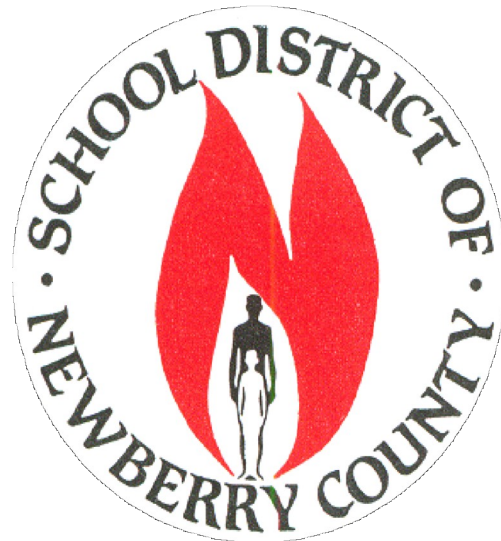


COMPREHENSIVE ANNUAL FINANCIAL REPORT



**The School District of Newberry County
Newberry, South Carolina
Fiscal Year Ended June 30, 2010**

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

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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NEWBERRY, SOUTH CAROLINA**

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

JUNE 30, 2010

PRINCIPAL OFFICIALS

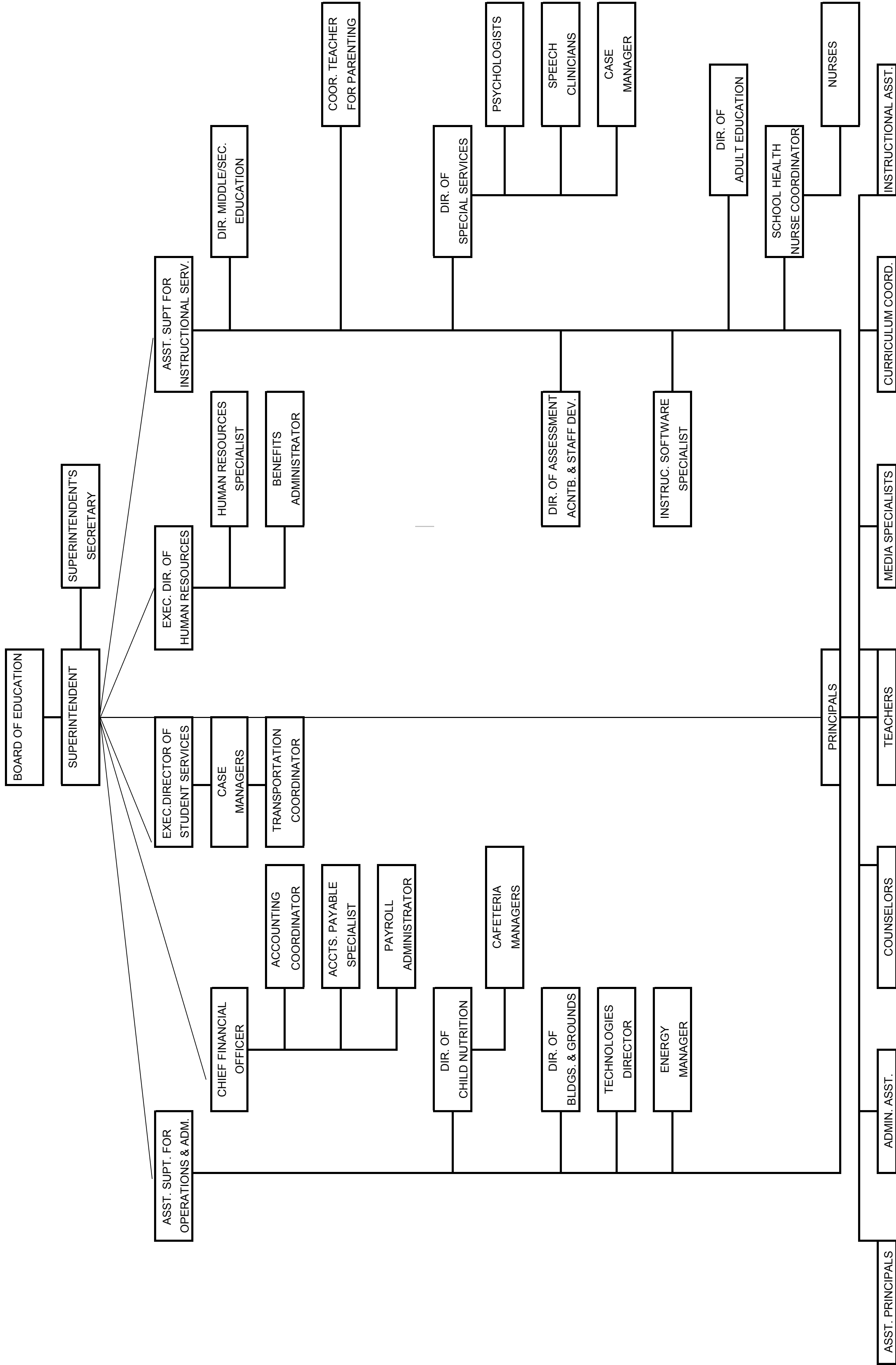
Board of Education

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 23, 2010

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, 2010.

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 School District of Newberry County's financial statements have been audited by Greene, Finney, and Horton, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2010, 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, 2010, 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.

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 5695 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 2010 produced revisions to curriculum guides and updates to benchmark testing in all core subject areas.

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 960 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 Education Program to provide educational services to adults seeking a high school credential or training for employment. The program offers: 1) courses to obtain a State High School diploma; 2) GED preparation classes; 3) courses in adult basic education for improvement in reading, writing and math skills; 4) classes for non-English speaking persons to learn to read and write the English Language; 5) and workplace training programs. The Newberry Adult Education Program graduated 49 adults with either a State High School diploma or GED in the 2009-10 school year. The program received awards from the State Department of Education for being tied with another program 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. 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 Whitmire.

The School District of Newberry County achieved many educational successes during the 2009-2010 school year, and certainly of great importance to the district and our community is that the state awarded Palmetto Gold awards to four of our schools, 2 of which were achieved for the impressive increase in our high school graduation rate. Additionally, graduating seniors earned approximately \$3.4 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 2010 as reported by the U. S. Census Bureau is 38,763. 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 first 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. This 1% tax was for a seven-year period. In November, 2004, as well as recently in November 2010, the county voted to continue the 1% sales tax for another seven year period. The main focus of the newest Capital Projects sales tax will be a new campus for the Newberry location of Piedmont Technical College. In addition, the 1% tax offers Newberry County a great opportunity to update existing infrastructure and buildings, as well as create new Emergency, Historical, Infrastructure, Institutional, and Recreational facilities throughout the County. The selected projects are very well distributed geographically and are sure to positively impact all of the citizens within Newberry County for generations to come. Projects are proposed in each of Newberry County's seven (7) Council Districts and will provide wide spread benefits to the communities and citizens of Newberry County.

Newberry County's largest employer, Oscar Mayer Foods Corp, has expanded in previous years, bringing its work force to about 3,000. Jobs at Oscar Mayer Foods Corp. 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. Currently, Caterpillar is reinforcing its commitment to Newberry's power generation facility reflecting continued confidence in the county's business environment and workforce. The company expects employment at the Newberry facility to increase by about 500 people as a result of the capacity expansion project. Caterpillar is making a multi-year, significant capital investment in support of the Newberry expansion plan. The company opened the Newberry generator set facility in 2006 as part of Caterpillar's Electric Power Division.

Unemployment in the county at June 2010 was 10.8%, a decrease of 2.2% from June 2009. 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 1092 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 District.

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 2010 fiscal year at a rate of 22.8% of actual expenditures.

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, 2010, 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 2009-2010 school year continued progress was made in the technology arena. As well as updating our technology plan, additional computers were added to our classrooms. 100% of core curriculum classes have interactive white boards. Voice over IP phones have been installed at all campuses and in all District Offices. IP camera systems have been installed in 75% of our schools with plans to complete the remaining 25% in the near future. 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.

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.

CERTIFICATE OF ACHIEVEMENT/EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting and The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. These Certificates are prestigious national awards recognizing conformance with the highest standards for preparation of state and local government financial reports.


In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

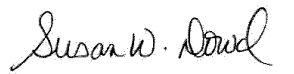
A Certificate of Achievement/Excellence is valid for a period of one year only. A Certificate of Achievement for Excellence in Financial Reporting was awarded by GFOA and a Certificate of Excellence in Financial Reporting was awarded by ASBO to The School District of Newberry County for its thirteenth comprehensive annual financial report for fiscal year ended June 30, 2009. 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, 2009

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, appearing to read "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, 2009

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

Evin Green

President

John D. Mquar

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, 2010, 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, 2010, 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 23, 2010 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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, the supplementary information, 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 U. S. 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 supplementary information 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 23, 2010

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

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, 2010. 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 2010 are as follows:

- The capital projects included in the Newberry Investing in Children's Education ("NICE") program continued during the 2009-2010 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 \$67.4 million. Of this amount, \$10.4 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total net assets increased by \$0.3 million, as governmental activities decreased \$0.2 million and business-type activities increased \$0.5 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$27.3 million, a decrease of \$4.2 million from the prior year fund balance, which is attributable to NICE's capital project expenditures related to construction projects of \$6.0 million, offset by increases in the General Fund and Debt Service Fund of \$1.0 million and \$0.8 million, respectively. Approximately 33.0% of the total amount, or \$9.0 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 \$5.1 million, which was approximately 13% of total General Fund expenditures. The total unreserved fund balance for the General Fund was \$9.0 million, which includes \$3.9 million designated for the School District's fund balance policy.
- The School District's total capital assets increased by \$2.5 million (2.1%) during the current fiscal year. The key factor in this increase was continued construction at Little Mountain Elementary School and Prosperity-Rikard Elementary School and the completion of Pomaria-Garmany Elementary School and the Mid-Carolina High School concession stand projects 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 \$1.2 million to \$81.1 million due to scheduled principal payments.
- During the 2010 fiscal year, the School District's governmental fund revenues were \$60.3 million, compared to \$62.4 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 \$64.7 million, compared to \$81.1 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 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Basic Financial Statements. The basic financial statements include two kinds of statements that present different views of the School District. The first two statements are *government-wide financial statements* that provide a broad overview of the School District's overall financial status, in a manner similar to a private-sector enterprise.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The *Statement of Net Assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements. The remaining basic financial statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the government-wide statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School District maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenue Fund, Special Revenue – Education Improvement Act ("EIA") Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. In addition, NICE's Capital Projects Fund and Debt Service Fund are also major funds and therefore shown in separate columns.

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

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, 2010

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				
	Government-Wide Basic Financial Statements	Fund Basic Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District government (except fiduciary funds) and the School District’s component units	The activities of the School District that are not proprietary or fiduciary	Activities the School District operates similar to private businesses, in the School District’s case, the food service operations.	Instances in which the School District is the trustee/agent for someone else’s resources.
Required basic financial statements	<ul style="list-style-type: none"> ▪ 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.
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, 2010

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 \$67.4 million and \$67.1 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, 2010 compared to June 30, 2009:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$ 35,537,151	40,648,736	1,209,597	699,292	36,746,748	\$ 41,348,028
Capital Assets, Net	121,068,418	118,504,949	235,199	275,833	121,303,617	118,780,782
Total Assets	156,605,569	159,153,685	1,444,796	975,125	158,050,365	160,128,810
Liabilities						
Other Liabilities	6,837,499	7,840,401	13,109	13,109	6,850,608	7,853,510
Long Term Liabilities	83,811,738	85,208,230	-	-	83,811,738	85,203,230
Total Liabilities	90,649,237	93,048,631	13,109	13,109	90,662,346	93,056,740
Net Assets						
Invested in Capital Assets, Net of Related Debt	52,137,987	54,268,153	235,199	275,834	52,373,186	54,543,987
Restricted	4,636,737	3,819,883	-	-	4,636,737	3,819,883
Unrestricted	9,181,608	8,022,018	1,196,488	686,182	10,378,096	8,708,200
Total Net Assets	\$ 65,956,332	66,110,054	1,431,687	962,016	67,388,019	\$ 67,072,070

Current and other assets decreased \$4.6 million primarily due to expenditures relating to the construction of several schools for the School District's NICE building program. Capital assets increased \$2.5 million due to current year additions, net of depreciation expense. Other liabilities decreased \$1.0 million primarily due to fewer amounts owed to contractors on NICE construction projects at June 30, 2010 (as compared to the prior year). Long term liabilities decreased \$1.4 million primarily due to scheduled principal payments on long-term debt.

The School District's government-wide net assets increased a total of \$0.3 million, or approximately 0.5%, during 2010. 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 \$10.4 million at June 30, 2010, an increase of approximately \$1.7 million, as the District was proactive in reducing expenses as a result of a decrease in funding from the state.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Analysis (Continued)

Table 2 shows the changes in net assets for fiscal year 2010 compared to 2009:

Table II
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$ 392,150	520,509	955,776	933,033	1,347,926	\$ 1,453,542
Operating Grants	28,942,771	30,352,343	2,737,474	2,637,963	31,680,245	32,990,306
Capital Grants	7,700	-	-	-	7,700	-
General Revenue:						
Taxes	21,150,833	21,060,629	-	-	21,150,833	21,060,629
State Revenue in Lieu of Taxes	8,884,782	8,628,135	-	-	8,884,782	8,628,135
Other	1,380,870	2,189,224	1,947	2,877	1,382,817	2,192,101
Total Revenues	60,759,106	62,750,840	3,695,197	3,573,873	64,454,303	66,324,713
Program Activities						
Instruction	33,323,456	34,789,217	-	-	33,323,456	34,789,217
Support Services	22,879,777	25,018,469	-	-	22,879,777	25,018,469
Community Services	5,456	4,920	-	-	5,456	4,920
Intergovernmental	686,623	604,345	-	-	686,623	604,345
Interest and Fiscal Charges	4,210,584	4,280,507	-	-	4,210,584	4,280,507
Food Service	-	-	3,032,458	3,623,951	3,032,458	3,623,951
Total Expenses	61,105,896	64,697,458	3,032,458	3,623,951	64,138,354	68,321,409
Excess Before Transfers	(346,790)	(1,946,618)	662,739	(50,078)	315,949	(1,996,696)
Transfers In (Out)	193,068	185,424	(193,068)	(185,424)	-	-
Change in Net Assets	(153,722)	(1,761,194)	469,671	(235,502)	315,949	(1,996,696)
Net Assets, Beginning of Year	66,110,054	67,871,248	962,016	1,197,518	67,072,070	69,068,766
Net Assets, End of Year	\$ 65,956,332	66,110,054	1,431,687	962,016	67,388,019	\$ 67,072,070

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

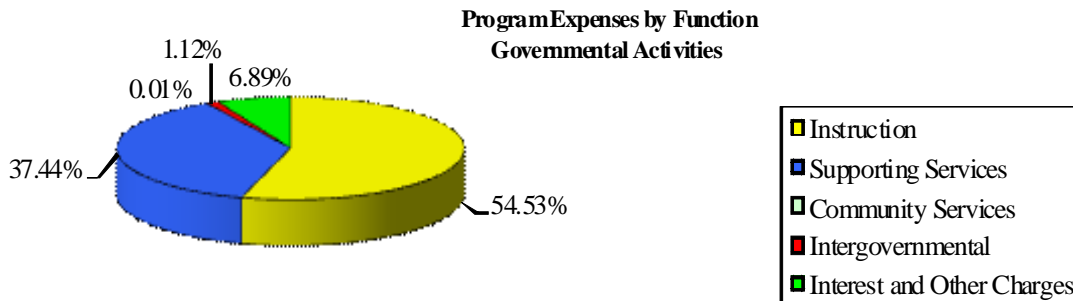
OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Analysis (Continued)

Governmental Activities: Net Assets for Governmental Activities decreased \$0.2 million from the previous year, as operating expenses exceeded revenues of the School District. This change was an improvement of approximately \$1.6 million compared to the 2009 net change in net assets. Key elements of this change are as follows:

- Total revenues decreased approximately \$2.1 million which is primarily attributed to lower state funds from the State of South Carolina due to budget cuts (primarily lower EFA funds of \$2.6 million) and lower investment earnings of \$0.7 million due to lower average cash balances combined with much lower interest rates during 2010; this was partially offset by an increase in operating grants of \$1.4 million.
- Total expenses decreased \$3.6 million which is primarily attributed to lower instruction expenses of approximately \$1.5 million and lower support service expenses of approximately \$2.1 million, as the School District reduced expenses in response to the budget cuts from the State.

Business-Type Activities: Net Assets for Business-Type Activities increased approximately \$470 thousand from the previous year, compared to a decrease of approximately \$236 thousand in the prior year. Revenues increased \$121 thousand due to higher USDA reimbursements. Expenses decreased \$591 thousand due to lower salaries and related benefits, and tighter control of 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, 2010

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

Governmental Funds (Continued)

For the year ended June 30, 2010, the School District's governmental funds reported a *combined* fund balance of approximately \$27.3 million, as compared to \$31.4 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, 2010, the School District's unreserved, undesignated fund balance for all governmental funds was approximately \$5.1 million which solely represents the General Fund. \$3.9 million is designated for the fund balance policy of 10% of the next fiscal year's budgeted appropriations. The remainder, approximately \$18.3 million, is reserved primarily for Capital Projects for the School District's building plans (\$5.5 million) and Debt Service (\$12.7 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 \$9.0 million, and the total fund balance was also \$9.0 million. The fund balance for the School District's General Fund increased by approximately \$1.0 million, or 12.5%, during the current fiscal year which is attributed to lower expenditures 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 was approximately \$4.8 million at June 30, 2010, an increase of \$0.8 million as property taxes and other revenues exceeded debt service-related expenditures and transfers to the NICE Debt Service Fund and the Capital Projects Fund. The fund balance for the NICE Debt Service Fund remained at approximately \$8.0 million, as principal and interest payments on outstanding debt were offset by a transfer from the District's Debt Service Fund and interest earned on restricted cash.

Two Capital Projects funds are utilized as well to segregate NICE capital project expenditures from School District capital project expenditures. The School District's Capital Projects Fund remained at approximately \$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 \$6.0 million from the prior year to approximately \$4.9 million, which is all 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 Little Mountain Elementary School, Prosperity-Rikard Elementary School and the completion of Pomaria-Garmany Elementary School and the Mid-Carolina High School concession stand projects.

Proprietary Funds

The School District's only Proprietary Fund is the Food Service Fund. This program had an increase in net assets of approximately \$470 thousand for 2010 due to meal sales and USDA reimbursements exceeding salaries and benefits, food costs and supplies, and other expenses as previously discussed.

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 2010, there were no amendments to the School District's General Fund expenditure or revenue budgets. Actual revenues came in lower than budget by \$1.1 million due primarily to state budget reductions. Actual expenditures were less than budget by \$2.0 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, 2010

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the School District had \$121.3 million invested in capital assets, net of depreciation.

The total increase in the School District's investment in capital assets was \$2.5 million, or 2.1%. Major capital asset events during the current fiscal year included:

- The continued construction at Little Mountain Elementary School and Prosperity-Rikard Elementary School.
- The completion of construction at Pomaria-Garmany Elementary School and the Mid-Carolina High School concession stand

The following table shows the capital asset balances for 2010 and 2009:

Table III
Capital Assets at June 30

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Capital Assets						
Land	\$ 1,931,726	1,931,726	-	-	1,931,726	\$ 1,931,726
Building, Improvements, and Equipment	135,343,758	120,017,585	1,657,730	1,728,690	137,001,488	121,746,275
Construction in Progress	13,228,249	23,071,757	-	-	13,228,249	23,071,757
Less: Accum. Depreciation	(29,435,315)	(26,516,119)	(1,422,531)	(1,452,857)	(30,857,846)	(27,968,976)
Capital Assets, Net	<u>\$ 121,068,418</u>	<u>118,504,949</u>	<u>235,199</u>	<u>275,833</u>	<u>121,303,617</u>	<u>\$ 118,780,782</u>

The School District (through its blended component unit – NICE) has total outstanding construction commitments of approximately \$0.6 million at June 30, 2010.

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, 2010

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

The School District had \$81,135,000 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 2010	Governmental Activities 2009
	<u>2010</u>	<u>2009</u>
NICE Series 2005 IPR Bonds	\$ 81,135,000	\$ 82,320,000
Total	<u>\$ 81,135,000</u>	<u>\$ 82,320,000</u>

The State limits the amount of general obligation debt that school districts can issue to 8% of the assessed value of all taxable property within the School District’s corporate limits. The School District is authorized by state statute to exceed the legal debt margin of 8%, if citizens of the School District approve such additional debt through a district-wide referendum. The School District’s outstanding general obligation debt is below this state-imposed limit – see table 12 in the statistical section for more details.

The School District (including its blended component unit – NICE) made principal payments of \$1.2 million during 2010. 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 25% since 2001 to \$112 million in 2010. Total property tax collections remain strong averaging around 96.7%. Although Newberry County’s employment base is largely manufacturing, The School District of Newberry County is the second largest employer within the county.

FY 11 BUDGETS

The FY 11 General Fund Budget represents a 5.6 % decrease over FY 10 due to reductions in state revenue. The District is projected to receive approximately \$1,400,000 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 2010-2011 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. Due to reassessment in Newberry County, tax millage for school operating purposes was rolled back to 184.8 mills from 194 in 2009-2010.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2010

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, 2010

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 459,439	1,210,446	\$ 1,669,885
Cash and Cash Equivalents, Restricted	32	-	32
Investments, Restricted	13,755,258	-	13,755,258
Cash and Investments Held by County Treasurer	14,731,253	966	14,732,219
Property Taxes Receivable, Net	954,742	-	954,742
Other Receivables	3,871	-	3,871
Due from Other Governments	4,213,644	306,927	4,520,571
Internal Balances	352,962	(352,962)	-
Inventory and Prepaid Items	25,653	44,220	69,873
Bond Issuance Costs, Net	983,344	-	983,344
Other Assets	56,953	-	56,953
Capital Assets:			
Non-Depreciable	15,159,975	-	15,159,975
Depreciable, Net	105,908,443	235,199	106,143,642
TOTAL ASSETS	156,605,569	1,444,796	158,050,365
LIABILITIES			
Accounts Payable and Accrued Expenses	5,308,940	-	5,308,940
Accrued Interest Payable	347,173	-	347,173
Due to Other Governments	1,375	-	1,375
Unearned Revenue	1,180,011	13,109	1,193,120
Non-Current Liabilities:			
Due Within One Year	1,379,606	-	1,379,606
Due in More than One Year	82,432,132	-	82,432,132
TOTAL LIABILITIES	90,649,237	13,109	90,662,346
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	52,137,987	235,199	52,373,186
Restricted For:			
Debt Service	4,588,982	-	4,588,982
Special Revenue - Grant Programs	47,755	-	47,755
Unrestricted	9,181,608	1,196,488	10,378,096
TOTAL NET ASSETS	\$ 65,956,332	1,431,687	\$ 67,388,019

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, 2010

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	\$ 33,323,456	23,320	21,382,321	-	(11,917,815)	-	\$ (11,917,815)
Support Services	22,879,777	368,830	7,560,450	7,700	(14,942,797)	-	(14,942,797)
Community Services	5,456	-	-	-	(5,456)	-	(5,456)
Intergovernmental	686,623	-	-	-	(686,623)	-	(686,623)
Interest and Other Charges	4,210,584	-	-	-	(4,210,584)	-	(4,210,584)
Total Governmental Activities	<u>61,105,896</u>	<u>392,150</u>	<u>28,942,771</u>	<u>7,700</u>	<u>(31,763,275)</u>	<u>-</u>	<u>(31,763,275)</u>
Business-Type Activities:							
Food Services	3,032,458	955,776	2,737,474	-	-	660,792	660,792
Total Business-Type Activities	<u>3,032,458</u>	<u>955,776</u>	<u>2,737,474</u>	<u>-</u>	<u>-</u>	<u>660,792</u>	<u>660,792</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 64,138,354</u>	<u>1,347,926</u>	<u>31,680,245</u>	<u>7,700</u>	<u>(31,763,275)</u>	<u>660,792</u>	<u>(31,102,483)</u>
GENERAL REVENUES AND TRANSFERS:							
General Revenues:							
Property Taxes Levied for General Purposes					15,191,279	-	15,191,279
Property Taxes Levied for Debt Service					5,959,554	-	5,959,554
Other Taxes:							
State Revenue in Lieu of Taxes					8,884,782	-	8,884,782
Unrestricted Grants and Contributions					47,777	-	47,777
Unrestricted Investment Earnings					790,917	1,947	792,864
Unrestricted Intergovernmental General Revenue					43,563	-	43,563
Miscellaneous					498,613	-	498,613
Transfers					193,068	(193,068)	-
Total General Revenues and Transfers					<u>31,609,553</u>	<u>(191,121)</u>	<u>31,418,432</u>
CHANGE IN NET ASSETS					(153,722)	469,671	315,949
NET ASSETS, Beginning of Year					<u>66,110,054</u>	<u>962,016</u>	<u>67,072,070</u>
NET ASSETS, End of Year					<u>65,956,332</u>	<u>1,431,687</u>	<u>\$ 67,388,019</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, 2010

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
ASSETS			
Cash and Cash Equivalents	\$ 459,439	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Investments, Restricted	-	-	-
Cash and Investments Held by County Treasurer	9,049,501	92,163	-
Receivables, Net:			
Taxes	706,972	-	-
Other	3,871	-	-
Due From:			
State Agencies	571,874	149	44,126
Federal Agencies	-	3,317,037	-
Other Funds	3,643,566	-	180,430
Other Governments	141	151,332	-
Prepaid Items	17,226	8,428	-
TOTAL ASSETS	14,452,590	3,569,109	224,556
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts and Retainage Payable	1,749,978	-	-
Accrued Salaries, Fringe & Benefits	2,897,731	-	-
Due To:			
State Department of Education	-	-	1,375
Due to Other Funds	253,470	2,690,477	-
Deferred/Unearned Revenue	530,728	830,877	223,181
TOTAL LIABILITIES	5,431,907	3,521,354	224,556
FUND BALANCES:			
Fund Balances			
Reserved for:			
Prepaid Items	17,226	8,428	-
Debt Service	-	-	-
Capital Projects	-	-	-
Special Revenue	-	39,327	-
Unreserved:			
Designated for Fund Balance Policy	3,929,161	-	-
Undesignated	5,074,296	-	-
TOTAL FUND BALANCES	9,020,683	47,755	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,452,590	3,569,109	224,556

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
-	-	-	-	\$ 459,439
-	32	-	-	32
-	7,956,832	-	5,798,426	13,755,258
4,685,961	-	903,628	-	14,731,253
247,770	-	-	-	954,742
-	-	-	-	3,871
-	-	128,982	-	745,131
-	-	-	-	3,317,037
3,379	-	70,635	376,995	4,275,005
-	-	-	-	151,473
-	-	-	-	25,654
4,937,110	7,956,864	1,103,245	6,175,421	38,418,895
-	-	-	661,231	2,411,209
-	-	-	-	2,897,731
-	-	-	-	1,375
-	955	377,969	599,172	3,922,043
184,233	-	125,953	-	1,894,972
184,233	955	503,922	1,260,403	11,127,330
-	-	-	-	25,654
4,752,877	7,955,909	-	-	12,708,786
-	-	599,323	4,915,018	5,514,341
-	-	-	-	39,327
-	-	-	-	3,929,161
-	-	-	-	5,074,296
4,752,877	7,955,909	599,323	4,915,018	27,291,565
4,937,110	7,956,864	1,103,245	6,175,421	\$ 38,418,895

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

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

JUNE 30, 2010

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 27,291,565
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.	714,961
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 \$215,856.	983,344
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 \$797,377 and are included in Other Assets.	56,955
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 \$150,503,733, and the accumulated depreciation is \$29,435,315.	121,068,418
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.	(347,173)
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	(81,135,000)
Premium on Bonds Payable	(2,249,980)
Compensated Absences	(426,758)
	(83,811,738)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ 65,956,332

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, 2010

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 15,090,893	-
Investment Earnings	30,787	478
Other Local Sources	143,066	642,838
State Sources	24,130,119	925,677
Federal Sources	-	7,853,529
Intergovernmental Revenue	-	43,563
TOTAL REVENUE ALL SOURCES	39,394,865	9,466,085
EXPENDITURES		
Current:		
Instruction	22,558,941	5,869,379
Support Services	16,662,327	3,111,347
Community Services	5,456	-
Intergovernmental	257,951	117,711
Capital Outlay	91,417	226,410
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	5,317	-
Bond Issuance Costs	-	-
TOTAL EXPENDITURES	39,581,409	9,324,847
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(186,544)	141,238
OTHER FINANCING SOURCES (USES)		
Proceeds from Sale of Capital Assets	2,001	800
Transfers In	1,190,278	-
Transfers Out	-	(142,082)
TOTAL OTHER FINANCING SOURCES (USES)	1,192,279	(141,282)
NET CHANGES IN FUND BALANCES	1,005,735	(44)
FUND BALANCE, Beginning of Year	8,014,948	47,799
FUND BALANCE, End of Year	\$ 9,020,683	47,755

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
-	5,938,187	-	-	-	\$ 21,029,080
-	20,002	346,620	33,097	359,937	790,921
-	-	-	-	-	785,904
4,268,808	491,927	-	7,700	-	29,824,231
-	-	-	-	-	7,853,529
-	-	-	-	-	43,563
4,268,808	6,450,116	346,620	40,797	359,937	60,327,228
2,841,475	-	-	-	-	31,269,795
533,806	-	-	268,692	813,725	21,389,897
-	-	-	-	-	5,456
825	-	-	-	-	376,487
37,574	-	-	299,742	5,508,147	6,163,290
-	-	1,185,000	-	-	1,185,000
-	58,567	4,195,700	-	17,725	4,277,309
-	-	-	-	-	-
3,413,680	58,567	5,380,700	568,434	6,339,597	64,667,234
855,128	6,391,549	(5,034,080)	(527,637)	(5,979,660)	(4,340,006)
-	-	-	-	-	2,801
54,320	-	5,029,918	570,082	-	6,844,598
(909,448)	(5,600,000)	-	-	-	(6,651,530)
(855,128)	(5,600,000)	5,029,918	570,082	-	195,869
-	791,549	(4,162)	42,445	(5,979,660)	(4,144,137)
-	3,961,328	7,960,071	556,878	10,894,678	31,435,702
-	4,752,877	7,955,909	599,323	4,915,018	\$ 27,291,565

**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, 2010

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (4,144,137)
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.	121,753
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.	1,185,000
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.	4,937
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.	(97,582)
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.	(170,867)
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.	224,336
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 \$5,883,322 exceeded depreciation expense of \$3,222,271 in the current period.	2,661,051
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (153,722)

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, 2010

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,210,446
Cash and Investments Held by County Treasurer	966
Due From:	
Federal Agencies	306,927
Inventories	44,220
Total Current Assets	<u>1,562,559</u>
Non-Current Assets:	
Capital Assets	1,657,730
Less: Accumulated Depreciation	(1,422,531)
Total Non-Current Assets	<u>235,199</u>
TOTAL ASSETS	<u>1,797,758</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	352,962
Deferred Revenue	13,109
Total Current Liabilities	<u>366,071</u>
TOTAL LIABILITIES	<u>366,071</u>
NET ASSETS	
Invested in Capital Assets	235,199
Unrestricted	1,196,488
TOTAL NET ASSETS	<u><u>\$ 1,431,687</u></u>

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

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

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

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2010

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 955,776
Other Revenue	5,586
TOTAL OPERATING REVENUES	<u>961,362</u>
OPERATING EXPENSES	
Salaries	1,333,248
Employee Benefits	153,649
Purchased Services	52,597
Food Costs and Supplies	1,382,541
Equipment - Expendable	14,786
Depreciation	64,165
Other	28,391
TOTAL OPERATING EXPENSES	<u>3,029,377</u>
OPERATING LOSS	<u>(2,068,015)</u>
NON-OPERATING REVENUES (EXPENSES)	
Commodities Received from USDA	145,326
USDA Reimbursements	2,578,961
Other State and Federal Aid	7,601
Interest	1,947
Loss on Disposal of Capital Assets	(3,081)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>2,730,754</u>
INCOME BEFORE TRANSFERS	662,739
TRANSFERS	
Transfer Out	<u>(193,068)</u>
CHANGE IN NET ASSETS	469,671
TOTAL NET ASSETS, Beginning of Year	<u>962,016</u>
TOTAL NET ASSETS, End of Year	<u>\$ 1,431,687</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, 2010

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 955,776
Receipts from Other Revenues	5,586
Payments to Employees for Services	(1,486,897)
Payments to Suppliers for Goods and Services	(1,301,779)
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,827,314)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	2,547,715
Revenue from State and Federal Sources	7,601
Transfers to Other Funds	(200,073)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>2,355,243</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(26,612)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(26,612)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	1,947
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,947</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	503,264
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>707,182</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 1,210,446</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (2,068,015)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation Expense	64,165
Non-Cash USDA Commodities Used	145,326
Change In:	
Inventories	31,210
Net Cash Used in Operating Activities	<u>\$ (1,827,314)</u>
Non-Cash Transactions:	
Commodities Received from the USDA	<u>\$ 145,326</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, 2010

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 556,106
Investments	46,634
TOTAL ASSETS	<u><u>602,740</u></u>
LIABILITIES	
Due to Student Organizations	602,740
TOTAL LIABILITIES	<u><u>\$ 602,740</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, 2010

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, 2010

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. 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, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, federal and state grant programs, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the government.

Fund 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, 2010

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, 2010

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 (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

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

Investments (Continued)

- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

3. *Receivables and Payables (Continued)*

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

5. Capital Assets (Continued)

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

7. *Accrued Liabilities and Long-Term Obligations (Continued)*

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 \$3,929,161 as of June 30, 2010 represents 10% of the original budget for the General Fund for fiscal year 2011.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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.
- (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 from the original budget) 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, 2010, none of the School District's bank balances of \$2,431,224, which had a carrying value of \$2,272,657, were exposed to custodial credit risk.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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

A. Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2010, the School District had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturity
Cash and Investments Held by Newberry County Treasurer	Unrated	\$ 14,732,217	^
Repurchase Agreement - Citigroup Global Markets	Unrated	5,798,426	10/01/2010*
Repurchase Agreement - Royal Bank of Canada	Unrated	7,956,832	12/01/2015
Total		\$ 28,487,475	

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

*Upon maturity of the Citigroup repurchase agreement in October 2010, the District is now investing these funds in Federal Institutional Treasury Obligations (mutual 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.

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, 2010, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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

B. Property Taxes and Other Receivables (Continued)

Property taxes are levied and billed by the County on real and personal properties on October 1 based on an assessed value of approximately \$112 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 uncollectables of approximately \$437,000 at June 30, 2010. Allowances for uncollectibles were not necessary for the other receivable accounts.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2010, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$	530,728
Delinquent Property Taxes Receivable - Debt Service Fund		184,233
Unearned Revenue from Special Revenue Funds		1,054,058
Unearned Revenue from the General Fund		-
Unearned Revenue from Capital Projects Fund		125,953
Total Deferred/Unearned Revenue for Governmental Funds	\$	<u>1,894,972</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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

C. Interfund Receivables and Payables

Interfund balances at June 30, 2010 (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	\$ 3,643,566	\$ 253,470
Special Revenue Funds:		
Special Revenue	-	2,690,477
Education Improvement Act	180,430	-
Debt Service Fund - District	3,379	-
Debt Service Fund - NICE	-	955
Capital Projects Fund - District	70,635	377,969
Capital Projects Fund - NICE	376,995	599,172
Enterprise Fund	-	352,962
	<u>\$ 4,275,005</u>	<u>\$ 4,275,005</u>

The General Fund receivable is a result of Special Revenue owing the General Fund for claims that were filed but not yet received, the General Fund paying for construction expenditures for the District Capital Project Fund and 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 EIA Fund and 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, 2010

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, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 1,931,726	-	-	-	\$ 1,931,726
Construction in Progress	23,071,757	5,480,445	-	(15,323,953)	13,228,249
Total Capital Assets, Non-Depreciable	25,003,483	5,480,445	-	(15,323,953)	15,159,975
Capital Assets, Depreciable:					
Buildings and Improvements	111,226,032	152,877	318,985	15,323,953	126,383,877
Improvements Other Than Buildings	4,197,974	68,195	22,670	-	4,243,499
Vehicles	1,481,761	17,985	7,800	-	1,491,946
Machinery and Equipment	3,001,172	163,820	51,202	-	3,113,790
Furniture and Equipment	110,646	-	-	-	110,646
Total Capital Assets Depreciable	120,017,585	402,877	400,657	15,323,953	135,343,758
Less: Accumulated Depreciation for:					
Buildings and Improvements	21,647,588	2,783,598	251,150	-	24,180,036
Improvements Other Than Buildings	2,273,741	150,393	11,427	-	2,412,707
Vehicles	817,283	84,135	4,237	-	897,181
Machinery and Equipment	1,695,225	201,353	36,261	-	1,860,317
Furniture and Equipment	82,282	2,792	-	-	85,074
Total Accumulated Depreciation	26,516,119	3,222,271	303,075	-	29,435,315
Total Capital Assets, Depreciable, Net	93,501,466	(2,819,394)	97,582	15,323,953	105,908,443
Governmental Activities Capital Assets, Net	\$ 118,504,949	2,661,051	97,582	-	\$ 121,068,418
Business-Type Activities:					
Capital Assets, Depreciable:					
Furniture and Equipment	\$ 1,728,690	26,612	97,572	-	\$ 1,657,730
Less: Accumulated Depreciation	1,452,857	64,165	94,491	-	1,422,531
Business-Type Activities Capital Assets, Net	\$ 275,833	(37,553)	3,081	-	\$ 235,199

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows for 2010:

Governmental Activities:	
Instruction	\$ 1,975,785
Support Services	1,246,486
Total Depreciation Expense - Governmental Activities	<u>\$ 3,222,271</u>
 Business-Type Activities:	
Food Services	\$ 64,165
Total Depreciation Expense - Business-Type Activities	<u>\$ 64,165</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 2010, the School District has completed the building project at Pomaria-Garmony Elementary School and the Mid-Carolina High School concession stand and continued the construction projects at Little Mountain Elementary School and Prosperity-Rikard 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 2011. This may change in response to changing circumstances.

Construction Commitments

The School District has several ongoing construction projects as of June 30, 2010, 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, 2010 are approximately \$645,000, 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, 2010

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, 2010, consisted of the following:

Governmental Activities:

Accounts Payable	\$ 1,749,978
Retainage Payable	661,231
Accrued Salaries	2,225,094
Accrued Fringe and Benefits	672,637
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 5,308,940</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, 2010.

Future payments on all of these agreements are as follows:

2011	\$ 112,308
2012	52,308
2013	52,308
2014	52,308
2015	52,308
2016-2019	179,649
Total	<u>\$ 501,189</u>

G. Short-Term Obligations

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bond	\$ -	5,600,000	5,600,000	\$ -
Tax Anticipation Note - SCAGO	-	1,100,000	1,100,000	-
Total Governmental Activities	<u>\$ -</u>	<u>6,700,000</u>	<u>6,700,000</u>	<u>\$ -</u>

In October 2009, the School District issued \$5,600,000 of general obligation bonds for the purpose of making payments to NICE. These bonds, including interest of \$58,567, were repaid upon maturity in March 2010 utilizing debt service fund property tax revenues. In July 2009, the School District issued a \$1,100,000 Tax Anticipation Note ("TAN") with SCAGO. The TAN, including \$5,317 in interest, was repaid in March 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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

H. Long-Term Obligations

The School District had the following outstanding indebtedness at June 30, 2010:

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, 2010 were \$2,249,980 and \$983,344, 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, 2010:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
NICE Series 2005 IPR Bonds	\$ 82,320,000	-	1,185,000	81,135,000	\$ 1,335,000
Total Debt	82,320,000	-	1,185,000	81,135,000	1,335,000
Premium on NICE Series 2005	2,359,735	-	109,755	2,249,980	-
Compensated Absences	523,495	2,500	99,237	426,758	44,606
Total Governmental Activities	<u>\$ 85,203,230</u>	<u>2,500</u>	<u>1,393,992</u>	<u>83,811,738</u>	<u>\$ 1,379,606</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, 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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 \$5,798,426 at June 30, 2010.
- 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 \$7,956,832 at June 30, 2010.

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	
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	2,055,000	3,789,494	5,844,494
2016-2020	13,710,000	17,007,462	30,717,462
2021-2025	20,875,000	12,512,281	33,387,281
2026-2030	30,205,000	5,965,169	36,170,169
2031	7,930,000	198,250	8,128,250
Totals	\$ 81,135,000	55,541,887	\$ 136,676,887

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, 2010, the School District’s assessed property valuation was approximately \$112,375,000, and the legal debt limit was approximately \$8,990,000, of which \$6,000,000 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, 2010

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, 2010, consisted of the following:

General Fund			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 855,128		\$ -
Food Service - Indirect Cost	193,068		-
Special Revenue- Indirect Cost	142,082		-
	<u>1,190,278</u>		<u>-</u>
Special Revenue Funds			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	General Fund- Indirect Costs	<u>142,082</u>
<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	54,320	Special Revenue - EIA	54,320
	<u>-</u>	General Fund	855,128
	<u>54,320</u>		<u>909,448</u>
Debt Service Fund - District			
Transfers from	Amount	Transfers to	Amount
	<u>-</u>	NICE Debt Service	5,029,918
	<u>-</u>	Capital Projects - District	570,082
	<u>-</u>		<u>5,600,000</u>
Debt Service Fund - NICE			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>5,029,918</u>		<u>-</u>
Capital Projects Fund - District			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>570,082</u>		<u>-</u>
Proprietary Fund			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund- Indirect Costs	<u>\$ 193,068</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, 2010, consisted of the following:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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 teacher salaries 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 teacher salaries, school employer contributions, 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 2010 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 3.50% of payroll to provide retiree health and dental insurance and 0.15% of payroll to provide 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 \$4,183,000, \$4,405,000 and \$4,345,000 for the years ended June 30, 2010, 2009, and 2008 respectively.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

IV. OTHER INFORMATION (CONFIRMATION)

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. The School District carries commercial insurance for workers' compensation, property and casualty insurance. There has been no reduction in insurance coverage as compared to the previous year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

D. Subsequent Events

In July 2010, the School District entered into a TAN program with the South Carolina Association of Governmental Organizations ("SCAGO") in the amount of \$1,010,000. This TAN program was entered into by the School District to help provide financial resources for operations. As of the date of issuance of the financial statements, the entire amount was available through this TAN. Any outstanding obligation, including interest at 2.0%, is due in full on April 15, 2011.

In October 2010, the School District issued short-term general obligation bonds in the amount of \$6,000,000 for the purposes of paying NICE a portion of the installments of purchase price owing in fiscal year 2011 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 0.75%, is due in full on March 1, 2011.

Due to reassessment in Newberry County, tax millage for school operating purposes was rolled back to 184.8 mills from 194.0 mills for fiscal year 2010-2011. Debt service millage remains at 53.0 mills.

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REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 14,970,256	14,970,256	15,090,893	\$ 120,637
Investment Earnings	75,000	75,000	30,787	(44,213)
Other Local Sources	40,000	40,000	143,066	103,066
State Sources	25,435,078	25,435,078	24,130,119	(1,304,959)
TOTAL REVENUE ALL SOURCES	40,520,334	40,520,334	39,394,865	(1,125,469)
EXPENDITURES				
Current:				
Instruction	23,205,369	23,205,369	22,558,941	646,428
Support Services	18,224,696	18,224,696	16,662,327	1,562,369
Community Services	7,000	7,000	5,456	1,544
Intergovernmental	47,800	47,800	257,951	(210,151)
Capital Outlay	127,749	127,749	91,417	36,332
Debt Service:				
Interest and Fiscal Charges	-	-	5,317	(5,317)
TOTAL EXPENDITURES	41,612,614	41,612,614	39,581,409	2,031,205
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,092,280)	(1,092,280)	(186,544)	905,736
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	2,001	2,001
Transfers In	1,092,280	1,092,280	1,190,278	97,998
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,092,280	1,092,280	1,192,279	99,999
NET CHANGE IN FUND BALANCE	-	-	1,005,735	1,005,735
FUND BALANCE, Beginning of Year	8,014,948	8,014,948	8,014,948	-
FUND BALANCES, End of Year	\$ 8,014,948	8,014,948	9,020,683	\$ 1,005,735

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, 2010

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 13,371,256	12,802,031	\$ (569,225)
1140 Penalties & Interest on Taxes (Independent)	275,000	763,571	488,571
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,324,000	1,525,291	201,291
1300 Tuition:			
1310 From Patrons for Regular Day School	-	15,878	15,878
1320 From Other LEAs for Regular Day School	-	7,442	7,442
1350 From Patrons for Summer School	20,000	-	(20,000)
1500 Earnings on Investments:			
1510 Interest on Investments	75,000	30,787	(44,213)
1900 Other Revenue from Local Sources:			
1910 Rentals	-	6,278	6,278
1950 Refund of Prior Year's Expenditures	-	5,578	5,578
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	70,754	70,754
1999 Revenue from Other Local Sources	20,000	37,136	17,136
Total Revenue from Local Sources	<u>15,085,256</u>	<u>15,264,746</u>	<u>179,490</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	662	662
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	345,303	375,630	30,327
3162 Transportation Workers' Compensation	-	33,970	33,970
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	4,448,822	4,448,822	-
3181 Retiree Insurance (No Carryover Provision)	736,156	911,962	175,806
3199 Other Restricted State Grants	-	40,213	40,213
3200 Unrestricted Grants:			
3250 Medicaid Match Reimbursement	-	25,533	25,533
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	769,737	656,131	(113,606)
3312 Primary	2,277,455	1,929,523	(347,932)
3313 Elementary	2,994,626	2,768,504	(226,122)
3314 High School	1,294,394	780,963	(513,431)
3315 Trainable Mentally Handicapped	33,004	27,460	(5,544)
3316 Speech Handicapped (Part-Time Program)	1,020,139	799,095	(221,044)
3317 Homebound	\$ 60,962	51,364	\$ (9,598)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2010

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 49,781	43,603	\$ (6,178)
3322 Educable Mentally Handicapped	129,117	99,657	(29,460)
3323 Learning Disabilities	1,305,262	1,109,968	(195,294)
3324 Hearing Handicapped	10,466	11,235	769
3325 Visually Handicapped	13,398	17,564	4,166
3326 Orthopedically Handicapped	19,395	13,659	(5,736)
3327 Vocational	1,491,146	1,528,708	37,562
3330 Other EFA Programs:			
3331 Autism	63,773	63,037	(736)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	2,148,611	2,150,853	2,242
3820 Homestead Exemption (Tier 2)	1,200,583	1,200,583	-
3825 Reimbursement for Property Tax Relief (Tier 3)	4,487,948	4,485,100	(2,848)
3830 Merchant's Inventory Tax	120,000	158,280	38,280
3840 Manufacturers Depreciation Reimbursement	230,000	251,651	21,651
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	185,000	146,389	(38,611)
Total Revenue from State Sources	<u>25,435,078</u>	<u>24,130,119</u>	<u>(1,304,959)</u>
TOTAL REVENUE ALL SOURCES	<u>40,520,334</u>	<u>39,394,865</u>	<u>(1,125,469)</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	921,373	868,506	52,867
200 Employee Benefits	295,383	282,092	13,291
300 Purchased Services	9,927	10,027	(100)
400 Supplies and Materials	16,028	14,557	1,471
112 Primary Programs:			
100 Salaries	3,168,762	3,189,953	(21,191)
200 Employee Benefits	975,297	973,899	1,398
300 Purchased Services	24,833	23,991	842
400 Supplies and Materials	75,156	68,640	6,516
600 Other Objects	-	154	(154)
113 Elementary Programs:			
100 Salaries	5,697,936	5,510,821	187,115
200 Employee Benefits	1,787,616	1,745,285	42,331
300 Purchased Services	48,111	48,799	(688)
400 Supplies and Materials	\$ 84,247	84,334	\$ (87)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2010

	REVISED BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 3,885,737	3,810,479	\$ 75,258
200 Employee Benefits	1,227,514	1,207,946	19,568
300 Purchased Services	38,227	35,334	2,893
400 Supplies and Materials	94,217	87,178	7,039
600 Other Objects	-	1,238	(1,238)
115 Career and Technology Education Program:			
100 Salaries	836,261	816,363	19,898
200 Employee Benefits	252,399	244,308	8,091
300 Purchased Services - Other Than Tuition	3,293	2,098	1,195
400 Supplies and Materials	30,712	26,241	4,471
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	540,343	494,060	46,283
200 Employee Benefits	192,347	155,366	36,981
300 Purchased Services	122	-	122
122 Trainable Mentally Handicapped:			
100 Salaries	247,565	235,147	12,418
200 Employee Benefits	90,024	84,812	5,212
300 Purchased Services	36,000	30,765	5,235
123 Orthopedically Handicapped:			
100 Salaries	2,413	2,388	25
200 Employee Benefits	831	748	83
300 Purchased Services	2,970	2,970	-
124 Visually Handicapped:			
100 Salaries	18,943	4,775	14,168
200 Employee Benefits	6,143	1,495	4,648
300 Purchased Services	12,420	12,420	-
125 Hearing Handicapped:			
300 Purchased Services	-	11,980	(11,980)
126 Speech Handicapped:			
100 Salaries	177,907	169,811	8,096
200 Employee Benefits	53,377	49,888	3,489
300 Purchased Services	7,920	5,953	1,967
127 Learning Disabilities:			
100 Salaries	1,033,669	951,776	81,893
200 Employee Benefits	316,796	308,950	7,846
128 Emotionally Handicapped:			
100 Salaries	128,198	81,626	46,572
200 Employee Benefits	56,837	26,590	30,247
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	8,299	13,703	(5,404)
200 Employee Benefits	\$ 2,595	3,714	\$ (1,119)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2010

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
139 Early Childhood Programs:			
100 Salaries	\$ -	24,178	\$ (24,178)
200 Employee Benefits	-	4,664	(4,664)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	37,614	70,615	(33,001)
200 Employee Benefits	12,845	20,758	(7,913)
300 Purchased Services	2,160	3,956	(1,796)
145 Homebound:			
100 Salaries	30,000	45,869	(15,869)
200 Employee Benefits	6,000	9,170	(3,170)
300 Purchased Services	12,600	18,408	(5,808)
149 Other Special Programs:			
100 Salaries	1,200	-	1,200
300 Purchased Services	500,000	500,000	-
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	50,298	39,561	10,737
200 Employee Benefits	30,764	14,284	16,480
170 Summer School Programs:			
173 High School Summer School:			
600 Other Objects	-	50	(50)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	1,458	1,272	186
185 Vocational Adult Education Programs:			
100 Salaries	54,816	53,777	1,039
200 Employee Benefits	17,786	17,521	265
188 Parenting/Family Literacy:			
100 Salaries	25,395	25,147	248
200 Employee Benefits	8,735	8,531	204
190 Instructional Pupil Activity:			
300 Purchased Services	4,950	-	4,950
Total Instruction	<u>23,205,369</u>	<u>22,558,941</u>	<u>646,428</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	221,766	229,770	(8,004)
200 Employee Benefits	102,104	68,476	33,628
300 Purchased Services	4,564	11,055	(6,491)
400 Supplies and Materials	\$ 2,275	2,275	\$ -

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2010

	REVISED BUDGET	ACTUAL	VARIANCE
212 Guidance Services:			
100 Salaries	\$ 925,258	894,981	\$ 30,277
200 Employee Benefits	270,867	261,692	9,175
213 Health Services:			
100 Salaries	314,964	267,022	47,942
200 Employee Benefits	80,170	78,182	1,988
300 Purchased Services	14,701	10,938	3,763
400 Supplies and Materials	8,725	7,243	1,482
600 Other Objects	90	90	-
214 Psychological Services:			
100 Salaries	44,540	-	44,540
200 Employee Benefits	13,167	-	13,167
300 Purchased Services	2,025	807	1,218
400 Supplies and Materials	2,989	-	2,989
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	370,836	414,626	(43,790)
200 Employee Benefits	108,333	123,881	(15,548)
300 Purchased Services	36,584	29,213	7,371
400 Supplies and Materials	15,989	11,956	4,033
600 Other Objects	547	529	18
222 Library and Media Services:			
100 Salaries	697,240	657,888	39,352
200 Employee Benefits	214,255	202,353	11,902
400 Supplies and Materials	93,639	93,064	575
223 Supervision of Special Programs:			
100 Salaries	60,537	57,749	2,788
200 Employee Benefits	19,004	18,302	702
300 Purchased Services	-	7,357	(7,357)
400 Supplies and Materials	2,187	319	1,868
600 Other Objects	194	-	194
224 Improvement of Instruction-Inservice and Staff Training:			
300 Purchased Services	31,076	11,590	19,486
400 Supplies and Materials	-	603	(603)
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	39,150	39,150	-
200 Employee Benefits	142,597	111,096	31,501
300 Purchased Services	51,245	39,449	11,796
318 Audit Services	33,503	38,350	(4,847)
400 Supplies and Materials	842	434	408
600 Other Objects	\$ 213,952	230,531	\$ (16,579)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2010

	REVISED BUDGET	ACTUAL	VARIANCE
232 Office of Superintendent:			
100 Salaries	\$ 207,485	218,281	\$ (10,796)
200 Employee Benefits	48,301	51,262	(2,961)
300 Purchased Services	23,851	20,894	2,957
400 Supplies and Materials	2,950	1,434	1,516
500 Capital Outlay	-	-	-
600 Other Objects	6,480	6,115	365
233 School Administration:			
100 Salaries	2,788,871	2,752,012	36,859
140 Terminal Leave	-	11,936	(11,936)
200 Employee Benefits	855,834	822,861	32,973
300 Purchased Services	27,360	22,858	4,502
400 Supplies and Materials	95,623	89,116	6,507
500 Capital Outlay	7,135	7,135	-
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	405,370	397,982	7,388
200 Employee Benefits	121,205	119,246	1,959
300 Purchased Services	11,815	11,700	115
400 Supplies and Materials	3,475	1,331	2,144
600 Other Objects	729	227	502
254 Operation and Maintenance of Plant:			
100 Salaries	654,994	637,021	17,973
200 Employee Benefits	163,360	174,839	(11,479)
300 Purchased Services	1,963,746	1,920,564	43,182
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	140,000	169,226	(29,226)
400 Supplies and Materials	311,738	255,230	56,508
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,579,503	1,511,649	67,854
500 Capital Outlay	41,774	25,459	16,315
600 Other Objects	70,287	129,978	(59,691)
255 Student Transportation (State Mandated):			
100 Salaries	1,185,186	1,072,968	112,218
200 Employee Benefits	214,231	360,790	(146,559)
300 Purchased Services	112,379	15,980	96,399
400 Supplies and Materials	3,780	3,789	(9)
256 Food Service:			
200 Employee Benefits	390,000	446,711	(56,711)
257 Internal Services:			
100 Salaries	57,656	58,282	(626)
200 Employee Benefits	30,583	15,709	14,874
300 Purchased Services	129,018	68,222	60,796
400 Supplies and Materials	25,184	23,785	1,399
600 Other Objects	1,096,344	2,846	1,093,498
258 Security:			
300 Purchased Services	\$ -	6,786	\$ (6,786)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2010

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
260 Central Support Services:			
263 Information Services:			
100 Salaries	\$ -	4,684	\$ (4,684)
200 Employee Benefits	-	982	(982)
300 Purchased Services	6,480	-	6,480
400 Supplies and Materials	1,620	1,360	260
264 Staff Services:			
100 Salaries	260,679	255,433	5,246
200 Employee Benefits	80,412	79,553	859
300 Purchased Services	37,297	33,231	4,066
400 Supplies and Materials	5,641	2,813	2,828
600 Other Objects	7,488	7,062	426
266 Technology and Data Processing Services:			
100 Salaries	284,693	291,708	(7,015)
200 Employee Benefits	87,930	87,256	674
300 Purchased Services	44,550	51,190	(6,640)
400 Supplies and Materials	6,570	11,850	(5,280)
500 Capital Outlay	78,840	58,823	20,017
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	370,917	330,114	40,803
200 Employee Benefits (Optional)	51,136	68,337	(17,201)
300 Purchased Services (Optional)	69,430	70,258	(828)
400 Supplies and Materials (Optional)	-	1,295	(1,295)
660 Pupil Activity	42,600	42,600	-
Total Support Services	<u>18,352,445</u>	<u>16,753,744</u>	<u>1,598,701</u>
300 Community Services:			
390 Other Community Services:			
300 Purchased Services	5,000	3,000	2,000
600 Other Objects	2,000	2,456	(456)
Total Community Services	<u>7,000</u>	<u>5,456</u>	<u>1,544</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	225,042	(225,042)
412 Payments to Other Governmental Units			
720 Transits	47,800	32,909	14,891
Total Intergovernmental Expenditures	<u>\$ 47,800</u>	<u>257,951</u>	<u>\$ (210,151)</u>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2010

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
500 Debt Service:			
620 Interest	\$ -	5,317	\$ (5,317)
Total Debt Service	<u>-</u>	<u>5,317</u>	<u>(5,317)</u>
TOTAL EXPENDITURES	<u>41,612,614</u>	<u>39,581,409</u>	<u>2,031,205</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of Capital Assets	-	2,001	2,001
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	809,614	855,128	45,514
5280 Transfer from Other Funds Indirect Costs	282,666	335,150	52,484
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,092,280</u>	<u>1,192,279</u>	<u>99,999</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	1,005,735	1,005,735
FUND BALANCE, Beginning of Year	<u>8,014,948</u>	<u>8,014,948</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 8,014,948</u>	<u>9,020,683</u>	<u>\$ 1,005,735</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, 2010

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
REVENUES		
1000 Revenue from Local Sources:		
1500 Earnings on Investments:		
1510 Interest on Investments	\$ -	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Medicaid	-	-
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 Miscellaneous	-	-
3117 EEDA Middle and High School 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/Making Middle Grades 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	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement (Carryover Provision)	-	-
3610 K-5 Enhancement(Carryover Provision)	-	-
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching	-	-
Total Revenue from State Sources	<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
-	-	-	-	-	478	\$ 478
-	-	-	-	-	51,350	51,350
-	-	-	-	-	368,830	368,830
-	-	-	-	-	222,658	222,658
-	-	-	-	-	643,316	643,316
-	-	-	-	-	43,563	43,563
-	-	-	-	-	43,563	43,563
-	-	-	-	19,558	-	19,558
-	-	-	-	2,577	-	2,577
-	-	-	-	114,398	-	114,398
-	-	-	-	29,553	-	29,553
-	-	-	-	28,924	-	28,924
-	-	-	-	63,328	-	63,328
-	-	-	-	12,813	-	12,813
-	-	-	-	242,968	-	242,968
-	-	-	-	13,179	-	13,179
-	-	-	-	1,400	-	1,400
-	-	-	-	2,123	149	2,272
-	-	-	-	13,864	-	13,864
-	-	-	-	364,513	-	364,513
-	-	-	-	16,330	-	16,330
-	-	-	-	925,528	149	\$ 925,677

(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, 2010

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	\$ -	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	1,534,116	-
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	-	-
4315 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs (Carryover Provision)	-	-
4318 SC Reading First	-	-
4331 Enhancing Education through Technology (E2T2), Title II (Carryover Provision)	-	-
4333 Enhancing Education through Technology (E2T2), Title II (ARRA) (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4350 State Fiscal Stabilization Fund (ARRA)	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4430 State Literacy Resource	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,356,163
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4540 IDEA (ARRA 611)	-	-
4550 IDEA Preschool (ARRA 619)	-	-
4900 Other Federal Sources:		
4920 Drug and Violence Prevention Program (Title IV, 21st Century Schools)	-	-
4924 21st Century Community Learning Center Program (Title IV, 21st Century Schools)	-	-
4992 U.S. Forest Commission	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,534,116</u>	<u>1,356,163</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 1,534,116</u>	<u>1,356,163</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
-	142,388	-	-	-	-	\$ 142,388
-	-	-	-	-	48,366	1,582,482
-	-	-	-	-	130,984	130,984
-	-	-	-	-	524,072	524,072
-	-	-	-	-	612,629	612,629
-	-	-	-	-	15,230	15,230
-	-	-	-	-	162,383	162,383
-	-	-	-	-	55,861	55,861
-	-	-	-	-	1,700,982	1,700,982
-	-	-	-	-	308,090	308,090
-	-	-	71,000	-	-	71,000
-	-	-	2,000	-	-	2,000
-	-	-	-	-	-	1,356,163
78,095	-	-	-	-	-	78,095
-	-	-	-	-	717,495	717,495
-	-	-	-	-	36,831	36,831
-	-	24,000	-	-	-	24,000
-	-	-	-	-	127,500	127,500
-	-	-	-	-	68,997	68,997
-	-	-	-	-	136,347	136,347
78,095	142,388	24,000	73,000	-	4,645,767	7,853,529
78,095	142,388	24,000	73,000	925,528	5,332,795	\$ 9,466,085

(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, 2010

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
EXPENDITURES		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
112 Primary Programs:		
100 Salaries	185,844	-
200 Employee Benefits	58,524	-
300 Purchased Services	144,876	-
400 Supplies and Materials	64,628	-
500 Capital Outlay	-	-
600 Other Objects	-	-
113 Elementary Programs:		
100 Salaries	116,071	-
200 Employee Benefits	33,804	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
600 Other Objects	-	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
600 Other Objects	-	-
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	-	229,480
200 Employee Benefits	-	78,885
300 Purchased Services	-	32
400 Supplies and Materials	-	-
122 Trainable Mentally Handicapped:		
100 Salaries	-	41,923
200 Employee Benefits	-	13,329
300 Purchased Services	-	1,055
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
-	-	-	-	-	241,133	\$ 241,133
-	-	-	-	-	108,196	108,196
-	-	-	-	117,179	618,402	921,425
-	-	-	-	38,596	230,111	327,231
-	-	-	-	-	24,601	169,477
-	-	-	-	34,389	166,456	265,473
-	-	-	-	-	129,690	129,690
-	-	-	-	-	29,055	29,055
-	-	-	-	91,852	328,534	536,457
-	-	-	-	31,552	103,887	169,243
-	-	-	-	130	41,319	41,449
-	-	-	-	3,477	15,366	18,843
-	-	-	-	-	12,538	12,538
-	-	-	-	-	366,995	366,995
-	-	-	-	-	85,602	85,602
-	-	-	-	-	82,249	82,249
-	-	-	-	20,123	307	20,430
-	-	-	-	-	29,500	29,500
-	48,240	-	-	-	-	48,240
-	17,685	-	-	-	-	17,685
-	12,000	-	-	-	-	12,000
-	43,800	-	-	-	50,820	94,620
-	-	-	-	-	35,785	265,265
-	-	-	-	-	12,834	91,719
-	-	-	-	-	8,978	9,010
-	-	-	-	-	13,552	13,552
-	-	-	-	-	943	42,866
-	-	-	-	-	194	13,523
-	-	-	-	-	-	1,055
-	-	-	-	-	521	\$ 521

(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, 2010

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
124 Visually Handicapped:		
300 Purchased Services	\$ -	-
125 Hearing Handicapped:		
300 Purchased Services	-	5,000
126 Speech Handicapped:		
100 Salaries	-	232,204
200 Employee Benefits	-	65,185
300 Purchased Services	-	135
400 Supplies and Materials	-	-
127 Learning Disabilities:		
100 Salaries	-	258,792
200 Employee Benefits	-	87,130
400 Supplies and Materials	-	-
128 Emotionally Handicapped:		
100 Salaries	-	1,971
200 Employee Benefits	-	579
300 Purchased Services	-	-
400 Supplies and Materials	-	-
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
145 Homebound:		
100 Salaries	-	-
300 Purchased Services	-	-
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
-	-	-	-	-	1,590	\$ 1,590
-	-	-	-	-	-	5,000
-	-	-	-	-	86,880	319,084
-	-	-	-	-	28,727	93,912
-	-	-	-	-	9,784	9,919
-	-	-	-	-	12,196	12,196
-	-	-	-	-	80,514	339,306
-	-	-	-	-	31,248	118,378
-	-	-	-	-	9,322	9,322
-	-	-	-	-	16,228	18,199
-	-	-	-	-	3,594	4,173
-	-	-	-	-	1,262	1,262
-	-	-	-	-	1,393	1,393
9,180	-	-	-	-	-	9,180
3,542	-	-	-	-	-	3,542
47,415	-	-	-	-	279,219	326,634
15,617	-	-	-	-	94,116	109,733
-	-	-	-	-	1,445	1,445
-	-	-	-	-	11	11
-	-	-	-	-	2,050	2,050
-	-	-	-	-	5,503	5,503
-	-	-	-	-	1,234	1,234
-	-	-	-	-	4,847	4,847
-	-	-	-	-	1,056	\$ 1,056

(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, 2010

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
172 Elementary Summer School:		
100 Salaries	\$ 600	-
200 Employee Benefits	127	-
300 Purchased Services	-	-
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	-	-
300 Purchased Services	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
188 Parenting/Family Literacy:		
100 Salaries	83,149	-
200 Employee Benefits	25,822	-
300 Purchased Services	-	-
400 Supplies and Materials	3,779	-
Total Instruction	<u>717,224</u>	<u>1,015,700</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

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
-	-	-	-	-	45,000	\$ 45,600
-	-	-	-	-	9,450	9,577
-	-	-	-	-	5,000	5,000
-	-	-	-	-	5,175	5,175
-	-	-	-	-	72,442	72,442
-	-	-	-	-	14,337	14,337
-	-	-	-	181	1,695	1,876
-	-	-	43,921	-	-	43,921
-	-	-	9,365	-	-	9,365
-	-	-	3,000	-	-	3,000
-	-	-	10,220	11,657	-	21,877
-	-	-	2,300	1,522	-	3,822
-	-	-	1,640	-	-	1,640
-	-	-	360	-	-	360
-	-	-	-	-	59,469	142,618
-	-	-	-	-	17,821	43,643
-	-	-	-	-	1,770	1,770
-	-	-	-	-	5,256	9,035
75,754	121,725	-	70,806	350,658	3,647,202	5,999,069
-	-	-	-	-	35,736	35,736
-	-	-	-	-	10,680	10,680
-	-	9,888	-	-	-	9,888
-	-	14,112	-	-	7,919	22,031
-	-	-	-	89,399	-	89,399
-	-	-	-	24,999	-	24,999
-	8,763	-	-	97	-	8,860
-	3,016	-	-	2,480	-	\$ 5,496

(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, 2010

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
213 Health Services:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
214 Psychological Services:		
100 Salaries	-	96,371
200 Employee Benefits	-	29,115
300 Purchased Services	-	16,206
400 Supplies and Materials	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	492,156	-
200 Employee Benefits	138,596	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	61,590	119,447
200 Employee Benefits	13,191	34,361
300 Purchased Services	46,495	2,237
400 Supplies and Materials	2,827	2,205
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	8,142	-
400 Supplies and Materials	-	-
230 General Administration Services:		
233 School Administration:		
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	2,467	-
200 Employee Benefits	554	-
300 Purchased Services	5,000	-
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
500 Capital Outlay:		
540 Equipment	\$ -	-

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
-	-	-	-	216,054	50,544	\$ 266,598
-	-	-	-	76,330	19,311	95,641
-	-	-	-	-	7,857	7,857
-	-	-	-	-	84,689	181,060
-	-	-	-	-	27,673	56,788
-	-	-	-	-	-	16,206
-	-	-	-	-	13,508	13,508
-	-	-	-	58,066	282,833	833,055
-	-	-	-	17,037	86,225	241,858
-	-	-	-	-	907	907
-	-	-	-	31,655	30,274	61,929
-	-	-	-	-	82,122	263,159
-	-	-	-	-	25,837	73,389
-	-	-	-	-	17,189	65,921
-	-	-	-	-	10,612	15,644
-	-	-	-	12,000	560	12,560
-	-	-	-	2,517	88	2,605
-	5,884	-	-	40,112	139,728	193,866
-	3,000	-	-	2,724	29,017	34,741
-	-	-	-	-	4,548	4,548
-	-	-	-	-	31,540	31,540
-	-	-	-	-	-	2,467
-	-	-	-	-	-	554
-	-	-	-	-	1,698	6,698
-	-	-	-	-	33,616	33,616
-	-	-	-	-	1,432	\$ 1,432

(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, 2010

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
254 Operation and Maintenance of Plant:		
300 Purchased Services	\$ -	-
500 Capital Outlay	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
258 Security:		
300 Purchased Services	-	-
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:		
300 Purchased Services (Optional)	-	-
400 Supplies and Materials (Optional)	-	-
Total Support Services	<u>771,018</u>	<u>299,942</u>
410 Intergovernmental Expenditures:		
411 Payments to SDE		
720 Transits	-	-
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,488,242</u>	<u>1,315,642</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
-	-	-	-	-	5,777	\$ 5,777
-	-	-	-	-	38,232	38,232
-	-	-	-	-	7,113	7,113
-	-	-	-	-	1,346	1,346
-	-	-	-	-	11,120	11,120
-	-	-	-	-	10	10
-	-	-	-	-	296,996	296,996
-	-	-	-	-	9,640	9,640
-	-	-	-	1,400	7,948	9,348
-	-	-	-	-	35,760	35,760
-	-	-	-	-	25,517	25,517
-	-	-	-	-	25,142	25,142
-	-	-	-	-	16,830	16,830
<u>-</u>	<u>20,663</u>	<u>24,000</u>	<u>-</u>	<u>574,870</u>	<u>1,517,574</u>	<u>3,208,067</u>
-	-	-	-	-	-	-
-	-	-	-	-	117,711	117,711
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,711</u>	<u>117,711</u>
<u>75,754</u>	<u>142,388</u>	<u>24,000</u>	<u>70,806</u>	<u>925,528</u>	<u>5,282,487</u>	<u>\$ 9,324,847</u>

(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, 2010

	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:		
5220 Transfer from Special Revenue Fund (Exclude Indirect Costs)	-	-
421-710 Transfer to Special Revenue Fund	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(45,874)	(40,521)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(45,874)</u>	<u>(40,521)</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
-	-	-	-	-	800	\$ 800
-	-	-	-	49,416	-	49,416
-	-	-	-	(49,416)	-	(49,416)
(2,341)	-	-	(2,194)	-	(51,152)	(142,082)
<u>(2,341)</u>	<u>-</u>	<u>-</u>	<u>(2,194)</u>	<u>-</u>	<u>(50,352)</u>	<u>(141,282)</u>
-	-	-	-	-	(44)	(44)
-	-	-	-	-	47,799	47,799
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	47,755	\$ 47,755

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2010

ADULT EDUCATION

243 Adult Education - Federal

OTHER DESIGNATED RESTRICTED STATE GRANTS

908 Refurbishment of K-8 Science Kits (No Carryover Provision)
916 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
919 Education License Plates
920 Adult Education, Young Adult Initiative
926 EEDA Miscellaneous
927 EEDA Middle and High School Career Awareness
928 EEDA Career Specialists
933 Formative Assessment
936 Student Health and Fitness - Nurses
937 Student Health and Fitness - PE Teachers
938 High Schools That Work/Making Middle Grades Work
945 SCRI - HS
960 K-5 Enhancement (Carryover Provision)
967 6-8 Enhancement (Carryover Provision)

OTHER SPECIAL REVENUE PROGRAMS

207 Perkins Aid, Title I, Base Grants Current Year (84.048)
208 perkins Aid, Title I, Base Grants Prior Year Optional (84.048)
209 Drug and Violence Prevention Program (Title IV, 21st Century Schools) Current Year (84.186A)
210 drug and Violence Prevention Program (Title IV, 21st Century Schools) Prior Year Optional (84.186)
213 Professional Development - IDEA
214 Group Homes - IDEA
215 IDEA (ARRA 611) (84.391A)
216 IDEA Preschool (ARRA 619) (84.392A)
218 SC Reading First
221 Title I (Neglected and Delinquent)
222 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant (84.389) (Carryover Provision)
223 School Improvement (ARRA), Title I (84.389)
224 21st Century Community Learning Centers Program (Title IV, 21st Century Schools) (84.287)
226 State School Improvement Grant (ARRA) (84.388)
227 McKinney-Venot Homeless Educational Assistance Act (ARRA 09), Title VII
229 Neglected and Delinquent (ARRA), Title I (84.389)
230 Workforce Investment Act
234 School Improvement Discretionary
235 Title I - Migrant Education
237 Title I - School Improvement
246 US Forestry Commission
250 State Fiscal Stabilization Fund (ARRA) (84.394)
251 Rural and Low Income School Program, Title VI (84.358B) (Carryover Provision)
252 Public Charter School Grant (84.282) (Carryover Provision)

(Continued)

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2010

OTHER SPECIAL REVENUE PROGRAMS (CONTINUED)

253	Enhancing Education Through Technology (E2T2), (Carryover Provision)
254	Enhancing Education Through Technology (E2T2), Title II (84.318) (Carryover Provision)
255	Medicaid
264	Title III - LEP
267	Improving Teacher Quality (84.367A) (Carryover Provision)
272	JROTC
800	Carowinds
801	iCoach
802	Arts In Park
803	Parenting
804	Calculators for Districts
805	SDM Server
806	WES - House Toy & Garden
807	Donations - Retirements/TOY
808	Activity Buses
809	Teaching American History
811	Wal-Mart - All Schools
812	NCTM - NMS - Altman
813	Newberry College-Migrant
814	NCCC House Account
815	After School Tutoring
817	Kraft Foods-ESOL
820	Advance SC (NMS/NCCC)
821	Incentive Grant - PGE
822	Duke Endowment - Medical Services
824	Adult Ed - Louis Rich
825	Staff Development
826	Copiers
827	Character Ed.
828	SAT Improvement
829	SES Learning Key
832	ING \$ - NMS - Hendrix
833	SCCTM - Studer - MCMS
838	MCHS Band Bus
839	Extended School Year
840	NCTM - Hendrix - NMS
843	NEA Innovation - Altman - NMS
844	NES - Donation - Bldg
845	Teacher Specialists Supplies
846	SCCTM - Altman - NMS
847	Bellsouth Grant
848	SC Arts Commission - ABC - BSE
850	E-Rate
851	SCRI-HS
852	Copy Center/Special Ed. Transition
854	Maintenance
899	School to Pay
981	First Steps Parent

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2010

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)	\$ 28,924	28,924	-	-	\$ -
916	3991	ADEPT (Assisting, Developing and Evaluating Professional Teaching)	16,330	16,330	-	-	23,519
919	3193	Education License Plates	1,400	1,400	-	-	664
920	3154	Young Adult Education	13,179	13,179	-	-	14,755
926	3116	EEDA 9th Grade Awareness	19,558	19,558	-	-	1,325
927	3117	EEDA 8th Grade Awareness	2,577	2,577	-	-	2,690
928	3118	EEDA Career Specialists	114,398	114,398	-	-	7,846
933	3123	Formative Assessment	29,553	29,553	-	-	18,006
936	3136	Student Health and Fitness - Nurses	242,968	292,384	49,416	-	-
937	3127	Student Health and Fitness - PE Teachers	63,328	63,328	-	-	-
938	3128	High Schools That Work	12,813	12,813	-	-	-
945	3195	SCRI - HS	2,123	2,123	-	-	-
960	3610	K-5 Enhancement	364,513	315,097	(49,416)	-	67,932
967	3607	6-8 Enhancement	13,864	13,864	-	-	942
Totals			\$ 925,528	925,528	-	-	\$ 137,679

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3161 EAA Bus Driver Salary and Fringe	\$ 2,318
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	133,673
3511 Professional Development	25,248
3515 Advanced Placement Courses (Carryover Only)	960
3525 Career and Technology Education Equipment	36,754
3530 Trainable & Profoundly Mentally Disabled Student Services	11,057
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	518,781
3533 Teacher of the Year Awards	1,077
3534 Professional Development Standards (PDSI) (Carryover Only)	6,558
3538 Student at Risk of School Failure	1,246,939
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	180,932
3542 Preschool Programs for Children with Disabilities	28,139
3544 High Achieving Students	131,615
3546 Academic Assistance K-3 (Carryover Only)	50,436
3548 Academic Assistance 4-12 (Carryover Only)	3,884
3550 Teacher Salary Increase (No Carryover Provision)	667,510
3553 Adult Education Remedial (Carryover Only)	10,165
3555 School Employer Contributions (No Carryover Provision)	137,107
3558 Reading	20,933
3562 Adult Education, Basic (Includes Rural and Workforce Initiatives)	94,183
3564 Adult Education, Young Adult Initiative	35,944
3565 Adult Education, Literacy	23,780
3568 EAA Technical Assistance	665,605
3575 Competitive Teacher Grants (Carryover Only)	443
3577 Teacher Supplies (No Carryover Provision)	129,800
3578 High Schools That Work/Making Middle Grades Work	5,087
3582 Principal Salary/Fringe Increase (No Carryover Provision)	18,630
3583 EAA Summer School/Comprehensive Remediation (Carryover Only)	11,693
3591 Excellence In Middle Schools	20,398
3592 Work-Based Learning	23,550
3599 Other EIA	25,609
Total Revenue from State Sources	<u>4,268,808</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 4,268,808</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 267,525
200 Employee Benefits	88,323
400 Supplies and Materials	6,323
112 Primary Programs:	
100 Salaries	702,427
200 Employee Benefits	190,809
300 Purchased Services	75
400 Supplies and Materials	14,807
500 Capital Outlay	552
113 Elementary Programs:	
100 Salaries	492,253
200 Employee Benefits	165,003
400 Supplies and Materials	72,712
114 High School Programs:	
100 Salaries	259,860
200 Employee Benefits	72,079
400 Supplies and Materials	33,124
115 Career and Technology Education Program:	
300 Purchased Services - Other Than Tuition	179
400 Supplies and Materials	7,661
500 Capital Outlay	36,754
120 Exceptional Programs:	
122 Trainable Mentally Handicapped:	
100 Salaries	7,948
200 Employee Benefits	3,109
126 Speech Handicapped:	
400 Supplies and Materials	3,025
127 Learning Disabilities:	
400 Supplies and Materials	12,100
130 Pre-School Programs:	
137 Preschool Handicapped Self-Contained (3- and 4- Yr. Olds):	
100 Salaries	21,254
200 Employee Benefits	6,885
139 Early Childhood Programs:	
100 Salaries	132,392
200 Employee Benefits	44,841
300 Purchased Services	55
400 Supplies and Materials	\$ 5,570

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	\$ 123,129
200 Employee Benefits	38,018
300 Purchased Services	813
400 Supplies and Materials	16
143 Advanced Placement:	
300 Purchased Services	1,597
400 Supplies and Materials	3,538
148 Gifted and Talented - Artistic:	
300 Purchased Services	4,155
400 Supplies and Materials	15,360
500 Capital Outlay	268
170 Summer School Programs:	
173 High School Summer School:	
300 Purchased Services	342
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	2,911
200 Employee Benefits	609
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	4,838
200 Employee Benefits	304
300 Purchased Services	3,060
182 Adult Secondary Education Programs:	
200 Employee Benefits	697
400 Supplies and Materials	795
183 Adult Education Literacy (ESL):	
100 Salaries	17,250
200 Employee Benefits	2,396
400 Supplies and Materials	1,074
187 Adult Education - Remedial:	
100 Salaries	6,647
200 Employee Benefits	2,242
400 Supplies and Materials	1,275
188 Parenting/Family Literacy:	
400 Supplies and Materials	70
Total Instruction	<u>\$ 2,879,049</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	\$ 1,379
200 Employee Benefits	278
400 Supplies and Materials	5,500
213 Health Services:	
100 Salaries	16,188
200 Employee Benefits	4,210
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	150,320
200 Employee Benefits	34,400
300 Purchased Services	2,626
400 Supplies and Materials	509
222 Library and Media:	
100 Salaries	19,623
200 Employee Benefits	10,201
400 Supplies and Materials	3,300
223 Supervision of Special Programs:	
100 Salaries	142,970
200 Employee Benefits	42,820
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	16,500
200 Employee Benefits	3,520
300 Purchased Services	41,831
400 Supplies and Materials	4,901
230 General Administration Services:	
233 School Administration:	
100 Salaries	14,905
200 Employee Benefits	3,724
400 Supplies and Materials	3,953
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	7,636
200 Employee Benefits	2,026
300 Purchased Services	486
Total Support Services	<u>\$ 533,806</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
410 Intergovernmental Expenditures:	
411 Payments to SDE	
720 Transits	\$ 825
Total Intergovernmental Expenditures	<u>825</u>
TOTAL EXPENDITURES	<u>3,413,680</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	54,320
420-710 Transfer to General Fund (Exclude Indirect Costs)	(855,128)
422-710 Transfer to EIA Fund	(54,320)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(855,128)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2010

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3501 Increase High School Diploma Requirements	\$ 133,673	133,673	-	-	\$ -
3511 Professional Development	25,248	25,248	-	-	24,422
3515 Advanced Placement Courses	960	960	-	-	-
3525 Career and Technology Education Equipment	36,754	36,754	-	-	24,742
3530 Trainable & Profoundly Mentally Disabled Student Services	11,057	11,057	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	518,781	518,781	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3534 Professional Development on Standards	6,558	6,558	-	-	-
3538 EAA Principal Leader (No Carryover Provision)	1,246,939	1,246,939	-	-	10,611
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	180,932	180,932	-	-	-
3542 Preschool Programs for Children with Disabilities	28,139	28,139	-	-	-
3544 High Achieving Students	131,615	185,935	54,320	-	101,381
3546 Academic Assistance K-3	50,436	-	(50,436)	-	-
3548 Academic Assistance 4-12	3,884	-	(3,884)	-	-
3550 Teacher Salary Increase (No Carryover Provision)	667,510	-	-	(667,510)	-
3553 Adult Education - Remedial	10,165	10,165	-	-	-
3555 School Employer Contributions (No Carryover Provision)	137,107	-	-	(137,107)	-
3558 Reading	20,933	20,933	-	-	13,382
3562 Adult Education, Basic (Includes Rural And Workforce Initiative)	94,183	94,183	-	-	17,702
3564 Adult Education, Young Adult Initiative	35,944	35,944	-	-	-
3565 Adult Education, Literacy	23,780	23,780	-	-	7,975
3568 EAA Technical Assistance	665,605	615,094	-	(50,511)	4,159
3575 Competitive Teacher Grants	443	443	-	-	-
3577 Teacher Supplies (No Carryover Provision)	129,800	129,800	-	-	-
3578 High Schools That Work	5,087	5,087	-	-	6,163
3582 Principal Salary/Fringe Increase (No Carryover Provision)	18,630	18,630	-	-	-
3583 EAA Summer School/Comprehensive Remediation	14,011	14,011	-	-	-
3591 Excellence In Middle Schools	20,398	20,398	-	-	11,394
3592 School-to-Work Transition Act	23,550	23,550	-	-	-
3599 Other EIA	25,609	25,609	-	-	1,250
Totals	\$ 4,268,808	3,413,680	-	(855,128)	\$ 223,181

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

YEAR ENDED JUNE 30, 2010

<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>
Teacher Supplies	N/A	3577 / 377	Unexpended Funds	\$ 1,375	Paid after year-end

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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.

**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, 2010

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 5,182,609
1140 Penalties & Interest on Taxes (Independent)	338,875
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	416,703
1500 Earnings on Investments:	
1510 Interest on Investments	20,002
Total Revenue from Local Sources	<u>5,958,189</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	372,833
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	68,750
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	39,989
Total Revenue from State Sources	<u>491,927</u>
TOTAL REVENUE ALL SOURCES	<u>6,450,116</u>
EXPENDITURES	
500 Debt Service:	
620 Interest	58,567
Total Debt Service	<u>58,567</u>
TOTAL EXPENDITURES	<u>58,567</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(5,029,918)
424-710 Transfer to Capital Projects Fund	(570,082)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,600,000)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	791,549
FUND BALANCE, Beginning of Year	<u>3,961,328</u>
FUND BALANCE, End of Year	<u><u>\$ 4,752,877</u></u>

DEBT SERVICE FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 346,620
Total Revenue from Local Sources	<u>346,620</u>
TOTAL REVENUE ALL SOURCES	<u>346,620</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	1,185,000
620 Interest	4,195,700
Total Debt Service	<u>5,380,700</u>
TOTAL EXPENDITURES	<u>5,380,700</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	5,029,918
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,029,918</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(4,162)
FUND BALANCE, Beginning of Year	<u>7,960,071</u>
FUND BALANCE, End of Year	<u>\$ 7,955,909</u>

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CAPITAL PROJECTS FUNDS

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

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

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CAPITAL PROJECTS FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 33,097
Total Revenue from Local Sources	<u>33,097</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3172 Children's Education Endowment (Barnwell Facilities Fund)	7,700
Total Revenue from State Sources	<u>7,700</u>
TOTAL REVENUE ALL SOURCES	<u>40,797</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	47,508
400 Supplies and Materials	217,630
500 Capital Outlay:	
540 Equipment	122,779
545 Technology, Equipment and Software	176,963
600 Other Objects:	
690 Other Objects	3,554
Total Support Services	<u>568,434</u>
TOTAL EXPENDITURES	<u>568,434</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	570,082
TOTAL OTHER FINANCING SOURCES (USES)	<u>570,082</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	42,445
FUND BALANCE, Beginning of Year	<u>556,878</u>
FUND BALANCE, End of Year	<u>\$ 599,323</u>

CAPITAL PROJECTS FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 359,937
Total Revenue from Local Sources	<u>359,937</u>
TOTAL REVENUE ALL SOURCES	<u>359,937</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	606,810
400 Supplies and Materials	192,735
500 Capital Outlay:	
520 Construction Services	4,784,408
530 Improvements Other Than Buildings	6,900
540 Equipment	47,343
545 Technology, Equipment and Software	299,420
580 Mobile Classrooms	5,692
590 Other Capital Outlay	364,384
600 Other Objects:	
690 Other Objects	14,180
Total Support Services	<u>6,321,872</u>
500 Debt Service:	
690 Other Objects	17,725
Total Debt Service	<u>17,725</u>
TOTAL EXPENDITURES	<u>6,339,597</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(5,979,660)
FUND BALANCE, Beginning of Year	<u>10,894,678</u>
FUND BALANCE, End of Year	<u>\$ 4,915,018</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, 2010

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 1,947
1600 Food Service:	
1610 Lunch Sales to Pupils	518,840
1620 Breakfast Sales to Pupils	14
1630 Special Sales to Pupils	331,429
1640 Lunch Sales to Adults	80,694
1650 Breakfast Sales to Adults	2,023
1660 Special Sales to Adults	22,776
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	5,586
Total Revenue from Local Sources	<u>963,309</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	7,601
Total Revenue from State Sources	<u>7,601</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,558,690
4830 School Breakfast Program	961,809
4860 Fresh Fruit and Vegetable Program (FFVP) (Carryover Provision)	33,462
4870 School Food Service (Equipment)	25,000
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	145,326
Total Revenue from Federal Sources	<u>2,724,287</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 3,695,197</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, 2010

	<u>ACTUAL</u>
EXPENSES	
256 Food Service:	
100 Salaries	\$ 1,333,248
200 Employee Benefits	153,649
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	52,597
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,382,541
500 Capital Outlay	78,951
600 Other Objects	28,391
Total Food Service Expenses	<u>3,029,377</u>
 TOTAL EXPENSES	 <u>3,029,377</u>
 OTHER FINANCING SOURCES (USES)	
5300 Sale of Capital Assets	(3,081)
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(193,068)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(196,149)</u>
 EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	 469,671
 FUND NET ASSETS, Beginning of Year	 <u>962,016</u>
 FUND NET ASSETS, End of Year	 <u><u>\$ 1,431,687</u></u>

FIDUCIARY FUND

Agency Fund - This fund accounts for collection and payment of pupil activity receipts and disbursements from and on behalf of the School District's students.

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

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PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2010

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 11,531
1700 Pupil Activities:	
1710 Admissions	200,751
1720 Bookstore Sales	23,001
1730 Pupil Organization Membership Dues and Fees	8,290
1740 Student Fees	157,783
1790 Other	185,153
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	78,429
1999 Revenue from Other Local Sources	1,531,494
Total Receipts from Local Sources	<u>2,196,432</u>
TOTAL RECEIPTS ALL SOURCES	<u>2,196,432</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
500 Capital Outlay (Optional)	175
600 Other Objects (Optional)	642,143
Total Instruction	<u>642,318</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay (Optional)	519
660 Pupil Activity	1,493,201
Total Pupil Activity Expenditures	<u>1,493,720</u>
TOTAL DISBURSEMENTS	<u>2,136,038</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	60,394
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>542,346</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 602,740</u>

PUPIL ACTIVITY FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2010

	<u>BALANCE - BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE - END OF YEAR</u>
ASSETS				
Cash and Cash Equivalents	\$ 497,230	58,876	-	\$ 556,106
Investments	45,116	1,518	-	46,634
TOTAL ASSETS	<u><u>542,346</u></u>	<u><u>60,394</u></u>	<u><u>-</u></u>	<u><u>602,740</u></u>
LIABILITIES				
Due to Student Organizations	542,346	60,394	-	602,740
TOTAL LIABILITIES	<u><u>\$ 542,346</u></u>	<u><u>60,394</u></u>	<u><u>-</u></u>	<u><u>\$ 602,740</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>	121
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>	126
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>	130
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>	134
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>	136

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 EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 52,137,987
Restricted	13,172,709	6,404,625	5,865,963	3,139,268	3,009,963	2,985,450	3,819,883	4,636,737
Unrestricted	4,287,237	6,666,000	5,795,740	4,935,783	6,879,098	8,918,028	8,022,018	9,181,608
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>	<u>65,956,332</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	235,199
Unrestricted	810,411	749,439	666,489	838,525	1,007,140	853,362	686,182	1,196,488
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>	<u>1,431,687</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	52,373,186
Restricted	13,172,709	6,404,625	5,865,963	3,139,268	3,009,963	2,985,450	3,819,883	4,636,737
Unrestricted	5,097,648	7,415,439	6,462,229	5,774,308	7,886,238	9,771,390	8,708,200	10,378,096
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>	<u>\$ 67,388,019</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 EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year							
	2003	2004 (1)	2005	2006	2007	2008	2009	2010
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	\$ 33,323,456
Support Services	17,596,828	15,772,842	22,167,884	19,510,522	23,110,426	24,040,883	25,018,469	22,879,777
Community Services	2,045	4,594	6,151	11,127	4,409	12,530	4,920	5,456
Intergovernmental	73,472	60,391	23,497	172,211	204,441	202,955	604,345	686,623
Interest on Long-Term Obligations	131,872	93,129	106,541	3,309,997	4,408,397	4,351,185	4,280,507	4,210,584
Total Governmental Activities Expenses	<u>44,400,345</u>	<u>44,225,244</u>	<u>48,004,952</u>	<u>54,390,132</u>	<u>60,500,744</u>	<u>62,640,972</u>	<u>64,697,458</u>	<u>61,105,896</u>
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	3,032,458
Total Business-Type Activities Expenses	<u>2,402,198</u>	<u>2,521,675</u>	<u>2,714,804</u>	<u>2,630,693</u>	<u>2,806,342</u>	<u>3,431,718</u>	<u>3,623,951</u>	<u>3,032,458</u>
Total Primary Government Expenses	<u>46,802,543</u>	<u>46,746,919</u>	<u>50,719,756</u>	<u>57,020,825</u>	<u>63,307,086</u>	<u>66,072,690</u>	<u>68,321,409</u>	<u>64,138,354</u>
Program Revenues								
Governmental Activities:								
Charges for Services:								
Instruction	1,483	23,011	28,436	26,757	21,939	10,881	33,317	23,320
Support	-	138,308	242,985	510,262	554,201	583,601	487,192	368,830
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	28,942,771
Capital Grants and Contributions	-	6,445,937	279,658	-	22,022	16,724	-	7,700
Total Governmental Activities Program Revenues	<u>26,695,272</u>	<u>31,979,197</u>	<u>27,450,458</u>	<u>29,149,230</u>	<u>30,845,451</u>	<u>33,008,648</u>	<u>30,872,852</u>	<u>29,342,621</u>
Business-Type Activities:								
Charges for Services:								
Food Service	817,151	834,427	890,604	946,906	934,671	919,860	933,033	955,776
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	2,737,474
Total Business-Type Activities Program Revenues	<u>2,445,369</u>	<u>2,590,831</u>	<u>2,699,889</u>	<u>2,862,358</u>	<u>3,015,577</u>	<u>3,338,566</u>	<u>3,570,996</u>	<u>3,693,250</u>
Total Primary Government Program Revenues	<u>29,140,641</u>	<u>34,570,028</u>	<u>30,150,347</u>	<u>32,011,588</u>	<u>33,861,028</u>	<u>36,347,214</u>	<u>34,443,848</u>	<u>33,035,871</u>
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)	(31,763,275)
Business-Type Activities	43,171	69,156	(14,915)	231,665	209,235	(93,152)	(52,955)	660,792
Total Primary Government Net (Expense)/Revenue	<u>\$ (17,661,902)</u>	<u>(12,176,891)</u>	<u>(20,569,409)</u>	<u>(25,009,237)</u>	<u>(29,446,058)</u>	<u>(29,725,476)</u>	<u>\$ (33,877,561)</u>	<u>\$ (31,102,483)</u>

(Continued)

CHANGES IN NET ASSETS (CONTINUED)

LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year							
	2003	2004 (1)	2005	2006	2007	2008	2009	2010
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	\$ 15,191,279
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	5,959,554
Other Taxes	-	4,085,343	4,259,364	4,268,163	4,333,737	8,668,929	8,628,135	8,884,782
Unrestricted Grants and Contributions	94,701	38,702	24,687	20,553	36,682	38,094	94,706	47,777
Intergovernmental Revenue	395,323	33,819	53,336	52,296	51,800	51,800	50,147	43,563
Unrestricted Investment Earnings	260,760	313,940	316,366	2,673,316	3,542,107	2,740,205	1,492,433	790,917
Miscellaneous	181,482	332,915	391,463	375,883	376,924	624,134	551,938	498,613
Transfers	146,871	140,888	147,992	147,550	162,098	164,138	185,424	193,068
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>	<u>31,609,553</u>
Business-Type activities:								
Unrestricted Investment Earnings	-	267	6,882	19,207	35,647	20,121	2,877	1,947
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)	(193,068)
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>	<u>(191,121)</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>	<u>31,418,432</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)	(153,722)
Business-Type Activities	(69,872)	(55,179)	(151,700)	107,630	87,064	(232,960)	(235,502)	469,671
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>	<u>\$ 315,949</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									
	2001	2002 (2)	2003	2004	2005	2006 (3)	2007 (4)	2008 (4)	2009 (4)	2010 (4)
General Fund										
Reserved	\$ 8,945	16,528	4,914	6,419	3,612	3,070	8,644	15,795	9,330	\$ 17,226
Unreserved	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	9,003,457
Total General Fund	<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>	<u>9,020,683</u>
All Other Governmental Funds										
Reserved	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	18,270,882
Total all other governmental funds	<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>	<u>\$ 18,270,882</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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 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	\$ 15,090,893
Property Tax - Debt Service	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	5,938,187
Investment Earnings	484,483	360,442	260,761	313,940	316,366	2,673,317	3,542,107	2,740,204	1,492,432	790,921
Other Local Sources	394,736	180,494	859,324	272,923	472,797	734,045	775,136	1,051,422	973,123	785,904
State Sources	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	29,824,231
Federal Sources	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	7,853,529
Intergovernmental Revenue	35,496	459,843	394,855	33,819	53,336	51,246	51,800	51,800	50,147	43,563
Total Revenues	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	60,327,228
Expenditures										
Current:										
Instruction	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	31,269,795
Support Services	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	21,389,897
Community Services	10,231	8,877	2,045	4,594	6,151	11,127	4,409	12,530	4,920	5,456
Intergovernmental	91,216	57,974	24,472	60,391	23,497	172,211	204,441	202,955	244,468	376,487
Capital Outlay	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	6,163,290
Debt Service:										
Principal	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	1,185,000
Interest and Fiscal Charges	18,069	75,428	137,852	117,770	97,260	2,998,136	4,484,820	4,420,979	4,345,778	4,277,309
Bond Issuance Costs	-	-	-	-	-	1,210,665	-	-	-	-
Total Expenditures	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	64,667,234
Excess of Revenues Over (Under) Expenditures	(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)	(4,340,006)
Other Financing Sources (Uses)										
Transfers In	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	6,844,598
Transfers Out	(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)	(6,651,530)
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	57,148	108,014	-	17,745	59,000	100	-	20,000	5,625	2,801
Medicaid Reimbursements	122,483	7,206,576	5,104,281	4,360,939	4,706,992	87,616,528	162,098	184,138	191,049	195,869
Total Other Financing Sources (Uses)	(334,733)	9,975,225	720,131	(660,882)	(3,138,446)	71,595,239	(12,546,018)	(22,082,215)	(18,524,215)	(4,144,137)
Net Change in Fund Balances	\$ 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	\$ 5,883,322
Capital Asset Expenditures										
Debt Service as a	0.4%	0.5%	10.6%	9.8%	14.0%	15.2%	10.5%	9.9%	8.7%	9.3%
Percentage of Noncapital Expenditures										

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Total Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Total Real Property	Motor Vehicles						
2001	(A)	(A)	\$ 49,881,900	17,485,510	25,640,140	(A)	89,721,360	156.7	\$ 1,397,779,069	6.4%
2002	(A)	(A)	51,069,180	16,442,850	25,238,900	(A)	89,848,570	219.5	1,419,885,234	6.3%
2003	(A)	(A)	52,345,610	16,388,100	26,294,450	(A)	89,716,530	226.1	1,445,910,764	6.2%
2004	(A)	(A)	54,387,210	16,127,175	24,920,835	(A)	91,831,190	230.1	1,483,277,121	6.2%
2005	\$ 50,783,180	3,604,030	54,387,210	15,384,580	21,079,380	3,604,030	87,247,140	227.2	1,514,624,342	5.8%
2006	51,402,180	4,542,485	55,944,665	15,041,390	26,127,989	723,055	96,390,989	245.3	1,539,518,583	6.3%
2007	72,459,690	4,312,890	76,772,580	13,879,900	20,342,990	37,757,150	110,995,470	235.1	2,004,997,600	5.5%
2008	38,600,160	38,383,280	76,983,440	13,500,440	19,002,360	44,358,300	109,486,240	243.0	1,991,943,866	5.5%
2009	41,662,250.00	42,005,830	83,668,080	12,640,570	22,861,063	52,680,300	119,169,713	247.0	2,170,053,993	5.5%
2010	\$ 42,631,220	38,195,240	80,826,460	11,143,241	20,405,330	67,667,265	112,375,031	247.0	\$ 2,082,424,992	5.4%

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		
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
2010	194.0	53.0	247.0	144.3	4.4	148.7	100.6	496.3

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	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
Oscar Mayer Foods Corp.	\$ 3,672,801	1	3.3%	\$ 1,960,852	1	2.2%
Newberry Electric Coop., Inc.	3,027,030	2	2.7%	1,366,970	5	1.6%
FG Wilson USA	1,981,988	3	1.8%	-	-	0.0%
Georgia Pacific Wood Products	1,791,820	4	1.6%	863,050	9	-
South Carolina Electric & Gas Co.	1,661,510	5	1.5%	1,790,100	3	2.0%
Duke Energy Corporation	1,532,690	6	1.4%	1,570,760	4	1.8%
BellSouth Telecomm, Inc	1,429,760	7	1.3%	1,790,650	2	2.0%
Pioneer Frozen Foods SC, Inc	1,278,050	8	1.1%	-	-	-
West Fraser, Inc.	939,159	9	0.8%	-	-	-
CSX Transportation, Inc.	751,240	10	0.7%	-	-	-
Renfro Corporation	-	-	-	1,110,600	6	-
Shakespeare Composite Structures	-	-	-	963,210	7	1.1%
Federal Paper Board Co., Inc.	-	-	-	950,720	8	1.1%
Westpoint Stevens	-	-	-	777,150	10	0.9%
Totals	<u>\$18,066,048</u>		<u>16.1%</u>	<u>\$13,144,062</u>		<u>16.1%</u>

Source: Newberry County Auditor

- (1) Total assessed valuation for 2009 is \$112,375,031
- (2) Total assessed valuation for 2000 is \$89,721,360

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjustments to		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
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	29,620,327	106.4%
2009	30,322,516	1,458,868	31,781,384	31,321,511	98.5%	2,052,515	33,374,026	105.0%
2010	\$ 31,377,705	2,526,665	33,904,370	32,805,047	96.7%	-	\$ 32,805,047	96.8%

Sources: Newberry County Treasurer and Auditor

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Bonds	Capital Leases			
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	9.1%	2,190
2010	\$ -	81,135,000	-	81,135,000	9.0%	\$ 2,145

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
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	2,600,000	-		
2007	800,000	800,000	-		
2008	-	-	-		
2009	-	-	-		
2010	\$ -	-	-		

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, 2010

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	\$ 75,000	100.0%	\$ 75,000
2000 County General Obligation Bond	3,080,000	100.0%	3,080,000
2007 County General Obligation Bond	590,000	100.0%	590,000
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			5,960,704
School District of Newberry County - Direct Debt			-
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			<u>81,135,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 87,095,704</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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$7,177,709	7,187,886	7,177,322	7,345,253	7,346,495	7,769,124	8,758,609	8,760,000	9,533,577	\$ 8,990,002
Total Net Debt Applicable to Debt Limit	150,000	7,000,000	7,150,000	6,950,000	6,950,000	2,600,000	800,000	-	-	-
Legal Debt Margin	\$7,027,709	187,886	27,322	395,253	396,495	5,169,124	7,958,609	8,760,000	9,533,577	\$ 8,990,002
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	2.1%	97.4%	99.6%	94.6%	94.6%	33.5%	9.1%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2010

Total Assessed Value	\$ 112,375,031
Debt Limit (8% of Total Assessed Value)	8,990,002
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	-
Total Amount of Debt Applicable to Debt Limit	-
Legal Debt Margin	\$ 8,990,002

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
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%
2010	38,763	\$ 959,391,528	\$ 24,750	38.5	12.6	5,695	10.8%

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	2010			2001 (Estimate)		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Oscar Mayer Foods Corp.	3,000	1	7.74%	1,590	1	4.40%
School District of Newberry County	1,027	2	2.65%	1,089	2	3.02%
Newberry County Memorial Hospital	508	3	1.31%	350	7	0.97%
Wal-Mart Corporation	341	4	0.88%	-		
WestPoint Stevens, Inc.	280	5	0.72%	390	6	1.08%
Georgia Pacific	275	6	0.71%	-		
County of Newberry	239	7	0.62%	-		
Newberry College	225	8	0.58%	-		
Caterpillar, Inc.	200	9	0.52%	-		
Springfield Place/JF Hawkins	173	10	0.45%	-		
American Fiber and Finishing				475	4	1.32%
Renfro				560	3	1.55%
Shakespear Electronics and Fiberglass				400	5	1.11%
Thomas and Howard				250	8	0.69%
International Paper				175	9	0.48%
McKechnie Vehicle Components				170	10	0.47%
Totals	<u>6,268</u>		<u>13.27%</u>	<u>5,449</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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction	699	649	695	683	713	714	725	680	683	687
Support Services	390	400	407	405	419	426	432	413	415	340
Total	<u>1,089</u>	<u>1,049</u>	<u>1,102</u>	<u>1,088</u>	<u>1,132</u>	<u>1,140</u>	<u>1,157</u>	<u>1,093</u>	<u>1,098</u>	<u>1,027</u>

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
2001	5,694	\$ 38,078,939	6,688	7.7%	(A)	N/A	N/A	496	11	52.0%
2002	5,751	41,344,294	7,189	7.5%	(A)	N/A	N/A	493	12	53.0%
2003	5,657	41,418,513	7,322	1.9%	44,268,473	\$ 7,825	8.9%	503	11	52.0%
2004	5,664	42,979,261	7,588	3.6%	44,132,115	7,792	-0.4%	483	12	52.0%
2005	5,678	46,412,853	8,174	7.7%	47,898,411	8,436	8.3%	497	11	52.0%
2006	5,743	52,800,497	9,194	12.5%	51,080,135	8,894	5.4%	525	11	54.0%
2007	5,733	53,416,809	9,317	1.3%	56,092,347	9,784	10.0%	529	11	62.0%
2008	5,766	56,207,550	9,748	4.6%	58,289,787	10,109	3.3%	523	11	71.0%
2009	5,736	58,799,687	10,251	5.2%	60,416,951	10,533	4.2%	465	12	62.0%
2010	5,695	\$ 53,041,635	9,314	-9.1%	56,895,312	\$ 9,990	-5.2%	446	13	66.0%

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Elementary										
Boundary Street										
Square Feet	42,000	42,000	42,000	42,000	42,000	77,574	77,574	77,574	77,574	77,574
Capacity	380	380	380	380	380	558	558	558	558	558
Enrollment	460	453	421	417	396	402	409	417	400	386
Gallman Elementary (1)										
Square Feet	51,605	51,605	51,605	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Capacity	395	395	395	509	509	509	509	509	509	509
Enrollment	407	424	402	385	346	357	394	424	428	438
Little Mountain										
Square Feet	27,041	38,341	38,341	38,341	38,341	38,341	38,341	38,341	38,341	38,341
Capacity	240	301	301	301	301	301	301	301	301	301
Enrollment	284	279	269	286	271	271	257	247	245	264
Newberry Elementary (2)										
Square Feet	-	-	-	87,317	87,317	87,317	87,317	87,317	87,317	87,317
Capacity	-	-	-	468	468	468	468	468	468	468
Enrollment	-	-	-	364	405	432	402	414	400	385
Pomaria-Garmany (10)										
Square Feet	35,423	35,423	35,423	35,423	35,423	35,423	35,423	35,423	35,423	70,881
Capacity	232	232	232	232	232	232	232	232	232	500
Enrollment	327	354	345	341	347	362	387	382	382	388
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	429	443	462	471	487	505	525	504	510	469
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	178	194	192	184	174	192	176	182	189	172

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	395	394	342	-	396	-	-	-	-	-
Whitmire Elementary (4)										
Square Feet	45,326	45,326	45,326	-	-	-	-	-	-	-
Capacity	240	240	240	-	-	-	-	-	-	-
Enrollment	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	146,957	146,957
Capacity	413	413	413	413	413	413	413	413	915	915
Enrollment	538	526	557	552	580	584	554	573	570	603
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	731	700	702	713	732	671	636	618	622	666
<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	161,695	161,695
Capacity	502	502	502	502	502	502	502	502	1,165	1,165
Enrollment	538	557	571	589	594	620	667	688	718	714
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	884	893	878	863	845	827	820	818	767	721
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	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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other										
Gallman Education Center (6)										
Square Feet	-	-	-	51,605	51,605	51,605	51,605	51,605	51,605	51,605
Capacity	-	-	-	114	114	114	114	114	114	114
Enrollment	-	-	-	71	72	70	95	92	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	516	564	567	667	597	659	715	705	755	697
Whitmire Community School (8)										
Square Feet	-	-	-	55,326	55,326	55,326	55,326	102,966	102,966	102,966
Capacity	-	-	-	347	347	347	347	567	567	567
Enrollment	-	-	-	499	501	501	506	499	505	489

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.
- In August 2009 a new Pomaria-Garmany School was completed increasing capacity to 500 and allowing the discontinuance of portable classroom usage.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

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	\$ 145,326
600	National School Breakfast Program	10.553	N/A	961,809
600	National School Lunch Program	10.555	N/A	1,558,690
600	Fresh Fruits and Vegetables Program	10.582	N/A	33,462
600	ARRA - School Food Equipment Assistance	10.579	N/A	25,000
Total Passed Through State Department of Education				<u>2,724,287</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	68,997
TOTAL US DEPARTMENT OF AGRICULTURE				<u>2,793,284</u>
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	10-BA064	1,534,116
237	Title I - School Improvement	84.010	10-BB064	33,818
Total 84.010				<u>1,567,934</u>
222	ARRA - Title I	84.389	09-SA064	484,878
223	ARRA- School Improvement	84.389A	10-SJ064	31,237
229	ARRA - Neglected & Delinquent	84.389A	10-SN064	7,957
Total 84.389				<u>524,072</u>
Individuals with Disabilities Education Act				
203	Special Education--Grants to States	84.027	10-CA064	1,356,163
Total 84.027				<u>1,356,163</u>
205	Special Education--Preschool Grants	84.173	10-CG064	78,095
207	Occupational Education	84.048	10-VA064	142,388
209	Safe and Drug Free Schools and Communities	84.186	10-FQ064	24,000
215	ARRA - IDEA	84.391A	10-SC064	717,495
216	ARRA - Preschool Handicapped	84.392A	10-SC064	36,831
218	SC Reading First	84.357A	10-RC064	612,629
221	Title I - Neglected & Delinquent	84.013	10-BG064	14,548
224	21st Century Learning	84.287C	10-CL064	127,500
243	Adult Education - State - Administered Basic Grant Program	84.002	10-EA064	73,000
250	ARRA - State Fiscal Stabilization Fund	83.394	10-SF064	1,700,982
251	Rural and Low Income, Title VI	84.358	10-BS064	130,984
253	Ed Tech Formula Grant	84.318	10-ET064	15,230
254	ARRA - Ed Tech Formula Grant	84.386A	10-SS064	162,383
264	ESOL - Title III	84.365A	10-BP064	55,861
267	Title II - Improving Teacher Quality	84.367A	10-TQ064	308,090
TOTAL US DEPARTMENT OF EDUCATION				<u>\$ 7,648,185</u>

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF DEFENSE				
272	Direct Programs: JROTC	12.000	N/A	\$ 119,800
TOTAL US DEPARTMENT OF DEFENSE				119,800
US DEPARTMENT OF ENERGY				
273	Pass-through SC Energy Office: ARRA - SCEO Energy Stimulus	81.041	N/A	16,547
TOTAL US DEPARTMENT OF ENERGY				16,547
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 10,577,816

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, 2010

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, 2010. 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.

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**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, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 23, 2010. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 23, 2010.

This report is intended solely for the information and use of management, the Board of Trustees, others within the School District, the South Carolina Department of Education, 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 23, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON 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 School District of Newberry County, South Carolina's (the "School District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2010. 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 of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Trustees, others within the School District, the South Carolina Department of Education, 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 23, 2010

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2010

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, 2010

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ <input checked="" type="checkbox"/> Yes	_____ 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?	_____ <input checked="" type="checkbox"/> Yes	_____ No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010; 84.013; 84.389; 84.389A	Title I cluster, including Neglected and Delinquent and ARRA programs
84.027; 84.173; 84.391A; 84.392A	IDEA cluster, including Handicapped Preschool and ARRA programs
84.394	ARRA - State Fiscal Stabilization Fund
83.138; 84.386A	Ed Tech cluster, including ARRA program

Dollar threshold used to distinguish between type A and type B programs:	\$ _____ 317,334
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Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> Yes	_____ No
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**THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

Section II – Findings – 2010 Financial Statements Audit

NONE

Section III – Federal Awards Findings and Questioned Costs

Major Program

QUESTIONED COSTS

Federal Agency: US Department of Education

South Carolina Department of Education: Pass-Through Agency

**IDEA Cluster: CFDA # 84.027, Special Education – Grants to States; CFDA # 84.173, Special Education –
Preschool Grants; CFDA # 84.391A, ARRA-IDEA; and CFDA # 84.392A, ARRA-Preschool Handicapped
Pass-Through Grantor’s Award Number and Year: 10-CA064, 10-CG064, 10-SC064**

2010-1: ALLOWABLE COSTS – TIME AND REPORTING REQUIREMENTS

Condition: The District was not fully complying with the South Carolina State Department of Education’s (“SDE”) requirements for support for federal salaries and wages for this program. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications. These certifications are to be prepared at least semi-annually and will be signed by the employee or the supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports. The District had reasonable supporting documentation for the payroll charged to this program but was not complying with the formal certifications as required by the SDE.

\$ -0-

**Criteria, Context
and Effect:**

The District was not not completing the semi-annual certifications for the employees charged to this program. In addition, the District did not prepare the monthly personnel activity reports for the one employee whose time was split between different cost objectives or functions for this program. This was not in compliance with the SDE’s time and reporting requirements.

Cause:

The District was not fully aware of the SDE’s requirements. We understand that continual changes were being made by the SDE, making it difficult for the District to keep up with the SDE’s requirements.

Recommendation:

We understand that the District is implementing procedures to ensure compliance with the SDE’s requirements.

Response:

Although this is a requirement for all federal programs according to the State Department of Education’s Single Audit Guide, clarification on its application came out only this summer (2010) after the end of the fiscal year. The District has now implemented procedures to ensure that semi-annual certifications, monthly personnel activity reports or similar supporting documentation is prepared for those employees who work on multiple activities or cost objectives for all federal programs. In addition, these certifications will be done retroactively for the 2009-2010 fiscal year.