Fund Balance	(3,141,601)
Less: Debt Issued Through Referendum	-
Total Amount of Debt Applicable to Debt Limit	(2,341,601)
Legal Debt Margin	\$ 14,241,811

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>
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	860,132,000	23,784	37.1	12.6	5,743	7.3%
2007	37,762	\$ 899,225,040	\$ 23,813	37.1	12.6	5,733	6.1%

Data Sources:

- (1) South Carolina Budget and Control Board Office of Research and Statistics. 2004 through 2007 are estimates by The School District of Newberry County.
- (2) South Carolina Budget and Control Board Office of Research and Statistics. 2004 through 2007 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 2007 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 2007.
- (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	2007			1998		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Kraft Foods	1,375	1	3.64%	1,400	1	4.03%
School District of Newberry County	1,140	2	3.02%	735	2	2.12%
Renfro Corporation	559	3	1.48%	400	4	1.15%
Newberry County Memorial Hospital	489	4	1.29%	200	9	0.58%
Wal-Mart Corporation	300	5	0.79%	-		
Georgia-Pacific Corporation	275	6	0.73%	277	7	0.80%
Komatsu America	265	7	0.70%	-		
Blue Water Marine Group	250	8	0.66%	-		
Shakespeare Composite Structures	205	9	0.54%	395	5	1.14%
Caterpillar, Inc.	200	10	0.53%	-		
American Fiber and Finishing				697	3	2.01%
West Point Stevens Inc.				334	6	0.96%
McKechnie Vehicle Components				250	8	0.72%
Eagle Construction Company				168	10	0.48%
				-		
Totals	<u>5,058</u>		<u>13.39%</u>	<u>4,856</u>		<u>13.99%</u>

Source: District Compiled Information

FULL-TIME EQUIVALENT SCHOOL DISTRICT OR DISTRICT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Instruction	632	626	648	699	649	695	683	713	714	725
Support Services	382	359	366	390	400	407	405	419	426	432
Total	1,014	985	1,014	1,089	1,049	1,102	1,088	1,132	1,140	1,157

Source: District Complied 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			
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	503	11	52.0%
2004	5,664	42,979,261	7,588	3.6%	44,132,115		7,792	483	12	52.0%
2005	5,678	46,412,853	8,174	7.7%	47,898,411		8,436	497	11	52.0%
2006	5,743	52,800,497	9,194	12.5%	51,080,135		8,894	525	11	54.0%
2007	5,733	\$ 53,416,809	9,317	1.3%	56,092,347	\$	9,784	529	11	62.0%

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Elementary</b>										
Boundary Street										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	77,574	77,574
Capacity	380	380	380	380	380	380	380	380	558	558
Enrollment	477	489	455	460	453	421	417	396	402	409
Gallman Elementary (1)										
Square Feet	51,605	51,605	51,605	51,605	51,605	51,605	68,000	68,000	68,000	68,000
Capacity	395	395	395	395	395	395	509	509	509	509
Enrollment	450	428	394	407	424	402	385	346	357	394
Little Mountain										
Square Feet	27,041	27,041	27,041	27,041	38,341	38,341	38,341	38,341	38,341	38,341
Capacity	240	240	240	240	301	301	301	301	301	301
Enrollment	236	261	274	284	279	269	286	271	271	257
Newberry Elementary (2)										
Square Feet	-	-	-	-	-	-	87,317	87,317	87,317	87,317
Capacity	-	-	-	-	-	-	468	468	468	468
Enrollment	-	-	-	-	-	-	364	405	432	402
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	270	313	320	327	354	345	341	347	362	387
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	401	437	438	429	443	462	471	487	505	525
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	173	173	157	178	194	192	184	174	192	176

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b><u>Elementary (Continued)</u></b>										
Speers Street (3)										
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	459	443	428	395	394	342	-	396	-	-
Whitmire Elementary (4)										
Square Feet	45,326	45,326	45,326	45,326	45,326	45,326	-	-	-	-
Capacity	240	240	240	240	240	240	-	-	-	-
Enrollment	321	300	303	280	293	301	-	-	-	-
<b><u>Middle</u></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	474	498	514	538	526	557	552	580	584	554
Newberry Middle										
Square Feet	81,317	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337
Capacity	475	752	752	752	752	752	752	752	752	752
Enrollment	754	716	740	731	700	702	713	732	671	636
<b><u>High</u></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	557	545	520	538	557	571	589	594	620	667
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	965	961	917	884	893	878	863	845	827	820
Whitmire High (5)										
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	278	277	259	243	241	215	295	295	295	295

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Other</b>										
Gallman Education Center (6)										
Square Feet	-	-	-	-	-	-	51,605	51,605	51,605	51,605
Capacity	-	-	-	-	-	-	114	114	114	114
Enrollment	-	-	-	-	-	-	71	72	70	95
Newberry Career Center (7)										
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	689	600	516	564	567	667	597	659	715
Whitmire Community School (8)										
Square Feet	-	-	-	-	-	-	55,326	55,326	55,326	55,326
Capacity	-	-	-	-	-	-	347	347	347	347
Enrollment	-	-	-	-	-	-	499	501	501	506

Sources: Various School District of Newberry County departments.

Note:

1. 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.
2. In 2004 Speers Street Elementary moved into a renovated facility and became Newberry Elementary. The Speers Street facility continues to be vacant.
3. See Note 2.
4. In 2004 a new addition to Whitmire Elementary allowed the move of Whitmire High students to that location. Whitmire Elementary became Whitmire Community School.
5. See Note 4. This facility has remained vacant due to the aforementioned move.
6. See Note 1. This student count is included in the student's home school enrollment figure therefore should not be included in total enrollment.
7. This student count is included in the student's home school enrollment figure therefore should not be included in total enrollment.
8. See Note 4.





Students display their art work at Boundary Street Elementary.



The Whitmire Community School Cheerleaders cheer on the Region II A champion Wolverines.



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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2007**

<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	\$ 150,179
600	National School Breakfast Program	10.553	N/A	526,254
600	National School Lunch Program	10.555	N/A	1,389,703
Total Passed Through State Department of Education				<u>2,066,136</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	80,940
<b>TOTAL US DEPARTMENT OF AGRICULTURE</b>				<b><u>2,147,076</u></b>
<b>US DEPARTMENT OF EDUCATION</b>				
Pass-through State Department of Education:				
201	Title I	84.010	07-BA064	1,392,821
Individuals with Disabilities Education Act				
203	Special Education--Grants to States	84.027	07-CA064	1,621,413
213	Personnel Development	84.027A	07-CO064	10,490
214	IDEA Group Homes	84.027A	07-CA064	8,403
Total 84.027				<u>1,640,306</u>
205	Special Education--Preschool Grants	84.173	07-CG064	58,292
207	Occupational Education	84.048	07-VA064	145,390
209	Safe and Drug Free Schools and Communities	84.186	07-FQ064	30,627
218	SC Reading First	84.357A	07-RC064	725,639
224	21st Century Learning	84.287C	07-CL064	175,000
235	Migrant Education - Basic State Grant Program	84.011	07-BG064	37,848
241	Title V - Chapter II	84.298	07-BB064	11,761
243	Adult Education - State - Administered Basic Grant Program	84.002	07-EA064	89,517
251	Rural and Low Income, Title VI	84.358	07-BS064	167,310
253	Title II - Ed Tech	84.318	07-ET064	17,745
264	ESOL - Title III	84.365A	07-BP064	44,181
267	Title II - Improving Teacher Quality	84.367A	07-TQ064	291,108
<b>TOTAL US DEPARTMENT OF EDUCATION</b>				<b><u>4,827,545</u></b>
<b>US DEPARTMENT OF DEFENSE</b>				
Direct Programs:				
272	JROTC	12.000	N/A	134,170
<b>TOTAL US DEPARTMENT OF DEFENSE</b>				<b><u>134,170</u></b>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>				<b><u>\$ 7,108,791</u></b>

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

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2007**

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**A – General**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of The School District of Newberry County, South Carolina (the “School District”) for the year ended June 30, 2007. 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, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 5, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's basic financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the School District in a separate letter dated November 5, 2007.

This report is intended solely for the information and use of management, the Board of Trustees, 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*  
Greene, Finney & Horton, LLP  
November 5, 2007

**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, 2007. 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, 2007.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control over compliance.

A *control deficiency* in an entity’s internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, 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*

Greene, Finney & Horton, LLP

November 5, 2007



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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2007**

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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, 2007**

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

*Federal Awards*

Internal control over major programs:

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

Type of 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
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA
84.027A	Personnel Development
84.027A	IDEA - Group Homes
84.357	SC Reads First

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

NONE

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

NONE