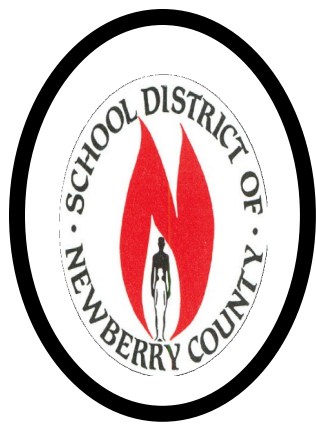


Comprehensive Annual Financial Report



ONE District
Team
Mission

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

Fiscal Year Ended June 30, 2009

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

Prepared by the Office of Finance

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

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NEWBERRY, SOUTH CAROLINA**

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NEWBERRY, SOUTH CAROLINA**

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

PRINCIPAL OFFICIALS

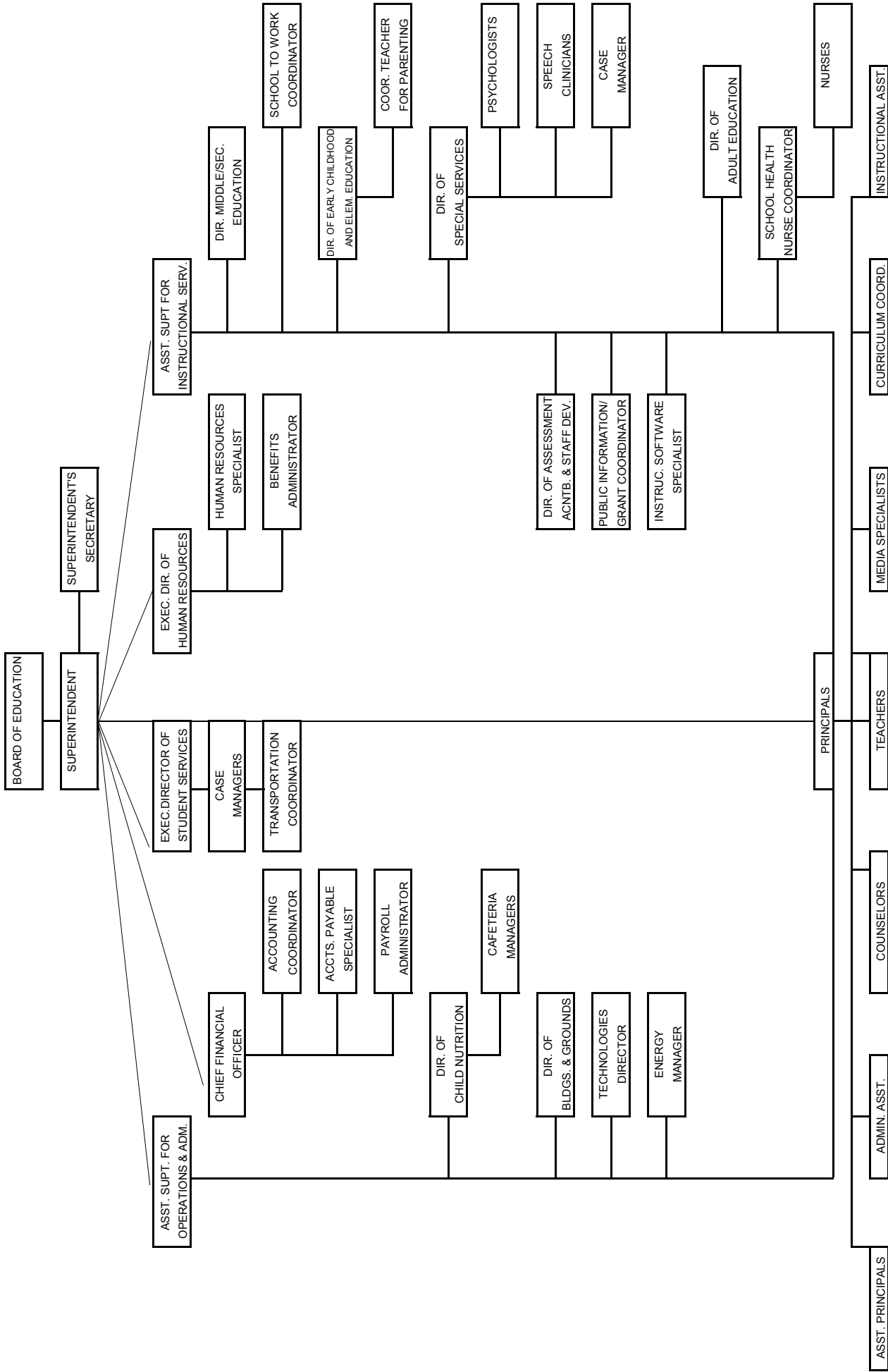
Board of Education

Mr. Donald C. Saylor, Chairperson
Mr. Jody Hamm, Vice-Chairperson
Mr. Clyde Hill, Secretary
Mr. Lee B. Attaway, Member
Ms. Lucy Anne Meetze, Member
Mr. Ike Bledsoe, 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
Dr. George Suggs, Exec. Director of Student Services
Mrs. Susan W. Dowd, Chief Financial Officer

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
ORGANIZATIONAL CHART





November 30, 2009

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

State law requires that all school districts publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of The School District of Newberry County (the District) for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of The School District of Newberry County has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, The School District of Newberry County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The comprehensive annual financial report is presented here in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the list of principal officials and the organizational chart. The financial section includes the basic financial statements; the combining and individual fund financial statements and schedules, as well as required supplementary information. Also included in the financial section is the independent auditors' report on these financial statements. The statistical section reflects social and economic data, financial trends and the fiscal capacity of the District. The final section is the single audit section.

The School District of Newberry County's financial statements have been audited by Greene, Finney, and Horton, C.P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that The School District of Newberry County's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of The School District of Newberry County was a part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the single audit section of this comprehensive annual financial report.

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

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

GENERAL INFORMATION ABOUT THE DISTRICT

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

The District is coterminous with Newberry County, which is located in the western portion of the State of South Carolina and has a land area of 630 square miles. Approximately 54,000 acres located in the northeastern portion of the County are within the Sumter National Forest. It is one of the oldest counties in the State, having been created by the division of the old Ninety Six District in 1798. Newberry County is bounded on the north by Union County, on the east by Fairfield and Richland Counties, on the south by Lexington and Saluda Counties and on the west by Greenwood and Laurens Counties.

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

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

The School District of Newberry County provides a broad spectrum of elementary and secondary programs to meet the needs of its diverse student population of 5736 students. These programs complement 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 Academic Standards for English/language/arts, mathematics, science, and social studies with the district's commensurate curricula. The process of curriculum revision and development is embedded in our District Strategic Plan and began in the summer of 2000 with the development of a comprehensive curriculum guide for English/language/arts. Since that time we have cyclically developed, reviewed, and revised the curricula guides in all the core content areas as well as Physical Education, the arts, and gifted and talented. The summers of 2005 -2008 were devoted to the development and revision of semester examinations for high school gateway courses. The summer work of 2009 produced revised curriculum guides in English language arts and mathematics.

A balanced, literacy approach to reading instruction is provided to elementary students which is boosting reading scores in grades 3-8. A district literacy plan was developed by practitioners and shared with the entire district. Academic advancement and enrichment are provided for academically gifted and talented students in grades 3-5 through "pullout classes" where thematic units of instruction are presented primarily through the social studies area from a newly developed curriculum specifically designed for these students. Honors Algebra 1 is offered to accelerated 7th and 8th grade students. Honors English 1 is offered to accelerated 8th 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. During the summer of 2006 the district began the implementation of content recovery for high school students who have been unsuccessful in earning Carnegie units. This technology based program permits students to successfully complete coursework and has manifested a significant improvement in our graduation rates; all three high schools have surpassed 80% in graduation rate. 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, 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 offers a Montessori program for preschool children aged three through five, lower elementary for grades one through three and upper elementary for grades four and five in three of our elementary 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. The Parenting and Family Literacy program has joint efforts with 11 other local agencies, and includes an Early Intervention Education Center. The Parenting and Family Literacy Program provides a monthly newsletter in English and Spanish with valuable tips and information for parents of young children. Through community collaboration 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 when needed.

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 middle and high 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 755 high school students are enrolled at the Newberry County Career Center. Students may receive credit in exploratory technology courses or may specialize in multiple course sequences in Business Education and Marketing Education, as well as courses in Computer-Aided Drafting, Agriculture, Project Lead the Way (pre-engineering), and Health Occupations. Dual credit courses are available through Piedmont Technical College for college preparatory and career and technology education students.

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

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

The District has pursued accreditation through the Southern Association of Colleges and Schools for all schools. As of the spring of 2005 all schools and the Career Center have been accredited by this nationally recognized accreditation entity. 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. Beginning in the 2007-08 school year the district began the process of acquiring district-wide accreditation through AdvancEd (a part of the Southern Association of Colleges and Schools). This process was completed in November, 2008 and the district was awarded this coveted district accreditation.

The School District of Newberry County funds the Newberry Adult Learning Center to provide adult education services to individuals seeking a high school credential or workplace training for employment. As a result of a successful 2008-09 school year the Adult Learning Center was tied with another district for the highest passage rate of first time GED attempts. That rate was 79%. In addition 74% of students passed the GED after having taken the examination previously. 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) classes for non-English speaking persons to learn to read and write the English Language; 5) and workplace programs. The program collaborates with other agencies in the county such as the Department of Social Services, Vocational Rehabilitation, Employment Security Commission, First Steps and many others to serve undereducated adults throughout the county. The program offers day and night classes in Newberry and night classes in Prosperity.

The School District of Newberry County achieved many educational successes during the 2008-09 school year, and certainly of great importance to the district and our community is that the state awarded Palmetto Gold and Silver awards to five of our schools. Additionally, graduating seniors earned approximately \$3 million in scholarships.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which The School District of Newberry County operates.

Local Economy. The City of Newberry is the largest incorporated municipality located within Newberry County. There are eight smaller municipalities for 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 for 2008 as reported by the U. S. Census Bureau is 37,823. Agriculture is the oldest 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, 1st in total egg production, and is ranked 8th in total farm income in the state, with agriculture income totaling \$84,259,000 annually. In the 2002 Census of Agriculture, Newberry County had 633 farms and 103,570 acres of land dedicated to agricultural pursuits.

Manufacturing as well as agriculture is an important source 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.

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.

Newberry County's largest employer, Louis Rich, has expanded in previous years, bringing its work force to about 2,350. 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 2009 was 13%, an increase of 5.7% from June 2008. There is some out-migration of labor, as the county adjoins Richland and Lexington counties. In-migration has been noted also, as residents seeking lower home costs and taxes have taken a look at Newberry County.

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

An extensive renovation of the Newberry Opera House built in 1882 was completed in 1998. During the 1998-99 inaugural season, the Opera House hosted many different attractions including Broadway shows, dance companies, country music stars, operas and many cultural events. A new 78-room hotel located near the Opera House, The Hampton Inn, opened in March of 2002. The Opera House continues to host community events, festivals, and shows.

Newberry College provides a liberal arts education to about 1084 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 its Newberry campus. 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 medical office building, an expanded Wellness Center and in 2008, full oncology services .

Many of the counties' retirees are teachers, and they have a local association. Volunteers from the senior citizens and retirees' population assist with mentoring and Lunch Pals programs in many schools. Law enforcement officers regularly visit the schools for lunch, to provide a link between the community and the students. The officers work in conjunction with six School Resource Officers, employed by the Newberry County Sheriff's Office. Business personnel and student athletes from Newberry College also serve as Lunch Pals.

Long-term financial planning. In FY 2007-2008, the Board of Trustees approved a fund balance policy stating that the District must maintain not less than 10% of the annual general fund operating budget as a fund balance from one year to the next. The District has maintained that balance for the 2009 fiscal year at a rate of 19.3%.

As evidenced by the financial statements contained in this report, capital projects are one of the main areas of focus in financial planning for the District. 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. As of June 30, 2009, 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 and Pomaria-Garmany Elementary has been completed as well. Renovations will soon be completed at Little Mountain Elementary and 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 District plans are to continue monitoring growth through demographic studies to continue to maintain its Capital Needs Improvement Plan. This plan is reviewed and updated annually. Projects which will enhance the instructional program are completed as revenue permits. Input is provided from various sources as we review our capital needs.

The Energy Education program has been in place since 2004 and has averaged a total of \$2,500,000 in cost savings since that time. This program was awarded Energy Project of the Year for 2008 by the Association of S.C. Energy Managers. The Energy Education Program is closely reviewed to identify potential problems with energy usage and system malfunctions.

MAJOR INITIATIVES

The School District of Newberry County seeks to provide opportunities for successful lifelong learning through the implementation of a comprehensive plan to acquire and integrate technology, access and utilize information effectively, extend the learning environment for all and prepare productive citizens for our community and a global society. To be able to fully accomplish this goal, The District has in place a plan of action that addresses the five Technology Dimensions as laid out by the SC Educational Technology Plan.

The five Technology Dimensions are as follows:

Technology Dimension 1: Learners and Their Environment

Technology Dimension 2: Professional Capacity

Technology Dimension 3: Instructional Capacity

Technology Dimension 4: Community Connections

Technology Dimension 5: Support Capacity

Learners and Their Environment; Students, teachers and staff must have access to the technology. Once the technology is available, there are three simultaneous areas for further implementation.

Professional, Instructional, and Support Capacity; There is the need for appropriate use of the technology in curriculum and instruction. This will be accomplished through training, and support.

Community Connections; As the resources of the school grow, and families become more adept at using technology, there is the need to open the school resources to home use.

Support Capacity; As the technology becomes more important in the learning, teaching, and operating function of the school, there is an urgent need to keep the systems (hardware and software) in top operating condition. Maintenance, repair and consistent funding for upgrades become a critical part of the process at this point.

These five dimensions form the basis for the district technology plan. This plan is not definitive, but simply a guide; a guide that can lead The School District of Newberry County into the next decade and beyond.

During the 2008-2009 school year continued progress was made in the technology arena. As well as updating our technology plan, additional computers were added to our classrooms. Smart Boards, digital projectors and enhanced sound systems were also added. Over 3/4 of our classrooms now have these instructional devices. The replacement of our current telephone system continues with two additional sites added to our VoIP system. Only 2 sites remain to be upgraded. Additional security cameras were added to Newberry High and Newberry Elementary. Schools and teachers increased their use and creation of classroom websites. Infrastructure upgrades continue to take place to help maintain our network in top operating condition.

FINANCIAL INFORMATION

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, 2009 totaled \$82,320,000. This outstanding debt is for the 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 2008-2009. 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.

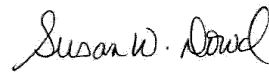
A Certificate of Achievement/Excellence is valid for a period of one year only. A Certificate of Achievement for Excellence in Financial Reporting was awarded by GFOA and a Certificate of Excellence in Financial Reporting was awarded by ASBO to The School District of Newberry County for its twelfth comprehensive annual financial report for fiscal year ended June 30, 2008. 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, 2008

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "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, 2008

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

Angela Pitman

President

John D. Mason

Executive Director



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, 2009, 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, 2009, 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 30, 2009 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 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
Mauldin, South Carolina
November 30, 2009

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

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, 2009. 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 2009 are as follows:

- The capital projects included in Newberry Investing in Children's Education ("NICE") program continued during the 2008-2009 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 \$67.1 million. Of this amount, \$8.7 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total net assets decreased by \$2 million, as governmental activities decreased \$1.8 million and business-type activities decreased \$0.2 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$31.4 million, a decrease of \$18.5 million from the prior year fund balance, which is attributable to NICE's capital project expenditures related to construction projects. Approximately 25.5% of the total amount, or \$8 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 \$3.8 million, which was approximately 9% of total General Fund expenditures. The total unreserved fund balance for the General Fund was \$8.0 million, which includes \$4.2 million designated for the School District's fund balance policy.
- The School District's total capital assets increased by \$15.9 million (15.5%) during the current fiscal year. The key factor in this increase was several projects which included continued construction at Pomaria -Garmany Elementary School, Little Mountain Elementary School and the completion of Mid-Carolina High School Building project that were financed primarily by the NICE installment purchase revenue bonds ("IPR") that were issued in 2006.
- The School District's total debt decreased by \$1.1 million to \$82.3 million due to scheduled principal payments.
- During the 2009 fiscal year, the School District's governmental fund revenues were \$62.4 million, compared to \$65.2 million in the prior year. This decrease is primarily due to lower revenues from the State of South Carolina due to budget cuts at the state as a result of the current economic down-turn. The School District's governmental fund expenditures were \$81.1 million, compared to \$87.5 million in the prior year. The decrease was primarily due to lower expenditures related to NICE's building program, which is scheduled for completion during 2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 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				
	Fund Basic Financial Statements			
	Government-Wide 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"> ▪ Statement of net assets ▪ Statement of activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of net assets ▪ Statement of revenues, expenses, and changes in net assets ▪ Statement of cash flows 	<ul style="list-style-type: none"> ▪ Statement of fiduciary assets and liabilities. ▪ Statement of changes in fiduciary assets and liabilities (excluding Agency funds).
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term.
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$67.1 million and \$69.1 million at the close of the current and prior fiscal year.

Table 1 provides a summary of the School District's net assets as of June 30, 2009 compared to June 30, 2008:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and Other Assets	\$ 40,648,736	61,286,846	699,291	866,471	41,348,027	\$ 62,153,317
Capital Assets, Net	118,504,949	102,537,553	275,834	344,156	118,780,783	102,881,709
Total Assets	159,153,685	163,824,399	975,125	1,210,627	160,128,810	165,035,026
Liabilities						
Other Liabilities	7,840,401	9,625,043	13,109	13,109	7,853,510	9,638,152
Long Term Liabilities	85,203,230	86,328,108	-	-	85,203,230	86,328,108
Total Liabilities	93,043,631	95,953,151	13,109	13,109	93,056,740	95,966,260
Net Assets						
Invested in Capital Assets, Net of Related Debt	54,268,153	55,967,770	275,834	344,156	54,543,987	56,311,926
Restricted	3,819,883	2,985,450	-	-	3,819,883	2,985,450
Unrestricted	8,022,018	8,918,028	686,182	853,362	8,708,200	9,771,390
Total Net Assets	\$ 66,110,054	67,871,248	962,016	1,197,518	67,072,070	\$ 69,068,766

Current and other assets decreased \$20.8 million primarily due to expenditures relating to the construction of several schools for the School District's NICE building program. Capital assets increased \$15.9 million due to current year additions, net of depreciation expense. Other liabilities decreased \$1.8 million primarily due to fewer amounts owed to contractors on NICE construction projects at June 30, 2009 (as compared to the prior year). Long term liabilities decreased \$1.1 million primarily due to scheduled principal payments on long-term debt.

The School District's government-wide net assets decreased a total of \$2.0 million, or approximately 2.9%, during 2009. 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 \$8.7 million at June 30, 2009, a decrease of approximately \$1.1 million, due primarily to the lower revenues from the state due to budget cuts.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Analysis (Continued)

Table 2 shows the changes in net assets for fiscal year 2009 compared to 2008:

Table II
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for Services	\$ 520,509	594,482	933,033	919,860	1,453,542	\$ 1,514,342
Operating Grants	30,352,343	32,397,442	2,637,963	2,418,706	32,990,306	34,816,148
Capital Grants	-	16,724	-	-	-	16,724
General Revenue:						
Taxes	21,060,629	19,944,975	-	-	21,060,629	19,944,975
State Revenue in Lieu of Taxes	8,628,135	8,668,929	-	-	8,628,135	8,668,929
Other	2,189,224	3,454,233	2,877	24,330	2,192,101	3,478,563
Total Revenues	62,750,840	65,076,785	3,573,873	3,362,896	66,324,713	68,439,681
Program Activities						
Instruction	34,789,217	34,033,419	-	-	34,789,217	34,033,419
Support Services	25,018,469	24,040,883	-	-	25,018,469	24,040,883
Community Services	4,920	12,530	-	-	4,920	12,530
Intergovernmental	604,345	202,955	-	-	604,345	202,955
Interest and Fiscal Charges	4,280,507	4,351,185	-	-	4,280,507	4,351,185
Food Service	-	-	3,623,951	3,431,718	3,623,951	3,431,718
Total Expenses	64,697,458	62,640,972	3,623,951	3,431,718	68,321,409	66,072,690
Excess Before Transfers	(1,946,618)	2,435,813	(50,078)	(68,822)	(1,996,696)	2,366,991
Transfers In (Out)	185,424	164,138	(185,424)	(164,138)	-	-
Change in Net Assets	(1,761,194)	2,599,951	(235,502)	(232,960)	(1,996,696)	2,366,991
Net Assets, Beginning of Year	67,871,248	65,271,297	1,197,518	1,430,478	69,068,766	66,701,775
Net Assets, End of Year	\$ 66,110,054	67,871,248	962,016	1,197,518	67,072,070	\$ 69,068,766

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

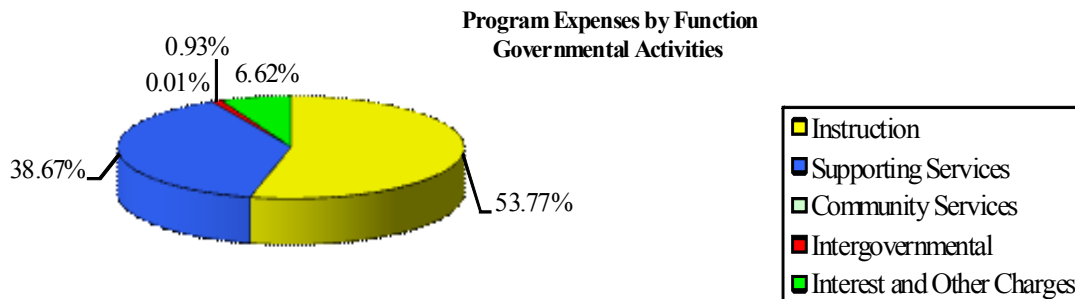
OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Analysis (Continued)

Governmental Activities: Net Assets for Governmental Activities decreased \$1.8 million from the previous year, as operating expenses exceeded revenues of the School District. This change was a decrease of approximately \$4.4 million compared to the 2008 net change in net assets. Key elements of this change are as follows:

- Total revenues decreased approximately \$2.3 million which is primarily attributed to lower state funds from the State of South Carolina due to budget cuts (primarily lower EFA funds of \$2.1 million and lower EIA funds of \$0.8 million) and lower investment earnings of \$1.2 million due to lower average cash balances combined with much lower interest rates during 2009; this was partially offset by an increase in property taxes of \$1.1 million due to an increase in assessed values and an increase in millage and an increase in federal grants of \$0.4 million
- Total expenses increased \$2.1 million which is primarily attributed to higher instruction expenses of approximately \$0.8 million and higher support service expenses of approximately \$1.0 million primarily due to higher salaries and benefits and net increase of \$0.3 million for all other functions.

Business-Type Activities: Net Assets for Business-Type Activities decreased approximately \$236 thousand from the previous year, compared to a decrease of approximately \$233 thousand in the prior year. Revenues increased \$211 thousand due to higher USDA reimbursements, which was offset by an increase in expenses of \$214 thousand due to higher salaries and related benefits, food costs and supplies.



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 COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

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

Governmental Funds (Continued)

For the year ended June 30, 2009, the School District's governmental funds reported a *combined* fund balance of approximately \$31.4 million, as compared to \$50.0 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, 2009, the School District's unreserved, undesignated fund balance for all governmental funds was approximately \$3.8 million which solely represents the General Fund. \$4.2 million is designated for the fund balance policy (policy adopted in fiscal year 2008). The remainder, approximately \$23.4 million, is reserved primarily for Capital Projects for the School District's building plans (\$11.5 million) and Debt Service (\$11.9 million).

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$8 million, and the total fund balance was also \$8 million. The fund balance for the School District's General Fund decreased by approximately \$0.6 million, or 6.8%, during the current fiscal year which is attributed to lower revenues as previously discussed.

The Debt Service Funds are used to account for the accumulation of funds for debt retirement. The fund balance for the School District's Debt Service Fund increased to approximately \$4 million at June 30, 2009, primarily due to lower debt service payments on District indebtedness. The fund balance for the NICE Debt Service Fund remained at approximately \$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 decreased approximately \$0.1 million to \$0.6 million as capital project expenditures were offset by a transfer in from the School District's Debt Service Fund. The NICE Capital Projects Fund decreased by approximately \$18.7 million from the prior year to approximately \$10.9 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 continued construction at Pomaria-Garmany Elementary School, Little Mountain Elementary School, and the completion of the Mid-Carolina High School building project.

Proprietary Funds

The School District's only Proprietary Fund is the Food Service Fund. This program had a decrease in net assets of approximately \$236 thousand for 2009 due to salaries and benefits, food costs and supplies, and other expenses exceeding meal sales and USDA reimbursements.

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 2009, there were no amendments to the School District's General Fund expenditure or revenue budgets. Actual revenues came in lower than budget by \$2.0 million due primarily to state budget reductions. Actual expenditures were less than budget by \$1.3 million due to cost saving measures put in place to defray the state budget cuts. The District had several budget cuts passed down from the South Carolina Department of Education throughout the fiscal year due to poor economic conditions throughout the state.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the School District had \$118.8 million invested in capital assets, net of depreciation.

The total increase in the School District's investment in capital assets was \$15.9 million, or 15.5%. Major capital asset events during the current fiscal year included:

- The continued construction at Pomaria-Garmany Elementary School, Little Mountain Elementary School.
- The completion of construction at Mid-Carolina High School

The following table shows the capital asset balances for 2009 and 2008:

Table III
Capital Assets at June 30

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Capital Assets						
Land	\$ 1,931,726	1,904,646	-	-	1,931,726	\$ 1,904,646
Building, Improvements, and Equipment	120,017,585	94,122,769	1,728,690	1,737,866	121,746,275	95,860,635
Construction in Progress	23,071,757	30,551,905	-	-	23,071,757	30,551,905
Less: Accum. Depreciation	(26,516,119)	(24,041,767)	(1,452,856)	(1,393,710)	(27,968,975)	(25,435,477)
Capital Assets, Net	<u>\$ 118,504,949</u>	<u>102,537,553</u>	<u>275,834</u>	<u>344,156</u>	<u>118,780,783</u>	<u>\$ 102,881,709</u>

The School District (through its blended component unit – NICE) has total outstanding construction commitments of approximately \$4.6 million at June 30, 2009.

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 COUNTY
NEWBERRY, SOUTH CAROLINA**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

The School District had \$82,320,000 in Installment Purchase Revenue Bonds (“IPR”) outstanding as shown in the table below. These bonds were issued in October 2006 to finance the costs of acquiring, constructing, renovating, and installing education facilities to be sold by NICE to the School District pursuant to a School Facilities Purchase and Occupancy Agreement.

Table IV
Outstanding Debt, at Year End

	Governmental Activities 2009	Governmental Activities 2008
	<u>2009</u>	<u>2008</u>
NICE Series 2005 IPR Bonds	82,320,000	83,365,000
Total	<u>\$ 82,320,000</u>	<u>\$ 83,365,000</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 \$1.1 million during 2009. 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 36% since 2000 to \$119 million in 2009. Total property tax collections remain strong averaging around 98.5%. Although Newberry County’s employment base is largely manufacturing, The School District of Newberry County is the second largest employer within the county.

FY 10 BUDGETS

The FY 10 General Fund Budget represents a 7.6 % decrease over FY 09 due to reductions in state revenue. The District is projected to receive approximately \$1,700,000 from the American Recovery and Reinvestment Act of 2009 for fiscal year 2010. These funds will help offset the decrease in general fund budget. Many factors were considered by the School District’s administration during the process of developing the fiscal year 2009-2010 budget including the possibility of further budget reductions due to economic concerns in the state. 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. Additionally, the Board of Trustees elected not to increase general operations millage for 2009-2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

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

STATEMENT OF NET ASSETS

JUNE 30, 2009

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 414,069	707,182	\$ 1,121,251
Cash and Cash Equivalents, Restricted	3,237	-	3,237
Investments, Restricted	19,793,458	-	19,793,458
Cash and Investments Held by County Treasurer	14,780,900	-	14,780,900
Property Taxes Receivable, Net	751,517	-	751,517
Accounts Receivable, Net	7,120	-	7,120
Other Receivables	377,578	-	377,578
Due from Other Governments	2,874,430	276,647	3,151,077
Internal Balances	359,968	(359,968)	-
Inventory and Prepaid Items	27,325	75,430	102,755
Bond Issuance Costs, Net	1,031,312	-	1,031,312
Other Assets	227,822	-	227,822
Capital Assets:			
Non-Depreciable	25,003,483	-	25,003,483
Depreciable, Net	93,501,466	275,834	93,777,300
TOTAL ASSETS	159,153,685	975,125	160,128,810
LIABILITIES			
Accounts Payable and Accrued Expenses	6,703,839	-	6,703,839
Accrued Interest Payable	352,110	-	352,110
Unearned Revenue	784,452	13,109	797,561
Non-Current Liabilities:			
Due Within One Year	1,223,595	-	1,223,595
Due in More than One Year	83,979,635	-	83,979,635
TOTAL LIABILITIES	93,043,631	13,109	93,056,740
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	54,268,153	275,834	54,543,987
Restricted For:			
Debt Service	3,772,084	-	3,772,084
Special Revenue - Grant Programs	47,799	-	47,799
Unrestricted	8,022,018	686,182	8,708,200
TOTAL NET ASSETS	\$ 66,110,054	962,016	\$ 67,072,070

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, 2009

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	Primary Government Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
Instruction	\$ 34,789,217	33,317	21,305,799	-	(13,450,101)	-	\$ (13,450,101)
Support Services	25,018,469	487,192	9,046,544	-	(15,484,733)	-	(15,484,733)
Community Services	4,920	-	-	-	(4,920)	-	(4,920)
Intergovernmental	604,345	-	-	-	(604,345)	-	(604,345)
Interest and Other Charges	4,280,507	-	-	-	(4,280,507)	-	(4,280,507)
Total Governmental Activities	<u>64,697,458</u>	<u>520,509</u>	<u>30,352,343</u>	<u>-</u>	<u>(33,824,606)</u>	<u>-</u>	<u>(33,824,606)</u>
Business-Type Activities:							
Food Services	3,623,951	933,033	2,637,963	-	-	(52,955)	(52,955)
Total Business-Type Activities	<u>3,623,951</u>	<u>933,033</u>	<u>2,637,963</u>	<u>-</u>	<u>-</u>	<u>(52,955)</u>	<u>(52,955)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 68,321,409</u>	<u>1,453,542</u>	<u>32,990,306</u>	<u>-</u>	<u>(33,824,606)</u>	<u>(52,955)</u>	<u>(33,877,561)</u>
GENERAL REVENUES AND TRANSFERS:							
General Revenues:							
Property Taxes Levied for General Purposes					15,141,155	-	15,141,155
Property Taxes Levied for Debt Service					5,919,474	-	5,919,474
State Revenue in Lieu of Taxes					8,628,135	-	8,628,135
Unrestricted Grants and Contributions					94,706	-	94,706
Unrestricted Investment Earnings					1,492,433	2,877	1,495,310
Unrestricted Intergovernmental General Revenue					50,147	-	50,147
Miscellaneous					551,938	-	551,938
Transfers					185,424	(185,424)	-
Total General Revenues and Transfers					<u>32,063,412</u>	<u>(182,547)</u>	<u>31,880,865</u>
CHANGE IN NET ASSETS					(1,761,194)	(235,502)	(1,996,696)
NET ASSETS, Beginning of Year					<u>67,871,248</u>	<u>1,197,518</u>	<u>69,068,766</u>
NET ASSETS, End of Year					<u>66,110,054</u>	<u>962,016</u>	<u>\$ 67,072,070</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**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2009

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
ASSETS			
Cash and Cash Equivalents	\$ 414,069	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Investments, Restricted	-	-	-
Cash and Investments Held by County Treasurer	9,927,282	89,381	-
Receivables, Net:			
Taxes	548,275	-	-
Accounts	7,121	-	-
Other	3,871	-	-
Due From:			
State Agencies	539,610	155,139	332,101
Federal Agencies	-	1,753,398	-
Other Funds	2,740,409	-	-
Other Governments	143	94,039	-
Prepaid Items	9,330	16,181	1,813
TOTAL ASSETS	14,190,110	2,108,138	333,914
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts and Retainage Payable	2,306,261	-	-
Accrued Salaries, Fringe & Benefits	3,317,766	-	-
Due to Other Funds	95,260	1,494,953	145,053
Deferred/Unearned Revenue	455,875	565,386	188,861
TOTAL LIABILITIES	6,175,162	2,060,339	333,914
FUND BALANCES:			
Fund Balances			
Reserved for:			
Prepaid Items	9,330	16,181	-
Debt Service	-	-	-
Capital Projects	-	-	-
Special Revenue	-	31,618	-
Unreserved:			
Designated for Fund Balance Policy	4,161,261	-	-
Undesignated	3,844,357	-	-
TOTAL FUND BALANCES	8,014,948	47,799	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,190,110	2,108,138	333,914

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

DEBT SERVICE - DISTRICT	DEBT SERVICE - NICE	CAPITAL PROJECTS - DISTRICT	CAPITAL PROJECTS - NICE	TOTAL GOVERNMENTAL FUNDS
-	-	-	-	\$ 414,069
-	3,237	-	-	3,237
-	7,956,834	-	11,836,623	19,793,457
3,917,574	-	846,662	-	14,780,899
203,242	-	-	-	751,517
-	-	-	-	7,121
-	-	-	373,707	377,578
-	-	-	-	1,026,850
-	-	-	-	1,753,398
3,378	-	92,855	376,995	3,213,637
-	-	-	-	94,182
-	-	-	-	27,324
4,124,194	7,960,071	939,517	12,587,325	42,243,269
-	-	-	952,212	3,258,473
-	-	-	-	3,317,766
-	-	377,968	740,435	2,853,669
162,866	-	4,671	-	1,377,659
162,866	-	382,639	1,692,647	10,807,567
-	-	-	-	25,511
3,961,328	7,960,071	-	-	11,921,399
-	-	556,878	10,894,678	11,451,556
-	-	-	-	31,618
-	-	-	-	4,161,261
-	-	-	-	3,844,357
3,961,328	7,960,071	556,878	10,894,678	31,435,702
4,124,194	7,960,071	939,517	12,587,325	\$ 42,243,269

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

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

JUNE 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 31,435,702
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.	593,208
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 \$167,888.	1,031,312
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 \$626,510 and are included in Other Assets.	227,822
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 \$145,021,068, and the accumulated depreciation is \$26,516,119.	118,504,949
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.	(352,110)
Accrued expenses for certain costs are not payable from current financial resources and thus are not reported as a liability in the funds.	(127,599)
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	(82,320,000)
Premium on Bonds Payable	(2,359,735)
Compensated Absences	(523,495)
	(85,203,230)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ <u>66,110,054</u>

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, 2009

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 15,127,985	-
Investment Earnings	86,686	1,215
Other Local Sources	148,968	824,155
State Sources	26,570,118	1,178,416
Federal Sources	-	5,510,758
Intergovernmental Revenue	-	50,147
TOTAL REVENUE ALL SOURCES	41,933,757	7,564,691
EXPENDITURES		
Current:		
Instruction	25,470,399	4,099,956
Support Services	18,089,943	3,083,998
Community Services	4,920	-
Intergovernmental	92,457	152,011
Capital Outlay	114,088	57,834
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	43,771,807	7,393,799
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,838,050)	170,892
OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of Capital Assets	5,200	425
Transfers In	1,252,011	-
Transfers Out	-	(171,063)
TOTAL OTHER FINANCING SOURCES (USES)	1,257,211	(170,638)
NET CHANGES IN FUND BALANCES	(580,839)	254
FUND BALANCE, Beginning of Year	8,595,787	47,545
FUND BALANCE, End of Year	\$ 8,014,948	47,799

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

SPECIAL REVENUE - EIA	DEBT SERVICE - DISTRICT	DEBT SERVICE - NICE	CAPITAL PROJECTS - DISTRICT	CAPITAL PROJECTS - NICE	TOTAL GOVERNMENTAL FUNDS
-	5,918,948	-	-	-	\$ 21,046,933
-	44,630	362,683	38,272	958,946	1,492,432
-	-	-	-	-	973,123
5,065,565	489,774	-	-	-	33,303,873
-	-	-	-	-	5,510,758
-	-	-	-	-	50,147
5,065,565	6,453,352	362,683	38,272	958,946	62,377,266
3,376,202	-	-	-	-	32,946,557
721,424	-	-	490,426	2,373,628	24,759,419
-	-	-	-	-	4,920
-	-	-	-	-	244,468
72,415	-	-	266,478	17,235,573	17,746,388
-	-	1,045,000	-	-	1,045,000
-	83,183	4,246,225	-	16,370	4,345,778
4,170,041	83,183	5,291,225	756,904	19,625,571	81,092,530
895,524	6,370,169	(4,928,542)	(718,632)	(18,666,625)	(18,715,264)
-	-	-	-	-	5,625
355,790	-	4,928,201	611,798	-	7,147,800
(1,251,314)	(5,539,999)	-	-	-	(6,962,376)
(895,524)	(5,539,999)	4,928,201	611,798	-	191,049
-	830,170	(341)	(106,834)	(18,666,625)	(18,524,215)
-	3,131,158	7,960,412	663,712	29,561,303	49,959,917
-	3,961,328	7,960,071	556,878	10,894,678	\$ 31,435,702

**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, 2009

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (18,524,215)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred revenues for the year.	13,696
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.	1,045,000
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.	3,484
In the Statement of Activities the loss on the sale of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets disposed.	(139,681)
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.	(157,476)
Governmental funds report capital asset additions as expenditures. However, in the Statement Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital additions of \$18,990,734 exceeded depreciation expense of \$2,883,657 in the current period.	<u>16,107,077</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (1,761,194)</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 NET ASSETS

PROPRIETARY FUND

JUNE 30, 2009

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 707,182
Due From:	
County Treasurer	966
Federal Agencies	275,681
Inventories	75,430
Total Current Assets	<u>1,059,259</u>
Non-Current Assets:	
Capital Assets	1,728,690
Less: Accumulated Depreciation	(1,452,856)
Total Non-Current Assets	<u>275,834</u>
TOTAL ASSETS	<u>1,335,093</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	359,968
Deferred Revenue	13,109
Total Current Liabilities	<u>373,077</u>
TOTAL LIABILITIES	<u>373,077</u>
NET ASSETS	
Invested in Capital Assets	275,834
Unrestricted	686,182
TOTAL NET ASSETS	<u>\$ 962,016</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, 2009

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 933,033
OPERATING EXPENSES	
Salaries	1,468,964
Employee Benefits	173,496
Purchased Services	42,415
Food Costs and Supplies	1,752,689
Equipment - Expendable	76,922
Depreciation	73,678
Other	35,198
TOTAL OPERATING EXPENSES	<u>3,623,362</u>
OPERATING LOSS	<u>(2,690,329)</u>
NON-OPERATING REVENUES (EXPENSES)	
Commodities Received from USDA	213,272
USDA Reimbursements	2,421,231
Interest	2,877
Other Revenue	3,460
Loss on Disposal of Capital Assets	(589)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>2,640,251</u>
LOSS BEFORE TRANSFERS	<u>(50,078)</u>
TRANSFERS	
Transfer Out	<u>(185,424)</u>
TOTAL TRANSFERS	<u>(185,424)</u>
CHANGE IN NET ASSETS	<u>(235,502)</u>
TOTAL NET ASSETS, Beginning of Year	<u>1,197,518</u>
TOTAL NET ASSETS, End of Year	<u><u>\$ 962,016</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, 2009

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 933,033
Receipts from Other Revenues	3,460
Payments to Employees for Services	(1,642,460)
Payments to Suppliers for Goods and Services	(1,693,952)
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,399,919)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	2,152,822
Transfers to Other Funds	(155,066)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1,997,756</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(5,555)
Other	(390)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	2,877
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,877</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(405,231)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,112,413</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 707,182</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (2,690,329)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation Expense	73,678
Non-Cash USDA Commodities Used	213,272
Other Revenues	3,460
Net Cash Used in Operating Activities	<u>\$ (2,399,919)</u>
Non-Cash Transactions:	
Commodities Received from the USDA	<u>\$ 213,272</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, 2009

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 497,230
Investments	45,116
TOTAL ASSETS	<u><u>542,346</u></u>
LIABILITIES	
Due to Student Organizations	542,346
TOTAL LIABILITIES	<u><u>\$ 542,346</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, 2009

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.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

NICE has five board members; they are appointed by the Board of the School District for three year terms and may be removed by the Board with or without cause at any time. The names of the current members of NICE's board are as follows: O.L. "Buddy" Johnson, J. Thomas Johnson, Timothy L. Carroll, Donald Layton and John E. Caldwell. 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, 2009

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, 2009

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, 2009

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 its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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, 2009

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 rather than when purchased.

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, 2009

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 balance 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 balance which is available for appropriation in future periods. Fund balance reserves have been established for inventories of supplies and materials and prepaid items. Designations of fund balance represent tentative management plans that are subject to change. Designations of fund balance include 10% of the next year's General Fund appropriations as a policy adopted by the Board. The designation of \$4,161,261 as of June 30, 2009 represents 10% of the original budget for the General Fund for fiscal year 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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, 2009

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, 2009, none of the School District’s bank balances of \$1,895,771, which had a carrying value of \$1,663,596, were exposed to custodial credit risk.

Investments

As of June 30, 2009, the School District had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturity
Cash and Investments Held by County Treasurer	Unrated	\$ 14,781,865	^
Repurchase Agreement - Citigroup Global Markets	Unrated	11,836,623	10/01/2010
Repurchase Agreement - Royal Bank of Canada	Unrated	7,956,834	12/01/2015
Total		\$ 34,575,322	

^ 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, 2009

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, 2009, 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 \$119 million at rates of 194.0 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 \$324,000 at June 30, 2009. 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, 2009

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, 2009, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$	430,342
Delinquent Property Taxes Receivable - Debt Service Fund		162,866
Unearned Revenue from Special Revenue Funds		754,247
Unearned Revenue from the General Fund		25,533
Unearned Revenue from Capital Projects Fund		4,671
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$</u>	<u>1,377,659</u>

C. Interfund Receivables and Payables

Interfund balances at June 30, 2009 (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund	\$ 2,740,409	\$ 95,260
Special Revenue Funds:		
Special Revenue	-	1,494,953
Education Improvement Act	-	145,053
Debt Service Fund - District	3,378	-
Capital Projects Fund - District	92,855	377,968
Capital Projects Fund - NICE	376,995	740,435
Enterprise Fund	-	359,968
	<u>\$ 3,213,637</u>	<u>\$ 3,213,637</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 NICE Capital Projects Fund and the General Fund paying for payroll costs for the Food Services Fund. The General Fund payable is a result of various transactions for the District Capital Projects Fund. The net NICE Capital Project Fund payable is due to amounts paid by the General Fund on behalf of the NICE Capital Project Fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 1,904,646	27,080	-	-	\$ 1,931,726
Construction in Progress	30,551,905	18,005,484	-	(25,485,632)	23,071,757
Total Capital Assets, Non-Depreciable	32,456,551	18,032,564	-	(25,485,632)	25,003,483
Capital Assets, Depreciable:					
Buildings and Improvements	85,890,487	45,573	195,660	25,485,632	111,226,032
Improvements Other Than Buildings	4,117,060	80,914	-	-	4,197,974
Vehicles	1,224,049	265,663	7,951	-	1,481,761
Machinery and Equipment	2,772,836	566,020	337,684	-	3,001,172
Furniture and Equipment	118,336	-	7,690	-	110,646
Total Capital Assets Depreciable	94,122,768	958,170	548,985	25,485,632	120,017,585
Less: Accumulated Depreciation for:					
Buildings and Improvements	19,284,906	2,466,715	104,033	-	21,647,588
Improvements Other Than Buildings	2,123,125	150,616	-	-	2,273,741
Vehicles	751,191	73,644	7,552	-	817,283
Machinery and Equipment	1,796,815	189,156	290,746	-	1,695,225
Furniture and Equipment	85,729	3,526	6,973	-	82,282
Total Accumulated Depreciation	24,041,766	2,883,657	409,304	-	26,516,119
Total Capital Assets, Depreciable, Net	70,081,002	(1,925,487)	139,681	25,485,632	93,501,466
Governmental Activities Capital Assets, Net	\$ 102,537,553	16,107,077	139,681	-	\$ 118,504,949
Business-Type Activities:					
Capital Assets, Depreciable:					
Furniture and Equipment	\$ 1,737,866	5,555	14,731	-	\$ 1,728,690
Less: Accumulated Depreciation	1,393,710	73,678	14,532	-	1,452,856
Business-Type Activities Capital Assets, Net	\$ 344,156	(68,123)	199	-	\$ 275,834

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows for 2009:

Governmental Activities:	
Instruction	\$ 1,742,969
Support Services	1,140,688
Total Depreciation Expense - Governmental Activities	<u>\$ 2,883,657</u>
 Business-Type Activities:	
Food Services	\$ 73,678
Total Depreciation Expense - Business-Type Activities	<u>\$ 73,678</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.” The School District is continuing with its expansion program, using proceeds from NICE’s debt offering. During 2009, the School District has completed the building project at Mid-Carolina High School and continued the construction projects at Pomaria-Garmany Elementary School and Little Mountain Elementary School. 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.H.). 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, 2009, 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, 2009 are approximately \$4,598,000, which will be funded using the proceeds from the NICE Installment Purchase Revenue Bonds – see Note III.H for details on this indebtedness.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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, 2009, consisted of the following:

Governmental Activities:

Accounts Payable	\$ 2,306,261
Retainage Payable	952,212
Accrued Salaries	2,340,249
Accrued Fringe and Benefits	977,517
Other Accrued Expenses	127,600
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 6,703,839</u>

F. Operating Leases

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 \$142,000 per year. The School District entered into agreements for lights at three schools. The leases run for 120 months, expiring in 2018 and 2019, with annual payments totaling approximately \$52,000. Total charges under these agreements were approximately \$169,000 for the year ended June 30, 2009.

Future payments on all of these agreements are as follows:

2010	\$ 112,323
2011	52,308
2012	52,308
2013	52,308
2014	52,308
2015-2019	231,957
Total	<u>\$ 553,512</u>

G. Short-Term Obligations

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bond	\$ -	5,540,000	5,540,000	\$ -
Total Governmental Activities	<u>\$ -</u>	<u>5,540,000</u>	<u>5,540,000</u>	<u>\$ -</u>

In September 2008, the School District issued \$5,540,000 of general obligation bonds for the purpose of making payments to NICE. These bonds, including interest of \$83,183, were repaid upon maturity in April 2009 utilizing debt service fund property tax revenues.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

H. Long-Term Obligations

The School District had the following outstanding indebtedness at June 30, 2009:

2005 Series: NICE Installment Purchase Revenue Bonds (“IPR Bonds”) in the original amount of \$84,725,000, principal due in annual installments of \$30,000 to \$7,930,000 at December 1; interest at 3.50% to 5.25% 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, 2009 were \$2,359,735 and \$1,031,312, 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, 2009:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
NICE Series 2005 IPR Bonds	\$ 83,365,000	-	1,045,000	82,320,000	\$ 1,185,000
Total Debt	83,365,000	-	1,045,000	82,320,000	1,185,000
Premium on NICE Series 2005	2,469,490	-	109,755	2,359,735	-
Compensated Absences	493,618	74,714	44,837	523,495	38,595
Total Governmental Activities	<u>\$ 86,328,108</u>	<u>74,714</u>	<u>1,199,592</u>	<u>85,203,230</u>	<u>\$ 1,223,595</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, 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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 \$11,836,623 at June 30, 2009.
- 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 \$7,956,834 at June 30, 2009.

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	
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	1,670,000	3,982,575	5,652,575
2014	1,855,000	3,892,131	5,747,131
2015-2019	12,515,000	17,695,869	30,210,869
2020-2024	19,270,000	13,566,087	32,836,087
2025-2029	28,245,000	7,445,575	35,690,575
2030-2031	14,745,000	765,125	15,510,125
Totals	\$ 82,320,000	59,737,587	\$ 142,057,587

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, 2009, the School District’s assessed property valuation was approximately \$119,170,000, and the legal debt limit was approximately \$9,530,000, of which \$5,600,000 in outstanding indebtedness was applicable to this limit as of the date of issuance of the financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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, 2009, consisted of the following:

General Fund			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 941,286		\$ -
Food Service - Indirect Cost	185,424		-
Special Revenue- Indirect Cost	125,301		-
	<u>1,252,011</u>		<u>-</u>
Special Revenue Funds			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
	-	General Fund- Indirect Costs	125,301
	-	Special Revenue -EIA	45,762
	<u>-</u>		<u>171,063</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	310,028	Special Revenue - EIA	310,028
Special Revenue - Special Projects	45,762	General Fund	941,286
	<u>355,790</u>		<u>1,251,314</u>
Debt Service Fund - District			
Transfers from	Amount	Transfers to	Amount
	-	NICE Debt Service	4,928,201
	-	Capital Projects - District	611,798
	<u>-</u>		<u>5,539,999</u>
Debt Service Fund - NICE			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>4,928,201</u>		<u>-</u>
Capital Projects Fund - District			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>611,798</u>		<u>-</u>
Proprietary Fund			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund- Indirect Costs	<u>\$ 185,424</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, 2009, consisted of the following:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

I. Transfers In and (Out) (Continued)

General Fund

Transfers from:

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

Special Revenue Funds

Transfers to:

Funds were transferred from Special Revenue/EIA funds into other funds to cover indirect cost on federal programs, the EIA raise for teachers, school employer contributions, adult literacy and technical assistance.

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 2009 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 – 9.24%. In addition to the above rates participating employers of the South Carolina Retirement System contribute 3.65% 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 approximately \$4,405,000, \$4,345,000 and \$3,733,000 for the years ended June 30, 2009, 2008, and 2007 respectively.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

B. Grants

The School District participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District expects such amounts, if any, would not have a material adverse effect on the financial condition of the School District.

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, 2009, totaled approximately \$313,000 for workers' compensation and \$301,000 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, 2009, the SCSBIT/WCP had Retained Earnings of approximately \$11,570,000 and the SCSBIT/PCP had Retained Earnings of approximately \$2,147,000. There were no reductions in insurance coverage as compared to the previous year. There were no insurance settlements that exceeded insurance coverage in any of the past three years.

D. Subsequent Events

In June 2009, the School District entered into a TAN program with the South Carolina Association of Governmental Organizations ("SCAGO") in the amount of \$1,191,000. This TAN program was entered into by the School District to help provide financial resources for operations. The District has drawn down approximately \$1,100,000 as of the date of issuance of the financial statements. Any outstanding obligation, including interest at 1.5%, is due in full in the spring of 2010.

In October 2009, the School District issued short-term general obligation bonds in the amount of \$5,600,000 for the purposes of paying NICE a portion of the installments of purchase price owing in fiscal year 2010 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 2.51%, is due in full on March 1, 2010.

State Budget Cuts

Due to the continuing slow State and National economies, the State of South Carolina is still experiencing a reduction in sales tax, corporate and personal income tax revenues, when compared to projections. In order to keep its general fund budget in balance, the State of South Carolina, in September 2009, reduced the projected revenue allocations to State agencies and school districts by 4.04%. This has resulted in a projected reduction of the state revenue allocations of approximately \$630,000 for the School District. The School District has responded to this cut by using the amounts it budgeted for contingency items.

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 14,937,530	14,937,530	15,127,985	\$ 190,455
Investment Earnings	175,000	175,000	86,686	(88,314)
Other Local Sources	40,000	40,000	148,968	108,968
State Sources	28,762,376	28,762,376	26,570,118	(2,192,258)
TOTAL REVENUE ALL SOURCES	43,914,906	43,914,906	41,933,757	(1,981,149)
EXPENDITURES				
Current:				
Instruction	26,157,611	26,157,611	25,470,399	687,212
Support Services	18,639,095	18,639,095	18,089,943	549,152
Community Services	9,000	9,000	4,920	4,080
Intergovernmental	47,800	47,800	92,457	(44,657)
Capital Outlay	168,700	168,700	114,088	54,612
TOTAL EXPENDITURES	45,022,206	45,022,206	43,771,807	1,250,399
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,107,300)	(1,107,300)	(1,838,050)	(730,750)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	5,200	5,200
Transfers In	1,107,300	1,107,300	1,252,011	144,711
TOTAL OTHER FINANCING SOURCES (USES)	1,107,300	1,107,300	1,257,211	149,911
NET CHANGE IN FUND BALANCE	-	-	(580,839)	(580,839)
FUND BALANCE, Beginning of Year	8,595,787	8,595,787	8,595,787	-
FUND BALANCES, End of Year	\$ 8,595,787	8,595,787	8,014,948	\$ (580,839)

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, 2009

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 13,530,530	12,978,545	\$ (551,985)
1140 Penalties & Interest on Taxes (Independent)	275,000	820,080	545,080
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,132,000	1,329,360	197,360
1300 Tuition:			
1310 From Patrons for Regular Day School	-	13,403	13,403
1320 From Other LEAs for Regular Day School	-	14,714	14,714
1350 From Patrons for Summer School	20,000	5,200	(14,800)
1500 Earnings on Investments:			
1510 Interest on Investments	175,000	86,686	(88,314)
1900 Other Revenue from Local Sources:			
1910 Rentals	-	5,010	5,010
1950 Refund of Prior Year's Expenditures	-	3,013	3,013
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	58,788	58,788
1999 Revenue from Other Local Sources	20,000	48,840	28,840
Total Revenue from Local Sources	<u>15,152,530</u>	<u>15,363,639</u>	<u>211,109</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	1,096	1,096
3160 School Bus Driver's Salary	400,546	409,291	8,745
3162 Transportation Workers' Compensation	-	34,248	34,248
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	4,841,688	4,772,462	(69,226)
3181 Retiree Insurance (No Carryover Provision)	754,887	736,156	(18,731)
3199 Other Restricted State Grants	-	1,962	1,962
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	931,836	832,728	(99,108)
3312 Primary	2,915,703	2,463,829	(451,874)
3313 Elementary	3,695,123	3,239,811	(455,312)
3314 High School	1,592,356	1,400,320	(192,036)
3315 Trainable Mentally Handicapped	42,465	35,705	(6,760)
3316 Speech Handicapped (Part-Time Program)	1,358,959	1,103,621	(255,338)
3317 Homebound	\$ 80,184	65,950	\$ (14,234)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 94,040	53,855	\$ (40,185)
3322 Educable Mentally Handicapped	192,895	139,683	(53,212)
3323 Learning Disabilities	1,696,055	1,412,077	(283,978)
3324 Hearing Handicapped	25,109	11,322	(13,787)
3325 Visually Handicapped	15,322	14,494	(828)
3326 Orthopedically Handicapped	24,893	20,982	(3,911)
3327 Vocational	1,925,933	1,613,172	(312,761)
3330 Other EFA Programs:			
3331 Autism	81,424	68,992	(12,432)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	2,148,611	2,148,612	1
3820 Homestead Exemption (Tier 2)	1,200,583	1,200,583	-
3825 Reimbursement for Property Tax Relief (Teir 3)	4,208,764	4,205,199	(3,565)
3830 Merchant's Inventory Tax	120,000	158,280	38,280
3840 Manufacturers Depreciation Reimbursement	230,000	252,340	22,340
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	185,000	173,348	(11,652)
Total Revenue from State Sources	<u>28,762,376</u>	<u>26,570,118</u>	<u>(2,192,258)</u>
TOTAL REVENUE ALL SOURCES	<u>43,914,906</u>	<u>41,933,757</u>	<u>(1,981,149)</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,210,597	1,144,898	65,699
200 Employee Benefits	397,520	362,926	34,594
300 Purchased Services	9,927	10,027	(100)
400 Supplies and Materials	19,078	18,764	314
112 Primary Programs:			
100 Salaries	3,815,453	3,928,302	(112,849)
200 Employee Benefits	1,197,412	1,148,279	49,133
300 Purchased Services	25,333	24,613	720
400 Supplies and Materials	90,436	69,318	21,118
600 Other Objects	30,000	23,448	6,552
113 Elementary Programs:			
100 Salaries	5,885,051	5,878,632	6,419
200 Employee Benefits	1,839,098	1,735,216	103,882
300 Purchased Services	48,911	57,434	(8,523)
400 Supplies and Materials	91,783	88,858	2,925
600 Other Objects	\$ 12,500	7,174	\$ 5,326

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	REVISED BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 4,195,450	4,077,991	\$ 117,459
200 Employee Benefits	1,302,662	1,183,154	119,508
300 Purchased Services	38,227	173,494	(135,267)
400 Supplies and Materials	99,450	93,710	5,740
600 Other Objects	1,500	1,819	(319)
115 Career and Technology Education Program:			
100 Salaries	801,425	784,533	16,892
200 Employee Benefits	252,091	239,076	13,015
300 Purchased Services - Other Than Tuition	6,078	5,092	986
400 Supplies and Materials	33,974	18,532	15,442
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	518,334	483,134	35,200
200 Employee Benefits	175,261	154,121	21,140
300 Purchased Services	885	-	885
400 Supplies and Materials	10,327	1,578	8,749
122 Trainable Mentally Handicapped:			
100 Salaries	218,536	233,591	(15,055)
200 Employee Benefits	77,307	78,923	(1,616)
300 Purchased Services	40,000	38,470	1,530
400 Supplies and Materials	3,447	1,995	1,452
123 Orthopedically Handicapped:			
100 Salaries	2,681	2,681	-
200 Employee Benefits	736	799	(63)
300 Purchased Services	3,300	3,300	-
400 Supplies and Materials	504	-	504
124 Visually Handicapped:			
100 Salaries	18,640	21,336	(2,696)
200 Employee Benefits	6,143	6,437	(294)
300 Purchased Services	14,050	12,528	1,522
400 Supplies and Materials	324	127	197
126 Speech Handicapped:			
100 Salaries	191,421	178,593	12,828
200 Employee Benefits	58,581	50,534	8,047
300 Purchased Services	9,800	40,645	(30,845)
400 Supplies and Materials	5,625	3,581	2,044
127 Learning Disabilities:			
100 Salaries	1,194,599	1,073,044	121,555
200 Employee Benefits	378,062	327,484	50,578
300 Purchased Services	750	378	372
400 Supplies and Materials	\$ 12,954	3,998	\$ 8,956

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	REVISED BUDGET	ACTUAL	VARIANCE
128 Emotionally Handicapped:			
100 Salaries	\$ 160,454	123,697	\$ 36,757
200 Employee Benefits	56,264	42,350	13,914
400 Supplies and Materials	3,425	882	2,543
130 Pre-School Programs:			
139 Early Childhood Programs:			
100 Salaries	326,426	340,598	(14,172)
200 Employee Benefits	116,296	110,437	5,859
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	43,389	43,388	1
200 Employee Benefits	13,908	13,494	414
300 Purchased Services	2,700	4,513	(1,813)
145 Homebound:			
100 Salaries	30,000	40,742	(10,742)
200 Employee Benefits	6,000	8,309	(2,309)
300 Purchased Services	14,000	22,282	(8,282)
149 Other Special Programs:			
100 Salaries	1,200	-	1,200
300 Purchased Services	807,605	717,531	90,074
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	49,373	39,102	10,271
200 Employee Benefits	19,528	14,254	5,274
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	1,104	(1,104)
200 Employee Benefits	-	235	(235)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	1,620	1,455	165
185 Vocational Adult Education Programs:			
100 Salaries	54,816	54,406	410
200 Employee Benefits	17,786	17,651	135
188 Parenting/Family Literacy:			
100 Salaries	61,830	61,943	(113)
200 Employee Benefits	19,818	19,459	359
190 Instructional Pupil Activity:			
300 Purchased Services	4,950	-	4,950
Total Instruction	<u>\$ 26,157,611</u>	<u>25,470,399</u>	<u>\$ 687,212</u>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	REVISED BUDGET	ACTUAL	VARIANCE
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	\$ 221,766	220,229	\$ 1,537
200 Employee Benefits	92,993	67,332	25,661
300 Purchased Services	4,564	8,227	(3,663)
400 Supplies and Materials	2,275	2,333	(58)
212 Guidance Services:			
100 Salaries	1,020,950	1,040,306	(19,356)
200 Employee Benefits	297,877	281,468	16,409
213 Health Services:			
100 Salaries	208,786	235,145	(26,359)
200 Employee Benefits	65,626	66,460	(834)
300 Purchased Services	19,776	19,313	463
400 Supplies and Materials	5,674	7,228	(1,554)
600 Other Objects	252	30	222
214 Psychological Services:			
100 Salaries	56,855	56,855	-
200 Employee Benefits	18,459	18,200	259
300 Purchased Services	3,250	11,272	(8,022)
400 Supplies and Materials	3,321	3,121	200
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	597,648	483,130	114,518
200 Employee Benefits	177,713	131,957	45,756
300 Purchased Services	50,894	25,403	25,491
400 Supplies and Materials	35,766	14,082	21,684
600 Other Objects	675	717	(42)
222 Library and Media Services:			
100 Salaries	776,946	699,910	77,036
200 Employee Benefits	223,390	205,138	18,252
400 Supplies and Materials	100,716	99,530	1,186
223 Supervision of Special Programs:			
100 Salaries	60,537	49,224	11,313
200 Employee Benefits	20,404	15,069	5,335
400 Supplies and Materials	2,187	2,058	129
600 Other Objects	194	-	194
224 Improvement of Instruction-Inservice and Staff Training:			
300 Purchased Services	30,302	17,500	12,802
400 Supplies and Materials	\$ -	162	\$ (162)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	REVISED BUDGET	ACTUAL	VARIANCE
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	\$ 39,150	39,150	\$ -
200 Employee Benefits	82,597	70,465	12,132
300 Purchased Services	53,245	39,248	13,997
318 Audit Services	33,503	36,450	(2,947)
400 Supplies and Materials	935	742	193
600 Other Objects	328,296	324,493	3,803
232 Office of Superintendent:			
100 Salaries	204,332	204,006	326
200 Employee Benefits	48,301	48,355	(54)
300 Purchased Services	33,756	29,490	4,266
400 Supplies and Materials	3,278	932	2,346
600 Other Objects	12,200	7,658	4,542
233 School Administration:			
100 Salaries	3,105,519	3,038,233	67,286
140 Terminal Leave	-	52,066	(52,066)
200 Employee Benefits	949,934	875,240	74,694
300 Purchased Services	27,360	31,402	(4,042)
400 Supplies and Materials	112,248	103,269	8,979
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	403,790	403,712	78
200 Employee Benefits	118,949	117,376	1,573
300 Purchased Services	12,338	12,136	202
400 Supplies and Materials	3,991	2,043	1,948
600 Other Objects	810	805	5
253 Facilities Acquisition and Construction:			
300 Purchased Services	-	2,972	(2,972)
500 Capital Outlay:			
580 Mobile Classrooms	66,000	-	66,000
254 Operation and Maintenance of Plant:			
100 Salaries	953,942	945,745	8,197
200 Employee Benefits	278,309	265,205	13,104
300 Purchased Services	1,630,748	1,563,694	67,054
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	140,000	146,439	(6,439)
400 Supplies and Materials	406,621	365,757	40,864
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,282,315	1,396,683	(114,368)
500 Capital Outlay	-	17,000	(17,000)
600 Other Objects	\$ 70,382	118,659	\$ (48,277)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	REVISED BUDGET	ACTUAL	VARIANCE
255 Student Transportation (State Mandated):			
100 Salaries	\$ 1,173,605	1,201,968	\$ (28,363)
200 Employee Benefits	217,538	386,912	(169,374)
300 Purchased Services	123,707	19,925	103,782
400 Supplies and Materials	4,200	4,514	(314)
256 Food Service:			
200 Employee Benefits	390,000	508,870	(118,870)
257 Internal Services:			
100 Salaries	57,656	57,656	-
200 Employee Benefits	30,583	16,759	13,824
300 Purchased Services	182,809	124,628	58,181
400 Supplies and Materials	26,000	27,916	(1,916)
500 Capital Outlay	-	10,000	(10,000)
600 Other Objects	250,449	4,502	245,947
258 Security:			
300 Purchased Services	288,128	293,151	(5,023)
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
300 Purchased Services	-	123	(123)
263 Information Services:			
100 Salaries	57,656	57,656	-
200 Employee Benefits	16,732	16,358	374
300 Purchased Services	7,200	4,495	2,705
400 Supplies and Materials	1,800	2,091	(291)
264 Staff Services:			
100 Salaries	265,070	262,746	2,324
200 Employee Benefits	81,346	79,284	2,062
300 Purchased Services	41,855	30,894	10,961
400 Supplies and Materials	6,251	5,639	612
600 Other Objects	7,209	4,542	2,667
266 Technology and Data Processing Services:			
100 Salaries	284,693	283,721	972
200 Employee Benefits	84,884	85,226	(342)
300 Purchased Services	49,500	28,268	21,232
400 Supplies and Materials	7,300	27,266	(19,966)
500 Capital Outlay	102,700	87,088	15,612
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	376,816	346,505	30,311
200 Employee Benefits (Optional)	53,234	70,981	(17,747)
300 Purchased Services (Optional)	73,629	70,923	2,706
660 Pupil Activity	42,600	42,600	-
Total Support Services	<u>\$ 18,807,795</u>	<u>18,204,031</u>	<u>\$ 603,764</u>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	REVISED BUDGET	ACTUAL	VARIANCE
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	\$ 1,000	-	\$ 1,000
390 Other Community Services:			
300 Purchased Services	4,000	3,000	1,000
600 Other Objects	4,000	1,920	2,080
Total Community Services	<u>9,000</u>	<u>4,920</u>	<u>4,080</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	34,608	(34,608)
412 Payments to Other Governmental Units			
720 Transits	47,800	57,849	(10,049)
Total Intergovernmental Expenditures	<u>47,800</u>	<u>92,457</u>	<u>(44,657)</u>
TOTAL EXPENDITURES	<u>45,022,206</u>	<u>43,771,807</u>	<u>1,250,399</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of Capital Assets	-	5,200	5,200
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	809,614	941,286	131,672
5280 Transfer from Other Funds Indirect Costs	297,686	310,725	13,039
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,107,300</u>	<u>1,257,211</u>	<u>149,911</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	(580,839)	(580,839)
FUND BALANCE, Beginning of Year	<u>8,595,787</u>	<u>8,595,787</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 8,595,787</u>	<u>8,014,948</u>	<u>\$ (580,839)</u>

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, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
	<u> </u>	<u> </u>
REVENUES		
1000 Revenue from Local Sources:		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ -	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
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:		
3116 EEDA Misc.	-	-
3117 EEDA 8th Grade Career Awareness	-	-
3118 EEDA Career Specialist	-	-
3120 General Education:		
3123 Formative Assessment	-	-
3126 Refurbishment of K-8 Science Kits	-	-
3127 Student Health and Fitness - PE Teachers	-	-
3128 High Schools That Work	-	-
3130 Special Programs:		
3136 Student Health and Fitness - Nurses	-	-
3150 Adult Education:		
3154 Young Adult Education	-	-
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	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	1,215	\$ 1,215
-	-	-	-	-	107,739	107,739
-	-	-	-	-	487,192	487,192
-	-	-	-	-	229,224	229,224
-	-	-	-	-	825,370	825,370
-	-	-	-	-	50,147	50,147
-	-	-	-	-	50,147	50,147
-	-	-	-	13,117	-	13,117
-	-	-	-	3,245	-	3,245
-	-	-	-	122,243	-	122,243
-	-	-	-	26,000	-	26,000
-	-	-	-	23,166	-	23,166
-	-	-	-	63,943	-	63,943
-	-	-	-	26,233	-	26,233
-	-	-	-	334,187	-	334,187
-	-	-	-	24,626	-	24,626
-	-	-	-	1,850	-	1,850
-	-	-	-	56,628	-	56,628
-	-	-	-	-	9,040	9,040
-	-	-	-	21,934	-	21,934
-	-	-	-	397,086	-	\$ 397,086

(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, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching	\$ -	-
3993 School Library Media Centers	-	-
Total Revenue from State Sources	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins, Title I	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	1,686,347	-
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)	-	1,451,422
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>1,686,347</u>	<u>1,451,422</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 1,686,347</u>	<u>1,451,422</u>

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	50,177	-	\$ 50,177
-	-	-	-	4,941	-	4,941
-	-	-	-	1,169,376	9,040	1,178,416
-	130,376	-	-	-	-	130,376
-	-	-	-	-	92,056	1,778,403
-	-	-	-	-	128,136	128,136
-	-	-	-	-	1,076,241	1,076,241
-	-	-	-	-	15,269	15,269
-	-	-	-	-	9,423	9,423
-	-	-	-	-	51,763	51,763
-	-	-	-	-	318,389	318,389
-	-	-	64,573	-	-	64,573
-	-	-	-	-	-	1,451,422
86,354	-	-	-	-	-	86,354
-	-	20,855	-	-	-	20,855
-	-	-	-	-	170,000	170,000
-	-	-	-	-	46,533	46,533
-	-	-	-	-	163,021	163,021
86,354	130,376	20,855	64,573	-	2,070,831	5,510,758
86,354	130,376	20,855	64,573	1,169,376	2,955,388	\$ 7,564,691

(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, 2009

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>
EXPENDITURES		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
400 Supplies and Materials	\$ -	-
112 Primary Programs:		
100 Salaries	294,105	-
200 Employee Benefits	98,901	-
300 Purchased Services	117,804	-
400 Supplies and Materials	78,158	-
113 Elementary Programs:		
100 Salaries	63,142	-
200 Employee Benefits	13,501	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	294,425
200 Employee Benefits	-	100,623
300 Purchased Services	-	21
400 Supplies and Materials	-	-
122 Trainable Mentally Handicapped:		
100 Salaries	-	50,440
200 Employee Benefits	\$ -	15,063

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	2,026	\$ 2,026
-	-	-	-	117,769	422,656	834,530
-	-	-	-	38,626	126,069	263,596
-	-	-	-	-	5,162	122,966
-	-	-	-	39,813	416,483	534,454
-	-	-	-	91,863	48,760	203,765
-	-	-	-	31,811	15,486	60,798
-	-	-	-	-	1,174	1,174
-	-	-	-	4,970	13,394	18,364
-	-	-	-	-	161,878	161,878
-	-	-	-	-	37,763	37,763
-	-	-	-	-	296	296
-	-	-	-	5,370	3,761	9,131
-	55,160	-	-	-	-	55,160
-	6,129	-	-	-	-	6,129
-	3,014	-	-	-	-	3,014
-	44,048	-	-	-	32,179	76,227
-	-	-	-	-	-	294,425
-	-	-	-	-	-	100,623
-	-	-	-	-	9,640	9,661
-	-	-	-	-	6,014	6,014
-	-	-	-	-	156	50,596
-	-	-	-	-	33	\$ 15,096

(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, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
124 Visually Handicapped:		
100 Salaries	\$ -	11,916
200 Employee Benefits	-	3,977
300 Purchased Services	-	389
126 Speech Handicapped:		
100 Salaries	-	235,337
200 Employee Benefits	-	75,644
127 Learning Disabilities:		
100 Salaries	-	220,674
200 Employee Benefits	-	73,815
300 Purchased Services	-	2,262
128 Emotionally Handicapped:		
100 Salaries	-	1,950
200 Employee Benefits	-	575
300 Purchased Services	-	-
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
140 Special Programs:		
145 Homebound:		
100 Salaries	-	2,521
200 Employee Benefits	-	530
300 Purchased Services	-	173
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	-
200 Employee Benefits	-	-
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	5,958	\$ 17,874
-	-	-	-	-	1,988	5,965
-	-	-	-	-	-	389
12,694	-	-	-	-	23,912	271,943
4,852	-	-	-	-	-	80,496
-	-	-	-	-	-	220,674
-	-	-	-	-	-	73,815
-	-	-	-	-	-	2,262
-	-	-	-	-	12,533	14,483
-	-	-	-	-	2,630	3,205
-	-	-	-	-	14,577	14,577
9,180	-	-	-	-	-	9,180
3,548	-	-	-	-	-	3,548
145	-	-	-	-	-	145
40,629	-	-	-	-	-	40,629
13,085	-	-	-	-	-	13,085
-	-	-	-	-	324	2,845
-	-	-	-	-	69	599
-	-	-	-	-	4,642	4,815
-	-	-	-	-	19,475	19,475
-	-	-	-	-	4,263	4,263
-	-	-	-	-	4,278	4,278
-	-	-	-	-	910	\$ 910

(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, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
172 Elementary Summer School:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
188 Parenting/Family Literacy:		
100 Salaries	93,000	-
200 Employee Benefits	27,608	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
Total Instruction	<u>786,219</u>	<u>1,090,335</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	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	50,000	\$ 50,000
-	-	-	-	-	10,000	10,000
-	-	-	-	-	5,360	5,360
-	-	-	-	-	87,583	87,583
-	-	-	-	-	18,720	18,720
-	-	-	-	-	11,000	11,000
-	-	-	31,778	-	-	31,778
-	-	-	6,765	-	-	6,765
-	-	-	4,000	-	-	4,000
-	-	-	10,560	7,280	-	17,840
-	-	-	2,248	1,550	-	3,798
-	-	-	2,388	-	-	2,388
-	-	-	1,640	-	-	1,640
-	-	-	360	-	-	360
-	-	-	-	-	28,640	121,640
-	-	-	-	-	7,498	35,106
-	-	-	-	-	10,024	10,024
-	-	-	-	-	4,813	4,813
84,133	108,351	-	59,739	339,052	1,632,127	4,099,956
-	-	739	-	-	37,673	38,412
-	-	157	-	-	11,094	11,251
-	-	7,567	-	-	-	7,567
-	-	12,392	-	-	-	\$ 12,392

(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, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
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	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
214 Psychological Services:		
100 Salaries	-	100,007
200 Employee Benefits	-	28,087
300 Purchased Services	-	30,028
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	507,851	-
200 Employee Benefits	154,931	-
300 Purchased Services	433	-
400 Supplies and Materials	-	-
222 Library and Media:		
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	77,474	118,943
200 Employee Benefits	18,345	34,270
300 Purchased Services	3,079	5,000
400 Supplies and Materials	10,870	6,344
500 Capital Outlay	-	-
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	83,419	-
400 Supplies and Materials	\$ 277	-

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	95,693	-	\$ 95,693
-	-	-	-	26,608	-	26,608
-	8,325	-	-	-	-	8,325
-	3,500	-	-	11,065	-	14,565
-	-	-	-	246,392	47,681	294,073
-	-	-	-	87,792	18,708	106,500
-	-	-	-	-	557	557
-	-	-	-	-	7,202	7,202
-	-	-	-	-	3,773	3,773
-	-	-	-	-	-	100,007
-	-	-	-	-	-	28,087
-	-	-	-	-	386	30,414
-	-	-	-	89,629	238,973	836,453
-	-	-	-	26,900	65,921	247,752
-	-	-	-	222	16,270	16,925
-	-	-	-	54,291	16,384	70,675
-	-	-	-	4,941	-	4,941
-	-	-	2,400	13,364	75,828	288,009
-	-	-	806	2,432	25,155	81,008
-	-	-	-	-	67,619	75,698
-	-	-	-	-	9,177	26,391
-	-	-	-	-	4,000	4,000
-	-	-	-	46,694	21,000	67,694
-	-	-	-	9,779	4,200	13,979
-	10,200	-	-	59,828	150,100	303,547
-	-	-	-	6,917	40,310	\$ 47,504

(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, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
300 Purchased Services	\$ 75	-
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
257 Internal Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
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>856,754</u>	<u>322,679</u>
410 Intergovernmental Expenditures:		
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,642,973</u>	<u>1,413,014</u>

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	-	\$ 75
-	-	-	-	-	39,562	39,562
-	-	-	-	-	6,971	6,971
-	-	-	-	-	4,581	4,581
-	-	-	-	-	902	902
-	-	-	-	-	14,011	14,011
-	-	-	-	-	5,729	5,729
-	-	-	-	-	749	749
-	-	-	-	-	10,811	10,811
-	-	-	-	-	48,047	48,047
-	-	-	-	1,850	6,820	8,670
-	-	-	-	-	50,061	50,061
-	-	-	-	-	2,475	2,475
-	-	-	-	-	583	583
-	-	-	-	165	58,229	58,394
-	-	-	-	-	20,209	20,209
-	22,025	20,855	3,206	784,562	1,131,751	3,141,832
-	-	-	-	-	152,011	152,011
-	-	-	-	-	152,011	152,011
84,133	130,376	20,855	62,945	1,123,614	2,915,889	\$ 7,393,799

(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, 2009

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
OTHER FINANCING SOURCES (USES)		
5300 Sale of Capital Assets	\$ -	-
Interfund Transfers, From (To) Other Funds:		
422-710 Transfer to Special Revenue EIA Fund	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(43,374)	(38,408)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(43,374)</u>	<u>(38,408)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u><u>\$ -</u></u>	<u><u>-</u></u>

Preschool Handicapped (CG Projects) (205/206)	Occupational Education (VA Projects) (207/208)	Drug Free (FP/FQ Projects) (209/210)	Adult Education* (EA Projects)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	425	\$ 425
-	-	-	-	(45,762)	-	(45,762)
(2,221)	-	-	(1,628)	-	(39,670)	(125,301)
<u>(2,221)</u>	<u>-</u>	<u>-</u>	<u>(1,628)</u>	<u>(45,762)</u>	<u>(39,245)</u>	<u>(170,638)</u>
-	-	-	-	-	254	254
-	-	-	-	-	47,545	47,545
-	-	-	-	-	47,799	\$ 47,799

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2009

OTHER DESIGNATED RESTRICTED STATE GRANTS

908	Refurbishment of K-8 Science Kits
916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
919	Education License Plates
926	EEDA Misc.
927	EEDA 8th Grade Awareness
928	EEDA Career Specialists
931	Middle School Initiative
933	Formative Assessment
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
938	High Schools That Work
939	Library Allocation
945	High School Reading Initiative
960	K-5 Enhancement
967	6-8 Enhancement

OTHER SPECIAL REVENUE PROGRAMS

218	SC Reading First
221	Title I (Neglected and Delinquent)
224	21st Century
237	Title I - School Improvement
241	Title V - Part A
246	US Forestry Commission
251	Rural and Low Income, Title VI
253	Enhancing Education Through Technology (E2T2), (Carryover Provision)
255	Medicaid
264	Title III - LEP
267	Improving Teacher Quality (84.367A) (Carryover Provision)
272	JROTC
800	Carowinds
803	Parenting
805	SDM Server
807	Donations - Retirements/TOY
808	Activity Buses
809	Teaching American History
813	Newberry College-Migrant
814	NCCC House Account
817	Kraft Foods-ESOL
820	Advance SC (NMS/NCCC)
822	Duke Endowment - Medical Services
825	Staff Development
826	Copiers

(Continued)

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2009

OTHER SPECIAL REVENUE PROGRAMS (CONTINUED)

827	Character Ed.
828	SAT Improvement
829	SES Learning Key
838	MCHS Band Bus
839	Extended School Year
844	NES - Donation - Bldg
847	Bellsouth Grant
848	SC Arts Commission - ABC - BSE
850	E-Rate
851	SCRI-HS
852	Copy Center/Special Ed. Transition
854	Maintenance
981	First Steps Parent

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2009

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)	\$ 23,166	23,166	-	-	\$ -
916	3991	ADEPT (Assisting, Developing and Evaluating Professional Teaching)	50,177	50,177	-	-	25,519
919	3193	Education License Plates	1,850	1,850	-	-	466
920	3154	Young Adult Education	24,626	24,626	-	-	-
926	3116	Formative Assessment	13,117	13,117	-	-	2,883
927	3117	EEDA 8th Grade Awareness	3,245	3,245	-	-	2,150
928	3118	EEDA Career Specialists	122,243	122,243	-	-	-
933	3123	Formative Assessment	26,000	26,000	-	-	19,563
936	3136	Student Health and Fitness - Nurses	334,187	334,187	-	-	-
937	3127	Student Health and Fitness - PE Teachers	63,943	63,943	-	-	-
938	3128	High Schools That Work	26,233	26,233	-	-	12,813
939	3993	Library Allocation	4,941	4,941	-	-	-
945	3195	High School Reading Initiative	56,628	56,628	-	-	2,123
960	3610	K-5 Enhancement	397,086	362,379	-	(34,707)	14,896
967	3607	6-8 Enhancement	21,934	10,879	-	(11,055)	-
Totals			\$ 1,169,376	1,123,614	-	(45,762)	\$ 80,413

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3161 EAA Bus Driver Salary and Fringe	\$ 7,186
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	128,610
3505 School Technology Initiative	7,208
3513 Parenting/Family Literacy	62,236
3515 Advanced Placement Courses	5,115
3517 Advanced Placement - Singleton (Subfund 315)	2,665
3520 Gifted and Talented - Academic	188,375
3522 Gifted and Talented - Artistic	33,658
3523 Junior Scholars Program	199
3525 Career and Technology Education Equipment	56,869
3527 Critical Teaching Needs	3,158
3530 Trainable & Profoundly Mentally Disabled Student Services	14,772
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	451,597
3533 Teacher of the Year Awards	10,765
3534 Professional Development on Standards	53,928
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	220,300
3542 Preschool Programs for Children with Disabilities	42,738
3546 Academic Assistance K-3	291,240
3548 Academic Assistance 4-12	553,622
3549 Academic Assistance Reading Recovery	37,773
3550 Teacher Salary Increase (No Carryover Provision)	664,684
3553 Adult Education - Remedial	4,301
3555 School Employer Contributions (No Carryover Provision)	135,994
3562 Adult Education, Basic (Includes Rural and Workforce Initiative)	136,819
3564 Adult Education, Young Adult Initiative	25,196
3565 Adult Education, Literacy	77,098
3568 EAA Technical Assistance	1,026,130
3575 Competitive Teacher Grants	11,289
3577 Teacher Supplies (No Carryover Provision)	130,900
3582 Principal Salary/Fringe Increase (No Carryover Provision)	24,542
3583 EAA Summer School/Comprehensive Remediation	248,485
3588 EAA Palmetto Gold and Silver Award	22,041
3591 Excellence In Middle Schools	37,347
3592 School-to-Work Transition Act	27,184
3593 EAA Reduce Class Size Grades 1 - 3	171,707
3596 EAA Alternative Schools Program	149,834
Total Revenue from State Sources	<u>5,065,565</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 5,065,565</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2009

	ACTUAL
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 263,926
200 Employee Benefits	91,445
400 Supplies and Materials	6,875
112 Primary Programs:	
100 Salaries	555,326
200 Employee Benefits	155,667
400 Supplies and Materials	293,161
113 Elementary Programs:	
100 Salaries	534,141
200 Employee Benefits	155,814
300 Purchased Services	400
400 Supplies and Materials	54,874
500 Capital Outlay	7,012
600 Other Objects	199
114 High School Programs:	
100 Salaries	296,375
200 Employee Benefits	81,719
400 Supplies and Materials	110,337
115 Career and Technology Education Program:	
500 Capital Outlay	62,801
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
400 Supplies and Materials	4,950
122 Trainable Mentally Handicapped:	
100 Salaries	11,296
200 Employee Benefits	3,476
126 Speech Handicapped:	
400 Supplies and Materials	2,750
127 Learning Disabilities:	
400 Supplies and Materials	6,325
130 Pre-School Programs:	
137 Preschool Handicapped Self-Contained (3- and 4- Yr. Olds):	
100 Salaries	32,580
200 Employee Benefits	10,158
139 Early Childhood Programs:	
100 Salaries	147,937
200 Employee Benefits	46,591
300 Purchased Services	187
400 Supplies and Materials	\$ 14,016

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	\$ 162,103
200 Employee Benefits	48,266
143 Advanced Placement:	
300 Purchased Services	565
400 Supplies and Materials	7,215
148 Gifted and Talented - Artistic:	
300 Purchased Services	3,662
400 Supplies and Materials	8,003
149 Other Special Programs:	
300 Purchased Services	149,833
170 Summer School Programs:	
172 Elementary Summer School:	
100 Salaries	8,200
200 Employee Benefits	1,745
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	16,911
200 Employee Benefits	3,556
300 Purchased Services	2,904
400 Supplies and Materials	1,531
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	8,000
200 Employee Benefits	1,000
300 Purchased Services	4,250
182 Adult Secondary Education Programs:	
100 Salaries	20,754
200 Employee Benefits	3,365
183 Adult Education Literacy (ESL):	
100 Salaries	18,129
200 Employee Benefits	11,996
300 Purchased Services	332
187 Adult Education - Remedial:	
100 Salaries	3,570
200 Employee Benefits	731
188 Parenting/Family Literacy:	
300 Purchased Services	560
400 Supplies and Materials	8,496
Total Instruction	<u>\$ 3,446,015</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	\$ 5,000
200 Employee Benefits	1,054
400 Supplies and Materials	5,775
213 Health Services:	
100 Salaries	28,725
200 Employee Benefits	8,622
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	230,468
200 Employee Benefits	52,028
300 Purchased Services	24,079
400 Supplies and Materials	12,098
222 Library and Media:	
100 Salaries	19,608
200 Employee Benefits	10,212
400 Supplies and Materials	3,575
223 Supervision of Special Programs:	
100 Salaries	145,294
200 Employee Benefits	45,839
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	1,950
200 Employee Benefits	402
300 Purchased Services	71,931
400 Supplies and Materials	907
230 General Administration Services:	
233 School Administration:	
100 Salaries	19,626
200 Employee Benefits	4,916
400 Supplies and Materials	3,619
500 Capital Outlay	2,602
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	14,210
200 Employee Benefits	3,411
300 Purchased Services	\$ 867

(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, 2009

	<u>ACTUAL</u>
260 Central Support Services:	
266 Technology and Data Processing Services:	
300 Purchased Services	\$ 4,672
400 Supplies and Materials	2,536
Total Support Services	<u>724,026</u>
TOTAL EXPENDITURES	<u>4,170,041</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5220 Transfer from Special Revenue Fund (Excludes Indirect Costs)	45,762
5230 Transfer from Special Revenue EIA Fund	310,028
420-710 Transfer to General Fund (Exclude Indirect Costs)	(941,286)
422-710 Transfer to EIA Fund	(310,028)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(895,524)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
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, 2009

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3100 Restricted State Funding:					
3161 EAA Bus Driver Salary and Fringe	\$ 7,186	7,186	-	-	\$ -
3500 Education Improvement Act:					
3501 Increase High School Diploma Requirements	128,610	158,610	30,000	-	-
3505 School Technology Initiative	7,208	7,208	-	-	-
3513 Parenting/Family Literacy (Carryover from 2004-05 Only)	62,236	62,236	-	-	-
3515 Advanced Placement Courses	5,115	5,115	-	-	960
3517 Advanced Placement - Singleton (Subfund 315)	2,665	2,665	-	-	-
3520 Gifted and Talented - Academic	188,375	210,369	21,994	-	-
3522 Gifted and Talented - Artistic	33,658	11,664	(21,994)	-	-
3523 Junior Scholars Programs	199	199	-	-	-
3525 Career and Technology Education Equipment	56,869	56,869	-	-	8,110
3527 Critical Teaching Needs	3,158	3,158	-	-	-
3530 Trainable & Profoundly Mentally Disabled Student Services	14,772	14,772	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	451,597	451,597	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	10,765	10,765	-	-	-
3534 Professional Development on Standards	53,928	23,928	(30,000)	-	6,558
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	220,300	207,082	-	(13,218)	-
3542 Preschool Programs for Children with Disabilities	42,738	42,738	-	-	-
3546 Academic Assistance K-3	291,240	595,037	258,035	45,762	50,433
3548 Academic Assistance 4-12	553,622	353,938	(199,684)	-	3,884
3549 Academic Assistance Reading Recovery	37,773	3,583	(34,190)	-	-
3550 Teacher Salary Increase (No Carryover Provision)	664,684	-	-	(664,684)	-
3553 Adult Education - Remedial	4,301	4,301	-	-	10,165
3555 School Employer Contributions (No Carryover Provision)	135,994	-	-	(135,994)	-
3562 Adult Education, Basic (Includes Rural And Workforce Initiative)	136,819	136,819	-	-	-
3564 Adult Education, Young Adult Initiative	25,196	25,196	-	-	35,944
3565 Adult Education, Literacy	77,098	34,708	-	(42,390)	1,156
3568 EAA Technical Assistance	1,026,130	941,130	-	(85,000)	43,656
3575 Competitive Teacher Grants	11,289	11,289	-	-	443
3577 Teacher Supplies (No Carryover Provision)	130,900	130,900	-	-	-
3582 Principal Salary/Fringe Increase (No Carryover Provision)	24,542	24,542	-	-	-
3583 EAA Summer School/Comprehensive Remediation	248,485	224,324	(24,161)	-	11,693
3588 EAA Palmetto Gold and Silver Award	22,041	22,041	-	-	15,859
3591 Excellence In Middle Schools	37,347	37,347	-	-	-
3592 School-to-Work Transition Act	27,184	27,184	-	-	-
3593 EAA Reduce Class Size Grades 1 - 3	171,707	171,707	-	-	-
3596 EAA Alternative Schools Program	149,834	149,834	-	-	-
Totals	\$ 5,065,565	4,170,041	-	(895,524)	\$ 188,861

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

YEAR ENDED JUNE 30, 2009

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

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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, 2009

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 5,191,008
1140 Penalties & Interest on Taxes (Independent)	364,764
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	363,176
1500 Earnings on Investments:	
1510 Interest on Investments	44,630
Total Revenue from Local Sources	<u>5,963,578</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	362,753
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	68,942
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	47,724
Total Revenue from State Sources	<u>489,774</u>
TOTAL REVENUE ALL SOURCES	<u>6,453,352</u>
EXPENDITURES	
500 Debt Service:	
620 Interest	83,183
Total Debt Service	<u>83,183</u>
TOTAL EXPENDITURES	<u>83,183</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(4,928,201)
424-710 Transfer to Capital Projects Fund	(611,798)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,539,999)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	830,170
FUND BALANCE, Beginning of Year	<u>3,131,158</u>
FUND BALANCE, End of Year	<u>\$ 3,961,328</u>

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

Schedule C-2

DEBT SERVICE FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 362,683
Total Revenue from Local Sources	<u>362,683</u>
TOTAL REVENUE ALL SOURCES	<u>362,683</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	1,045,000
620 Interest	4,246,225
Total Debt Service	<u>5,291,225</u>
TOTAL EXPENDITURES	<u>5,291,225</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	4,928,201
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,928,201</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(341)
FUND BALANCE, Beginning of Year	<u>7,960,412</u>
FUND BALANCE, End of Year	<u>\$ 7,960,071</u>

CAPITAL PROJECTS FUNDS

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

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

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

Schedule D-1

CAPITAL PROJECTS FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 38,272
Total Revenue from Local Sources	<u>38,272</u>
TOTAL REVENUE ALL SOURCES	<u>38,272</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	121,993
400 Supplies and Materials	252,105
500 Capital Outlay:	
540 Equipment	62,298
545 Technology, Equipment and Software	38,299
550 Vehicles	255,663
600 Other Objects:	
690 Other Objects	26,546
Total Support Services	<u>756,904</u>
TOTAL EXPENDITURES	<u>756,904</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	611,798
TOTAL OTHER FINANCING SOURCES (USES)	<u>611,798</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(106,834)
FUND BALANCE, Beginning of Year	<u>663,712</u>
FUND BALANCE, End of Year	<u>\$ 556,878</u>

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

Schedule D-2

CAPITAL PROJECTS FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 958,946
Total Revenue from Local Sources	<u>958,946</u>
TOTAL REVENUE ALL SOURCES	<u>958,946</u>
 EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	1,376,142
400 Supplies and Materials	965,486
500 Capital Outlay:	
520 Construction Services	15,428,999
530 Improvements Other Than Buildings	51,500
545 Technology, Equipment and Software	876,951
580 Mobile Classrooms	33,800
590 Other Capital Outlay	844,323
600 Other Objects:	
690 Other Objects	32,000
Total Support Services	<u>19,609,201</u>
500 Debt Service:	
690 Other Objects	16,370
Total Debt Service	<u>16,370</u>
TOTAL EXPENDITURES	<u>19,625,571</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	 (18,666,625)
 FUND BALANCE, Beginning of Year	 <u>29,561,303</u>
 FUND BALANCE, End of Year	 <u>\$ 10,894,678</u>

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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**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, 2009

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,877
1600 Food Service:	
1610 Lunch Sales to Pupils	553,629
1620 Breakfast Sales to Pupils	418
1630 Special Sales to Pupils	266,145
1640 Lunch Sales to Adults	94,067
1650 Breakfast Sales to Adults	963
1660 Special Sales to Adults	17,811
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	3,460
Total Revenue from Local Sources	<u>939,370</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,448,671
4830 School Breakfast Program	972,560
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	213,272
Total Revenue from Federal Sources	<u>2,634,503</u>
TOTAL REVENUE ALL SOURCES	<u>3,573,873</u>
EXPENSES	
256 Food Service:	
100 Salaries	1,468,964
200 Employee Benefits	173,496
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	42,415
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,752,689
500 Capital Outlay	150,600
600 Other Objects	35,198
Total Food Service Expenses	<u>3,623,362</u>
TOTAL EXPENSES	<u>\$ 3,623,362</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, 2009

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
5300 Sale of Capital Assets	\$ (589)
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(185,424)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(186,013)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(235,502)
FUND NET ASSETS, Beginning of Year	<u>1,197,518</u>
FUND NET ASSETS, End of Year	<u>\$ 962,016</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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**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

Schedule F-1

PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 10,836
1700 Pupil Activities:	
1710 Admissions	182,793
1720 Bookstore Sales	23,866
1730 Pupil Organization Membership Dues and Fees	7,170
1740 Student Fees	143,149
1790 Other	198,850
1900 Other Revenue from Local Sources	
1910 Rentals	45
1920 Contributions & Donations Private Sources	68,883
1999 Revenue from Other Local Sources	1,639,794
Total Receipts from Local Sources	<u>2,275,386</u>
TOTAL RECEIPTS ALL SOURCES	<u>2,275,386</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
500 Capital Outlay (Optional)	487
600 Other Objects (Optional)	649,404
Total Instruction	<u>649,891</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay (Optional)	174
660 Pupil Activity	1,546,372
Total Pupil Activity Expenditures	<u>1,546,546</u>
TOTAL DISBURSEMENTS	<u>2,196,437</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	78,949
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>463,397</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 542,346</u>

PUPIL ACTIVITY FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2009

	<u>BALANCE - BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE - END OF YEAR</u>
ASSETS				
Cash and Cash Equivalents	\$ 423,987	73,243	-	\$ 497,230
Investments	43,410	1,706	-	45,116
TOTAL ASSETS	<u><u>467,397</u></u>	<u><u>74,949</u></u>	<u><u>-</u></u>	<u><u>542,346</u></u>
LIABILITIES				
Accounts Payable	4,000	-	4,000	-
Due to Student Organizations	463,397	78,949	-	542,346
TOTAL LIABILITIES	<u><u>\$ 467,397</u></u>	<u><u>78,949</u></u>	<u><u>4,000</u></u>	<u><u>\$ 542,346</u></u>

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.

Contents	Page
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>	119
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>	124
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>	128
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>	132
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>	134

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 SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	55,967,770	\$ 54,268,153
Restricted	13,172,709	6,404,625	5,865,963	3,139,268	3,009,963	2,985,450	3,819,883
Unrestricted	4,287,237	6,666,000	5,795,740	4,935,783	6,879,098	8,918,028	8,022,018
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>	<u>67,871,248</u>	<u>66,110,054</u>
Business-Type Activities							
Invested in Capital Assets, Net of Related Debt	632,252	638,045	569,295	504,889	423,338	344,156	275,834
Unrestricted	810,411	749,439	666,489	838,525	1,007,140	853,362	686,182
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>	<u>1,197,518</u>	<u>962,016</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	56,311,926	54,543,987
Restricted	13,172,709	6,404,625	5,865,963	3,139,268	3,009,963	2,985,450	3,819,883
Unrestricted	5,097,648	7,415,439	6,462,229	5,774,308	7,886,238	9,771,390	8,708,200
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>	<u>69,068,766</u>	<u>\$ 67,072,070</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 SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year						
	2003	2004 (1)	2005	2006	2007	2008	2009
Expenses							
Governmental Activities:							
Instruction	\$ 26,596,128	28,294,288	25,700,879	31,386,275	32,773,071	34,033,419	\$ 34,789,217
Support Services	17,596,828	15,772,842	22,167,884	19,510,522	23,110,426	24,040,883	25,018,469
Community Services	2,045	4,594	6,151	11,127	4,409	12,530	4,920
Intergovernmental	73,472	60,391	23,497	172,211	204,441	202,955	604,345
Interest on Long-Term Obligations	131,872	93,129	106,541	3,309,997	4,408,397	4,351,185	4,280,507
Total Governmental Activities Expenses	44,400,345	44,225,244	48,004,952	54,390,132	60,500,744	62,640,972	64,697,458
Business-Type Activities:							
Food Services	2,402,198	2,521,675	2,714,804	2,630,693	2,806,342	3,431,718	3,623,951
Total Business-Type Activities Expenses	2,402,198	2,521,675	2,714,804	2,630,693	2,806,342	3,431,718	3,623,951
Total Primary Government Expenses	46,802,543	46,746,919	50,719,756	57,020,825	63,307,086	66,072,690	68,321,409
Program Revenues							
Governmental Activities:							
Charges for Services:							
Instruction	1,483	23,011	28,436	26,757	21,939	10,881	33,317
Support	-	138,308	242,985	510,262	554,201	583,601	487,192
Operating Grants and Contributions	26,693,789	25,371,941	26,899,379	28,612,211	30,247,289	32,397,442	30,352,343
Capital Grants and Contributions	-	6,445,937	279,658	-	22,022	16,724	-
Total Governmental Activities Program Revenues	26,695,272	31,979,197	27,450,458	29,149,230	30,845,451	33,008,648	30,872,852
Business-Type Activities:							
Charges for Services:							
Food Service	817,151	834,427	890,604	946,906	934,671	919,860	933,033
Operating Grants and Contributions	1,628,218	1,756,404	1,809,285	1,915,452	2,080,906	2,418,706	2,637,963
Total Business-Type Activities Program Revenues	2,445,369	2,590,831	2,699,889	2,862,358	3,015,577	3,338,566	3,570,996
Total Primary Government Program Revenues	29,140,641	34,570,028	30,150,347	32,011,588	33,861,028	36,347,214	34,443,848
Net (Expense)/Revenue							
Governmental Activities	(17,705,073)	(12,246,047)	(20,554,494)	(25,240,902)	(29,655,293)	(29,632,324)	(33,824,606)
Business-Type Activities	43,171	69,156	(14,915)	231,665	209,235	(93,152)	(52,955)
Total Primary Government Net (Expense)/Revenue	\$ (17,661,902)	(12,176,891)	(20,569,409)	(25,009,237)	(29,446,058)	(29,725,476)	\$(33,877,561)

(Continued)

CHANGES IN NET ASSETS (CONTINUED)

LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year						
	2003	2004 (1)	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes by Source:							
Property Tax - General Operations	\$ 15,599,422	14,395,722	13,231,364	14,405,401	17,511,971	14,245,770	\$ 15,141,155
Property Tax - Debt Service	4,803,097	4,725,660	4,375,517	4,522,054	5,728,700	5,699,205	5,919,474
Other Taxes	-	4,085,343	4,259,364	4,268,163	4,333,737	8,668,929	8,628,135
Unrestricted Grants and Contributions	94,701	38,702	24,687	20,553	36,682	38,094	94,706
Intergovernmental Revenue	395,323	33,819	53,336	52,296	51,800	51,800	50,147
Unrestricted Investment Earnings	260,760	313,940	316,366	2,673,316	3,542,107	2,740,205	1,492,433
Miscellaneous	181,482	332,915	391,463	375,883	376,924	624,134	551,938
Transfers	146,871	140,888	147,992	147,550	162,098	164,138	185,424
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>	<u>32,232,275</u>	<u>32,063,412</u>
Business-Type activities:							
Unrestricted Investment Earnings	-	267	6,882	19,207	35,647	20,121	2,877
Miscellaneous	33,828	16,286	4,325	4,308	4,280	4,209	-
Transfers	(146,871)	(140,888)	(147,992)	(147,550)	(162,098)	(164,138)	(185,424)
Total Business-Type Activities	<u>(113,043)</u>	<u>(124,335)</u>	<u>(136,785)</u>	<u>(124,035)</u>	<u>(122,171)</u>	<u>(139,808)</u>	<u>(182,547)</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>	<u>32,092,467</u>	<u>31,880,865</u>
Change in Net Assets:							
Governmental Activities	3,776,583	11,820,942	2,245,595	1,224,314	2,088,726	2,599,951	(1,761,194)
Business-Type Activities	(69,872)	(55,179)	(151,700)	107,630	87,064	(232,960)	(235,502)
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>	<u>2,366,991</u>	<u>\$ (1,996,696)</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									
	2000 (1)	2001	2002 (2)	2003	2004	2005	2006 (3)	2007 (4)	2008 (4)	2009 (4)
General Fund										
Reserved	\$ 8,012	8,945	16,528	4,914	6,419	3,612	3,070	8,644	15,795	\$ 9,330
Unreserved	4,624,522	5,461,793	4,902,145	4,641,857	6,409,703	5,580,081	4,182,371	6,179,175	8,579,992	8,005,618
Total General Fund	<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>	<u>8,595,787</u>	<u>8,014,948</u>
All Other Governmental Funds										
Reserved	1,303,368	1,741,779	12,269,069	13,261,102	10,325,194	7,409,128	80,402,709	65,854,313	41,364,130	23,420,754
Unreserved, Reported In:										
Special Revenue Funds	47,751	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>41,364,130</u>	<u>\$ 23,420,754</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.

(4) Decrease due to N.I.C.E. expenditures.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 10,197,533	10,793,059	11,757,940	12,597,945	13,287,796	13,860,667	14,554,824	17,276,645	14,376,104	\$ 15,127,985
Property Tax - Debt Service	687,393	72,256	4,217,454	4,583,513	4,414,984	3,748,285	4,559,900	5,647,748	5,721,221	5,918,948
Investment Earnings	587,285	484,483	360,442	260,761	313,940	316,366	2,673,317	3,542,107	2,740,204	1,492,432
Other Local Sources	111,872	394,736	180,494	859,324	272,923	472,797	734,045	775,136	1,051,422	973,123
State Sources	22,380,456	25,572,043	26,812,237	26,976,900	31,660,536	26,773,215	28,352,455	29,775,000	36,092,732	33,303,873
Federal Sources	2,296,536	2,569,941	2,864,483	3,173,876	4,518,522	4,559,875	4,728,379	5,042,655	5,195,660	5,510,758
Intergovernmental Revenue	10,540	35,496	459,843	394,855	33,819	53,336	51,246	51,800	51,800	50,147
Total Revenues	36,271,615	39,922,014	46,652,893	48,847,174	54,502,520	49,784,541	55,654,166	62,111,091	65,229,143	62,377,266
Expenditures										
Current:										
Instruction	21,936,399	23,720,147	25,936,091	25,956,402	27,059,740	28,806,207	30,104,008	31,228,890	32,497,487	32,946,557
Support Services	13,479,521	14,257,345	15,341,352	15,435,594	15,854,536	17,576,998	22,513,151	21,979,069	23,494,578	25,603,742
Community Services	15,935	10,231	8,877	2,045	4,594	6,151	11,127	4,409	12,530	4,920
Intergovernmental	63,322	91,216	57,974	24,472	60,391	23,497	172,211	204,441	202,955	244,468
Capital Outlay	2,244,136	2,132,222	2,314,522	6,824,959	12,027,310	6,619,866	9,906,157	15,087,578	25,146,967	16,902,065
Debt Service:										
Principal	475,000	150,000	150,000	4,850,000	4,400,000	4,500,000	4,760,000	1,830,000	1,720,000	1,045,000
Interest and Fiscal Charges	44,079	18,069	75,428	137,852	117,770	97,260	2,998,136	4,484,820	4,420,979	4,345,778
Bond Issuance Costs	-	-	-	-	-	-	1,210,665	-	-	-
Total Expenditures	38,258,392	40,379,230	43,884,244	53,231,324	59,524,341	57,629,979	71,675,455	74,819,207	87,495,496	81,092,530
Excess of Revenues Over (Under) Expenditures	(1,986,777)	(457,216)	2,768,649	(4,384,150)	(5,021,821)	(7,845,438)	(16,021,289)	(12,708,116)	(22,266,353)	(18,715,264)
Other Financing Sources (Uses)										
Transfers In	1,913,452	2,092,616	2,405,149	2,379,733	3,879,925	2,862,755	12,324,569	5,852,901	6,604,530	7,147,800
Transfers Out	(1,869,537)	(2,027,281)	(2,306,662)	(2,281,862)	(3,739,037)	(2,714,763)	(12,177,019)	(5,690,803)	(6,440,392)	(6,962,376)
Premium on Bonds Sold	-	-	-	6,410	2,306	-	2,743,878	-	-	-
Issuance of General Obligation Bonds	-	-	7,000,000	5,000,000	4,200,000	4,500,000	-	-	-	-
Issuance of NICE Bonds	-	-	-	-	-	-	84,725,000	-	-	-
Sale of Capital Assets	-	-	75	-	17,745	59,000	100	-	20,000	5,625
Medicaid Reimbursements	110,423	57,148	108,014	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	154,338	122,483	7,206,576	5,104,281	4,360,939	4,706,992	87,616,528	162,098	184,138	191,049
Net Change in Fund Balances	(1,832,439)	(334,733)	9,975,225	720,131	(660,882)	(3,138,446)	71,595,239	(12,546,018)	(22,082,215)	(18,524,215)
Capital Asset Expenditures	\$ 2,921,446	2,006,538	2,559,423	6,252,171	13,434,755	24,758,333	12,783,427	14,811,542	25,556,587	\$ 18,990,734
Debt Service as a Percentage of Noncapital Expenditures	1.5%	0.4%	0.5%	10.6%	9.8%	14.0%	15.2%	10.5%	9.9%	8.7%

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Total Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other						
2000	(A)	(A)	17,580,250	26,636,460	38,536,790	(A)	87,664,630	144.7	\$ 1,368,844,100	6.4%
2001	(A)	(A)	17,485,510	25,640,140	39,839,460	(A)	89,721,360	156.7	1,397,779,069	6.4%
2002	(A)	(A)	16,442,850	25,238,900	38,779,390	(A)	89,848,570	219.5	1,419,885,234	6.3%
2003	(A)	(A)	16,388,100	26,294,450	37,370,920	(A)	89,716,530	226.1	1,445,910,764	6.2%
2004	(A)	(A)	16,127,175	24,920,835	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	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	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	34,222,890	37,757,150	110,995,470	235.1	2,004,997,600	5.5%
2008	38,600,160	38,383,280	13,500,440	19,002,360	32,502,800	44,358,300	109,486,240	243.0	1,991,943,866	5.5%
2009	\$ 41,662,250	42,005,830	12,640,570	22,861,063	35,501,633	52,680,300	119,169,713	247.0	\$ 2,170,053,993	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				Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total Millage	Newberry County			Other Governments	
				Operating Millage	Debt Service Millage	Total Millage		
2000	144.7	-	144.7	65.2	15.2	80.4	84.7	309.8
2001	156.7	-	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
2008	190.0	53.0	243.0	138.0	10.9	148.9	96.8	488.7
2009	194.0	53.0	247.0	141.3	10.4	151.7	100.6	499.3

Source: Newberry County Auditor

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

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
Louis Rich	\$ 3,315,637	1	2.8%	\$ 1,077,010	6	1.2%
Newberry Electric Coop., Inc.	2,944,200	2	2.5%	1,305,500	4	1.5%
South Carolina Electric & Gas	1,642,050	3	1.4%	1,831,060	1	2.1%
FG Wilson USA	1,630,559	4	1.4%	-	-	-
Georgia Pacific Wood Products	1,623,430	5	1.4%	906,360	9	1.0%
Duke Energy Corporation	1,531,190	6	1.3%	1,569,740	3	1.8%
BellSouth Telecomm, Inc	1,482,020	7	1.2%	1,803,510	2	2.1%
West Fraser	1,113,109	8	0.9%	-	-	-
Pioneer Frozen Foods SC, Inc	1,034,365	9	0.9%	-	-	-
Blue Water Marine Group, Inc	776,260	10	0.7%	-	-	-
Renfro Corporation	-	-	-	1,167,410	5	-
Shakespeare Composite Structures	-	-	-	977,470	8	1.1%
Federal Paper Board Co., Inc.	-	-	-	1,067,910	7	1.2%
Nekoosa Packaging	-	-	-	738,110	10	0.8%
Totals	<u>\$17,092,820</u>		<u>14.3%</u>	<u>\$12,444,080</u>		<u>16.1%</u>

Source: Newberry County Auditor

- (1) Total assessed valuation for 2009 is \$119,169,713
- (2) Total assessed valuation for 2000 is \$87,664,630

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjustments to Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
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%	1,604,659	24,803,006	103.3%
2008	25,726,029	2,101,297	27,827,326	27,096,074	97.4%	2,524,253	28,700,733	103.1%
2009	\$ 30,322,516	1,458,868	31,781,384	31,321,511	98.5%	-	\$ 34,145,764	107.4%

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			
2000	\$ 300,000	-	-	300,000	0.0%	\$ 8
2001	150,000	-	-	150,000	0.0%	4
2002	7,000,000	-	-	7,000,000	0.9%	190
2003	7,150,000	-	-	7,150,000	0.9%	193
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%	2,302
2007	800,000	84,285,000	-	85,085,000	9.5%	2,267
2008	-	83,365,000	-	83,365,000	9.3%	2,217
2009	\$ -	82,320,000	-	82,320,000	9.2%	\$ 2,176

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

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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)		
2008	-	3,131,158	(3,131,158)		
2009	\$ -	3,961,328	(3,961,328)		

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, 2009

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	\$ 150,000	100.0%	\$ 150,000
2000 County General Obligation Bond	3,080,000	100.0%	3,080,000
2007 County General Obligation Bond	650,000	100.0%	650,000
2007A County General Obligation Bond	915,704	100.0%	915,704
2008 County General Obligation Bond	\$ 1,300,000	100.0%	<u>1,300,000</u>
Subtotal, Overlapping Debt			6,095,704
School District of Newberry County - Direct Debt			-
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			<u>82,320,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 88,415,704</u></u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$7,013,170	7,177,709	7,187,886	7,177,322	7,345,253	7,346,495	7,769,124	11,900,210	8,760,000	\$ 9,533,577
Total Net Debt Applicable to Debt Limit	300,000	150,000	7,000,000	7,150,000	6,950,000	6,950,000	2,600,000	800,000	-	-
Legal Debt Margin	\$6,713,170	7,027,709	187,886	27,322	395,253	396,495	5,169,124	11,100,210	8,760,000	\$ 9,533,577
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	4.3%	2.1%	97.4%	99.6%	94.6%	94.6%	33.5%	6.7%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2009

Total Assessed Value	\$ 119,169,713
Debt Limit (8% of Total Assessed Value)	9,533,577
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	-
Total Amount of Debt Applicable to Debt Limit	-
Legal Debt Margin	\$ 9,533,577

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Median Age	(5) Education Level in Years of Formal Schooling	(6) School Enrollment	(7) Unemployment Rate
2000	36,108	\$ 742,568,000	\$ 20,565	34.2	11.6	5,719	5.8%
2001	36,344	775,672,000	21,343	37.1	12.6	5,694	6.8%
2002	36,840	771,078,000	20,930	37.1	12.6	5,751	7.7%
2003	37,076	810,757,000	21,867	37.1	12.6	5,657	7.5%
2004	37,205	835,080,000	22,445	37.1	12.6	5,664	6.9%
2005	37,250	860,132,000	23,091	37.1	12.6	5,678	6.5%
2006	37,762	860,132,000	22,778	37.1	12.6	5,743	7.3%
2007	37,540	899,225,040	23,954	37.1	12.6	5,733	6.1%
2008	37,595	901,070,595	23,968	37.1	12.6	5,766	7.3%
2009	37,823	\$ 897,466,350	\$ 23,728	38.4	12.6	5,736	13.0%

Data Sources:

- (1) South Carolina Budget and Control Board Office of Research and Statistics. 2004 through 2009 are estimates by The School District of Newberry County.
- (2) South Carolina Budget and Control Board Office of Research and Statistics. 2004 through 2009 are estimates by The School District of Newberry County.
- (3) Computed by dividing Personal Income by Population
- (4) Fiscal Year 2000 taken from 1990 Census; Fiscal years 2001 through 2009 figure taken from 2000 Census.
- (5) Estimates by Newberry County Development Board based on 1990 Census for fiscal year 2000.
Estimates by Newberry County Development Board based on 2000 Census for fiscal years 2001 through 2009.
- (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	2009			2000 (Estimate)		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Louis Rich	2,350	1	6.21%	1,582	1	4.38%
School District of Newberry County	1,098	2	2.90%	1,014	2	2.81%
Newberry County Memorial Hospital	488	3	1.29%	350	6	0.97%
Wal-Mart Corporation	341	4	0.90%			
Georgia Pacific	275	5	0.73%	277	7	0.77%
County of Newberry	239	6	0.63%			
Newberry College	225	7	0.59%			
Caterpillar, Inc.	200	8	0.53%			
Springfield Place/JF Hawkins	173	9	0.46%			
Komatsu America	165	10	0.44%			
American Fiber and Finishing				500	3	1.38%
Renfro				400	4	1.11%
Shakespear Electronics and Fiberglass				395	5	1.09%
Thomas and Howard				250	8	0.69%
International Paper				172	9	0.48%
McKechnie Vehicle Components				163	10	0.45%
Totals	<u>5,554</u>		<u>13.27%</u>	<u>5,103</u>		<u>13.52%</u>

Source: District Compiled Information

FULL-TIME EQUIVALENT SCHOOL DISTRICT OR DISTRICT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Instruction	648	699	649	695	683	713	714	725	680	683
Support Services	366	390	400	407	405	419	426	432	413	415
Total	1,014	1,089	1,049	1,102	1,088	1,132	1,140	1,157	1,093	1,098

Source: District Compiled Information

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Pupil Enrollment	Modified Accrual Basis of Accounting			Accrual Basis of Accounting			Teaching Staff	Pupil/Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
		Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change			
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%
2008	5,766	56,207,550	9,748	4.6%	58,289,787		10,109	523	11	71.0%
2009	5,736	\$ 58,799,687	10,251	5.2%	60,416,951	\$	10,533	465	12	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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Elementary										
Boundary Street										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	77,574	77,574	77,574	77,574
Capacity	380	380	380	380	380	380	558	558	558	558
Enrollment	455	460	453	421	417	396	402	409	417	400
Gallman Elementary (1)										
Square Feet	51,605	51,605	51,605	51,605	68,000	68,000	68,000	68,000	68,000	68,000
Capacity	395	395	395	395	509	509	509	509	509	509
Enrollment	394	407	424	402	385	346	357	394	424	428
Little Mountain										
Square Feet	27,041	27,041	38,341	38,341	38,341	38,341	38,341	38,341	38,341	38,341
Capacity	240	240	301	301	301	301	301	301	301	301
Enrollment	274	284	279	269	286	271	271	257	247	245
Newberry Elementary (2)										
Square Feet	-	-	-	-	87,317	87,317	87,317	87,317	87,317	87,317
Capacity	-	-	-	-	468	468	468	468	468	468
Enrollment	-	-	-	-	364	405	432	402	414	400
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	320	327	354	345	341	347	362	387	382	382
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	438	429	443	462	471	487	505	525	504	510
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	157	178	194	192	184	174	192	176	182	189

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Elementary (Continued)</u>										
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	428	395	394	342	-	396	-	-	-	-
Whitmire Elementary (4)										
Square Feet	45,326	45,326	45,326	45,326	-	-	-	-	-	-
Capacity	240	240	240	240	-	-	-	-	-	-
Enrollment	303	280	293	301	-	-	-	-	-	-
<u>Middle</u>										
Mid-Carolina Middle (9)										
Square Feet	73,898	73,898	73,898	73,898	73,898	73,898	73,898	73,898	73,898	146,957
Capacity	413	413	413	413	413	413	413	413	413	915
Enrollment	514	538	526	557	552	580	584	554	573	570
Newberry Middle										
Square Feet	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337	129,337
Capacity	752	752	752	752	752	752	752	752	752	752
Enrollment	740	731	700	702	713	732	671	636	618	622
<u>High</u>										
Mid-Carolina High (9)										
Square Feet	73,059	73,059	73,059	73,059	73,059	73,059	73,059	73,059	73,059	161,695
Capacity	502	502	502	502	502	502	502	502	502	1165
Enrollment	520	538	557	571	589	594	620	667	688	718
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	917	884	893	878	863	845	827	820	818	767
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	259	243	241	215	-	-	-	-	-	-

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other										
Gallman Education Center (6)										
Square Feet	-	-	-	-	51,605	51,605	51,605	51,605	51,605	51,605
Capacity	-	-	-	-	114	114	114	114	114	114
Enrollment	-	-	-	-	71	72	70	95	92	92
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	600	516	564	567	667	597	659	715	705	755
Whitmire Community School (8)										
Square Feet	-	-	-	-	55,326	55,326	55,326	55,326	102,966	102,966
Capacity	-	-	-	-	347	347	347	347	567	567
Enrollment	-	-	-	-	499	501	501	506	499	505

Sources: Various School District of Newberry County departments.

Note:

- 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.
- In 2004 Speers Street Elementary moved into a renovated facility and became Newberry Elementary. The Speers Street facility continues to be vacant.
- See Note 2.
- In 2004 a new addition to Whitmire Elementary allowed the move of Whitmire High students to that location. Whitmire Elementary became Whitmire Community School.
- See Note 4. This facility has remained vacant due to the aforementioned move.
- See Note 1. This student count is included in the student's home school enrollment figure therefore should not be included in total enrollment.
- This student count is included in the student's home school enrollment figure therefore should not be included in total enrollment.
- See Note 4. A 47,640 square foot addition was completed in 2008 increasing capacity to 567 and allowing the discontinuance of portable classroom usage.
- In 2009 a new Mid-Carolina High School was completed. The previous MCHS building became additional space for Mid-Carolina Middle School.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE				
Pass-through State Department of Education:				
600	Food Distribution - Non-Cash Assistance	10.555	N/A	\$ 213,272
600	National School Breakfast Program	10.553	N/A	972,560
600	National School Lunch Program	10.555	N/A	1,448,671
Total Passed Through State Department of Education				<u>2,634,503</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	46,533
TOTAL US DEPARTMENT OF AGRICULTURE				<u>2,681,036</u>
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	09-BA064	1,686,347
237	Title I - School Improvement	84.010	09-BB064	76,404
Total 84.010				<u>1,762,751</u>
Individuals with Disabilities Education Act				
203	Special Education--Grants to States	84.027	09-CA064	1,451,422
Total 84.027				<u>1,451,422</u>
205	Special Education--Preschool Grants	84.173	09-CG064	86,354
207	Occupational Education	84.048	09-VA064	130,376
209	Safe and Drug Free Schools and Communities	84.186	09-FQ064	20,855
218	SC Reading First	84.357A	09-RC064	1,076,241
221	Title I - Neglected & Delinquent	84.013	09-BG064	15,652
224	21st Century Learning	84.287C	09-CL064	170,000
241	Title V	84.298	09-BB064	9,423
243	Adult Education - State - Administered Basic Grant Program	84.002	09-EA064	64,573
251	Rural and Low Income, Title VI	84.358	09-BS064	128,136
253	Title II - Ed Tech	84.318	09-ET064	15,269
264	ESOL - Title III	84.365A	09-BP064	51,763
267	Title II - Improving Teacher Quality	84.367A	09-TQ064	318,389
TOTAL US DEPARTMENT OF EDUCATION				<u>5,301,204</u>
US DEPARTMENT OF DEFENSE				
Direct Programs:				
272	JROTC	12.000	N/A	163,021
TOTAL US DEPARTMENT OF DEFENSE				<u>163,021</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u><u>\$ 8,145,261</u></u>

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

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

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, 2009. 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 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, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 30, 2009. 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 30, 2009.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, 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
Mauldin, South Carolina
November 30, 2009

**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, 2009. 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, 2009.

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, others within the entity, 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
Mauldin, South Carolina
November 30, 2009

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2009

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, 2009

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>
10.555	Food Distribution - Non-Cash Assistance
10.553	National School Breakfast Program
10.555	National School Lunch Program

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

NONE

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

NONE