

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**The School District of Newberry County
Newberry, South Carolina
Fiscal Year Ended June 30, 2012**

**THE SCHOOL DISTRICT OF
NEWBERRY COUNTY**

NEWBERRY, SOUTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

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

JUNE 30, 2012

PRINCIPAL OFFICIALS

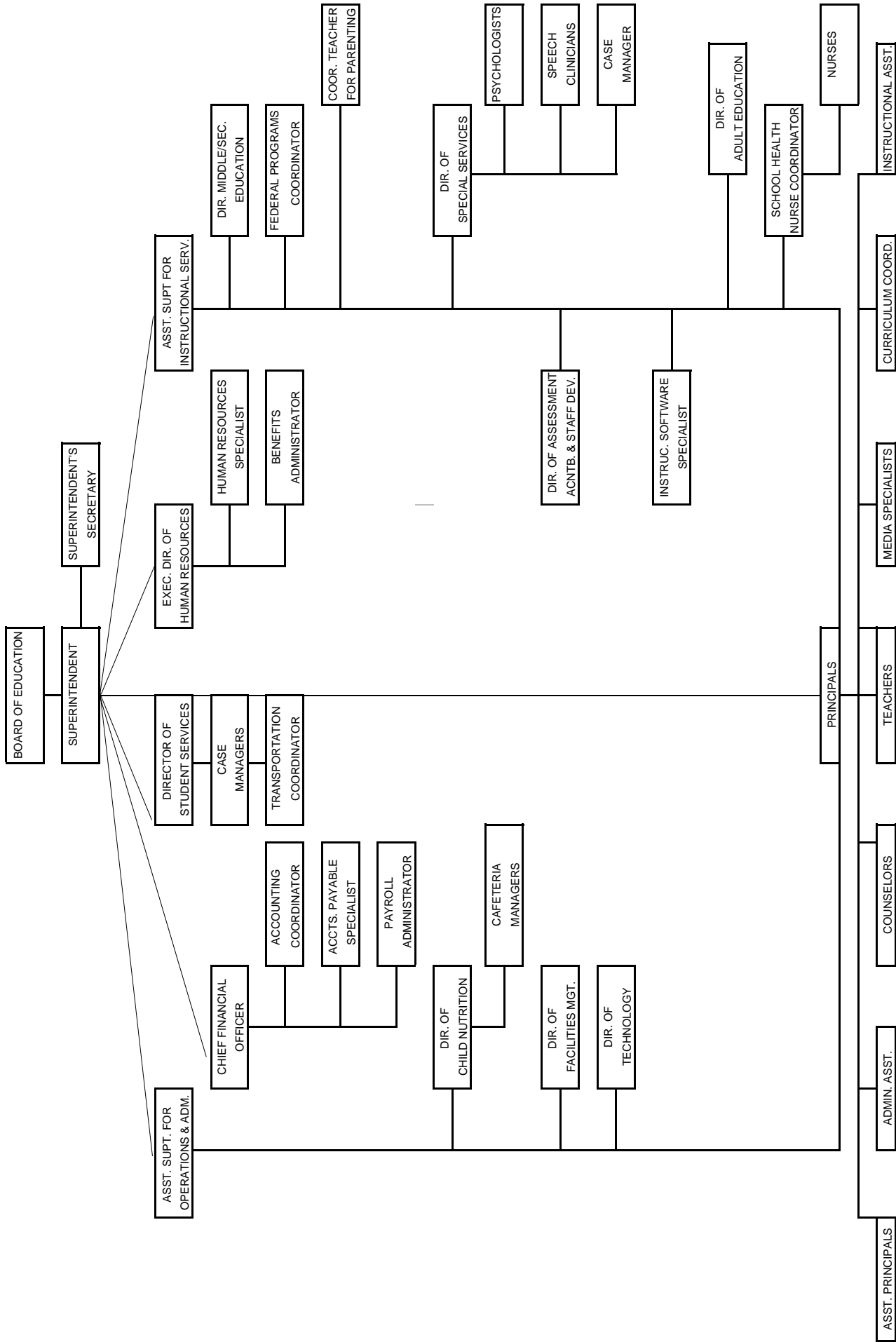
Board of Education

Mr. Jody Hamm, Chairperson
Mr. Lee B. Attaway, Vice-Chairman
Mr. Clyde Hill, Secretary
Mr. Ike Bledsoe, Member
Mr. Hugh Gray, Jr., Member
Mrs. Lucy Anne Meetze, Member
Mr. Gregg B. Taylor, Member

Administrative Cabinet

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
ORGANIZATIONAL CHART





November 16, 2012

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, 2012.

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, 2012, 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, 2012, 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 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 5621 students. These programs complement each other to provide a total program that is both comprehensive and highly cost-effective. Our current emphasis is on planning for the transition of our instructional content in English language arts and mathematics to the Common Core State Standards. The district has an active District Design Team that has laid out a plan for teacher planning and implementation over the next three years. In addition, the state academic standards for social studies have recently been revised and the science standards are undergoing major revisions that reflect the national science standards.

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; our district on-time graduation rate was 74%, with two of our three high schools surpassing 80%. 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 of 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. That plan expires 2013 and we will be developing a new strategic plan.

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 uneducated or undereducated adults in the county. The program offers: 1) courses to obtain a State High School diploma; 2) GED preparation classes; 3) courses in adult basic education for improvement in reading, writing and math skills; 4) classes for non-English speaking persons to learn to read and write the English Language; 5) and workplace training programs. The Newberry Adult Education Program graduated 43 adults with either a State High School diploma or GED in the 2011-12 school year. The program has received awards from the State Department of Education for its successful rate of students passing the GED. 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 2011-2012 school year, and certainly of great importance to the district and our community is that the under the new federal accountability system all of our schools received a letter grade of C or above, and the district received a B rating. In addition, all of our schools under the state accountability report card system were rated at least average, with no school rated as below average or at-risk. 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 37,508, according to the 2010 census data. 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 2007 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 addition, 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. 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 and this project is well under way with plans to open in January 2013. 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 employee, Kraft Foods announced an approximately 1000 job, \$115 million expansion in 2007. Since then they have grown their workforce from approximately 1500 people to 2,700. Jobs at Kraft Foods have attracted a substantial Hispanic work force, introducing Newberry County to a bilingual population. To address the diversity of needs of the Hispanic population, the District has employed nine English-as-a-Second-Language teachers, and several schools are teaching their faculties Spanish.

Unemployment in the county at June 2012 was 9.6%, a decrease of .9% from June 2011. 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 1030 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. The newest project for the college is the Oakland Mill Project. This is a \$15 million renovation of a former textile mill into dormitory space for Newberry College and future market rate apartments. Phase one of dorm space opened in August 2011. 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 recent improvements have included a new medical office building, an expanded Wellness Center and 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 2012 fiscal year at a rate of 23% of 2013 budgeted 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, 2012, the District has completed construction and renovations for all projects that were a part of the 2005 capital needs program. The District now accommodates 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. Current capital projects include renovations and additions at Newberry High School.

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 schools 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 2011-2012 school year continued progress was made in the technology arena. As well as updating our technology plan, a district wide computer refresh program was completed at all elementary schools. 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 now been installed in all of our schools. 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. To enhance this process the district installed new Windows based servers at all locations to facilitate the migration from Novell to Windows based servers.

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 fifteenth comprehensive annual financial report for fiscal year ended June 30, 2011. 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.

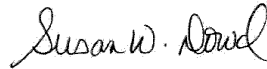
ACKNOWLEDGMENTS

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

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, 2011

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.



Christopher P. Mouill

President

Jeffrey R. Egan

Executive Director

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

The School District of Newberry County

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

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



A handwritten signature in cursive script, reading 'Brian L. Mee', positioned above a horizontal line.

Brian L. Mee, SFO, RSBA
President

A handwritten signature in cursive script, reading 'John D. Musso', positioned above a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

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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, 2012, 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 previously 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, 2012, and the respective changes in financial position and where applicable, cash flows 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 16, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule – General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 16, 2012

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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, 2012. 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 2012 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$68.2 million. Of this amount, \$12.9 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total net assets increased by \$0.3 million, primarily due to an increase in business-type activities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$31.7 million, an increase of \$3.0 million from the prior year fund balance, of which \$0.9 million is attributable to an increase in the General Fund. Approximately 32% of the total amount, or \$10.2 million, is unassigned and available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10.2 million, which was approximately 25% of total General Fund expenditures. The total fund balance for the General Fund was \$10.8 million, which includes \$0.6 million assigned for fiscal year 2013's budgeted shortfall.
- During the 2012 fiscal year, the School District's governmental fund revenues were \$59.0 million, compared to \$58.8 million in the prior year. This nominal increase (0.4%) is primarily due to higher revenues from the State of South Carolina and higher property taxes, partially offset by much lower revenues from the Federal Government. The School District's governmental fund expenditures were \$64.2 million, compared to \$57.6 million in the prior year. The increase in expenditures was primarily due to an increase in debt service as the School District issued a \$7.6 million General Obligation Bond in October 2011 (reflected in other financing sources) and repaid \$6.2 million of this amount in March 2012.
- NICE was established in 2005 as a nonprofit corporation and was organized primarily to construct and renovate school facilities for the use of the School District and to encourage and promote public education. Although NICE is a legally separate entity, it is controlled by the School District as all members of its board are appointed by the School District. Accordingly, NICE is reflected as a blended component unit of the School District and the financial information of NICE is reflected in individual debt service and capital project funds in the financial statements.
- The School District's total capital assets decreased by \$3.1 million (2.6%) during the current fiscal year, as depreciation expense of \$3.5 million and net disposals of \$0.5 million offset current year additions of \$0.9 million.
- The School District's total outstanding debt increased from \$79.8 million at June 30, 2011 to \$81.6 million at June 30, 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide basic financial statements because the resources of those funds are not available to support the School District's own programs. The School District is the trustee, or fiduciary, for the pupil activities of the schools and accounts for these activities in an agency fund.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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, 2012

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 \$68.2 million and \$67.9 million at the close of the current and prior fiscal year.

Table I provides a summary of the School District's net assets as of June 30, 2012 compared to June 30, 2011:

Table I
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$ 41,464,758	36,594,712	1,936,451	1,743,291	43,401,209	\$ 38,338,003
Capital Assets, Net	115,152,477	118,391,239	307,300	194,863	115,459,777	118,586,102
Total Assets	156,617,235	154,985,951	2,243,751	1,938,154	158,860,986	156,924,105
Liabilities						
Other Liabilities	8,299,485	6,535,810	21,065	13,109	8,320,550	6,548,919
Long Term Liabilities	82,303,431	82,437,824	-	-	82,303,431	82,437,824
Total Liabilities	90,602,916	88,973,634	21,065	13,109	90,623,981	88,986,743
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	49,112,526	50,510,672	307,300	194,863	49,419,826	50,705,535
Restricted	5,920,887	5,437,810	-	-	5,920,887	5,437,810
Unrestricted	10,980,906	10,063,835	1,915,386	1,730,182	12,896,292	11,794,017
Total Net Assets	\$ 66,014,319	66,012,317	2,222,686	1,925,045	68,237,005	\$ 67,937,362

Current and other assets increased \$5.1 million primarily due to an increase in restricted cash for unspent proceeds from bond issuances; this was partially offset by a decrease in capital assets as depreciation expense of \$3.5 million and net disposals of \$0.5 million exceeded additions of \$0.9 million. Other liabilities increased approximately \$1.8 million due to a short-term General Obligation Bond issued in May 2012 that will not be repaid until March 2013. Long term liabilities remained relatively flat during FY12.

The School District's government-wide net assets increased approximately \$0.3 million (0.4%) during 2012. 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 \$12.9 million at June 30, 2012, an increase of \$1.1 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Analysis (Continued)

Table II shows the changes in net assets for fiscal year 2012 compared to 2011:

Table II
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$ 497,976	502,264	978,075	927,399	1,476,051	\$ 1,429,663
Operating Grants	26,514,017	26,825,355	2,941,400	2,800,684	29,455,417	29,626,039
Capital Grants	279,318	344,024	-	-	279,318	344,024
General Revenue:						
Taxes	21,869,009	21,243,843	-	-	21,869,009	21,243,843
State Revenue in Lieu of Taxes	9,058,317	8,889,593	-	-	9,058,317	8,889,593
Other	909,716	1,037,052	469	31,557	910,185	1,068,609
Total Revenues	59,128,353	58,842,131	3,919,944	3,759,640	63,048,297	62,601,771
Program Activities						
Instruction	32,752,100	32,517,676	-	-	32,752,100	32,517,676
Support Services	22,476,911	22,325,225	-	-	22,476,911	22,325,225
Community Services	5,640	7,017	-	-	5,640	7,017
Interest and Fiscal Charges	4,123,207	4,128,344	-	-	4,123,207	4,128,344
Food Service	-	-	3,390,796	3,074,166	3,390,796	3,074,166
Total Expenses	59,357,858	58,978,262	3,390,796	3,074,166	62,748,654	62,052,428
Excess Before Transfers	(229,505)	(136,131)	529,148	685,474	299,643	549,343
Transfers In (Out)	231,507	192,116	(231,507)	(192,116)	-	-
Change in Net Assets	2,002	55,985	297,641	493,358	299,643	549,343
Net Assets, Beginning of Year	66,012,317	65,956,332	1,925,045	1,431,687	67,937,362	67,388,019
Net Assets, End of Year	\$ 66,014,319	66,012,317	2,222,686	1,925,045	68,237,005	\$ 67,937,362

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

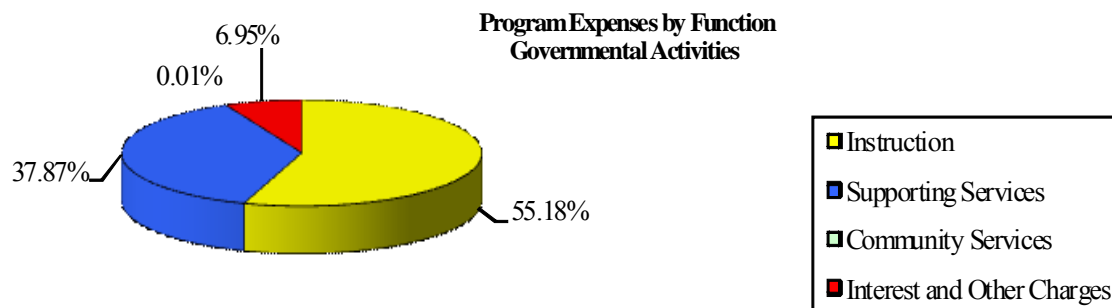
YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Analysis (Continued)

Governmental Activities: Net Assets for Governmental Activities remained relatively flat from the previous year, compared to an increase of \$56 thousand in 2011. Key elements are as follows:

- Total revenues increased \$0.3 million (0.5%), which is primarily attributed to higher property taxes, partially offset by lower grant revenues.
- Total expenses increased \$0.4 million (0.6%), which is primarily attributed to higher instruction expenses of approximately \$0.2 million and higher support service expenses of approximately \$0.2 million. These increase are due to slightly higher expenditures in all categories; salaries, benefits, purchased services, and supplies and materials.



Business-Type Activities: Net Assets for Business-Type Activities increased \$0.3 million from the previous year, compared to an increase of approximately \$0.5 million in the prior year. Revenues increased \$160 thousand primarily due to higher amounts received from the USDA for meals served. Expenses increased \$317 thousand due to higher 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?

For the year ended June 30, 2012, the School District's governmental funds reported a *combined* fund balance of \$31.7 million, compared to \$28.7 million for the prior year. The increase of \$3.0 million is primarily attributable to General Fund revenues exceeding expenditures by \$0.9 million, combined with increases in Capital Project Funds, offset by decreases in the Debt Service Funds. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2012, the School District's unassigned fund balance was \$10.2 million, which solely represents the General Fund. \$0.6 million is assigned for fiscal year 2013's budgeted shortfall. The remainder, approximately \$20.9 million, is restricted primarily for Capital Projects for the School District's building plans (\$12.3 million) and Debt Service (\$8.6 million).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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

Governmental Funds (Continued)

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$10.2 million, and the total fund balance was \$10.8 million. The fund balance for the School District's General Fund increased by \$0.9 million, or approximately 9%, during the current fiscal year, compared to an increase of \$1.0 million in the prior year. The current year increase is due to higher than anticipated state revenues.

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 \$0.6 million at June 30, 2012, a decrease of \$4.9 million as the School District transferred excess funds to the Capital Projects Fund. The School District took advantage of low interest rates and issued a \$7.6 million General Obligation Bond, using \$1.8 million for required NICE debt service and \$5.7 million for future capital outlay. The School District repaid \$6.2 million of this indebtedness before the end of the fiscal year, and the remaining \$1.4 million is scheduled to be repaid in March 2013. Also, the School District issued a short-term General Obligation Bond for \$1.867 million in May 2012; this debt is still outstanding at June 30, 2012. As this debt is scheduled to be repaid in March 2013, which is less than one year after its issuance, it is reflected on the Debt Service Fund's balance sheet as a short-term obligation, as required by generally accepted accounting principles. The fund balance for the NICE Debt Service Fund did not change, remaining at \$7.9 million, as required principal and interest payments on outstanding debt were offset by a transfers from the District's Debt Service Fund and the NICE Capital Projects 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 was \$10.0 million at the end of the year, with an increase of \$8.6 million as revenues of \$0.3 million and transfers from other funds of \$9.4 million exceeded expenditures of \$1.1 million. The NICE Capital Projects Fund decreased \$1.5 million from the prior year to \$2.3 million. The NICE capital program was basically completed during fiscal 2012, and the School District intends on using the remaining funds to repay outstanding principal on the NICE Installment Purchase Revenue Bonds, as permitted by the bond documents. During fiscal 2012, the NICE Capital Projects Fund transferred \$1.5 million to the NICE Debt Service Fund.

Proprietary Funds

The School District's only Proprietary Fund is the Food Service Fund. This program had an increase in net assets of approximately \$0.3 million for 2012 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 2012 fiscal year, there were no amendments to the School District's General Fund expenditure or revenue budgets. Actual revenues came in higher than budget by \$1,380 thousand, due to higher amounts received from the State of South Carolina, combined with higher property tax revenues. Actual expenditures were less than budget by \$452 thousand due to lower than anticipated expenditures in purchased services, energy, and supplies and materials.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the School District had \$115.5 million invested in capital assets, net of depreciation.

The total decrease in the School District's investment in capital assets was \$3.1 million, or 2.6%, as depreciation of \$3.5 million and net disposals of \$0.5 million exceeded additions of \$0.9 million. Major capital asset additions during the current fiscal year included:

- Upgrades and renovations at Newberry High School
- Food service equipment purchased for several schools

Table III shows the capital asset balances as of June 30, 2012 compared to June 30, 2011:

Table III
Capital Assets at June 30

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Capital Assets						
Land	\$ 1,923,500	1,931,726	-	-	1,923,500	\$ 1,931,726
Building, Improvements, and Equipment	147,700,433	149,360,356	1,675,995	1,679,483	149,376,428	151,039,839
Construction in Progress	527,537	-	-	-	527,537	-
Less: Accum. Depreciation	(34,998,993)	(32,900,843)	(1,368,695)	(1,484,620)	(36,367,688)	(34,385,463)
Capital Assets, Net	<u>\$ 115,152,477</u>	<u>118,391,239</u>	<u>307,300</u>	<u>194,863</u>	<u>115,459,777</u>	<u>\$ 118,586,102</u>

More detailed information about the School District's capital assets can be found in Note III in the Notes to the Basic Financial Statements.

Debt Administration

The School District (including its blended component unit – NICE) had \$78.3 million in Installment Purchase Revenue Bonds (“IPR”) outstanding as shown in the table below. The IPR 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. The School District issued a \$7.6 million General Obligation Bond in October 2011 and repaid \$6.2 million of this bond as scheduled in March 2012. The remaining outstanding balance of \$1.4 million is scheduled to be repaid in March 2013. The School District also issued a \$1.867 million short-term General Obligation Bond in May 2012; this indebtedness is scheduled to be repaid in March 2013. The School District made principal payments on long-term indebtedness totaling \$7.7 million during 2012. In addition, the School District had a non-interest bearing note payable due to the SC Energy Office in the amount of \$35 thousand, to be repaid over three more years. The School District does not have any outstanding debt for its business-type activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Table IV shows the outstanding debt balances as of June 30, 2012 compared to June 30, 2011:

Table IV
Outstanding Debt, at Year End

	2012	2011
NICE Series 2005 IPR Bonds	\$ 78,300,000	\$ 79,800,000
GO Bond, Series 2011	1,420,000	-
Go Bond, Series 2012	1,867,000	-
SC Energy Grant Obligation	34,902	39,339
Total	<u>\$ 81,621,902</u>	<u>\$ 79,839,339</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.

Other long-term obligations include accrued compensated absences. More detailed information about the School District's debt and other long-term obligations is presented in Note III in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS

The School District of Newberry County's tax base has grown approximately 36% since 2003 to \$122 million in 2012. Total property tax collections remain strong averaging around 97.4%. Although Newberry County's employment base is largely manufacturing, The School District of Newberry County is the second largest employer within the county.

FY 13 BUDGET

The FY 13 General Fund Budget represents a 9.4 % increase over FY 12. Many factors were considered by the School District's administration during the process of developing the fiscal year 2012-2013 budget. The School District's objective continues to be equity and maintenance of pupil to teacher ratios in elementary grades. Staffing at all schools was closely analyzed and changes made as needed. All certified teachers received a state mandated cost of living increase as well as a salary increase via a year of experience. Classified employees received a salary increase due to a year of experience as well. Due to mandated salary, retirement and health insurance increases for the 2012-2013 fiscal year, the School District anticipates that expenditures may exceed revenue and budgeted the use of \$0.6 million of the School District's fund balance for this potential shortfall.

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, 2012

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 507,556	1,948,472	\$ 2,456,028
Cash and Cash Equivalents, Restricted	2,260,637	-	2,260,637
Investments, Restricted	7,955,875	-	7,955,875
Cash and Investments Held by County Treasurer	24,783,526	-	24,783,526
Property Taxes Receivable, Net	950,151	-	950,151
Accounts Receivable, Net	732	-	732
Other Receivables	5,675	-	5,675
Due from Other Governments	3,711,260	284,536	3,995,796
Internal Balances	340,777	(340,777)	-
Inventory and Prepaid Items	8,665	44,220	52,885
Bond Issuance Costs, Net	939,904	-	939,904
Capital Assets:			
Non-Depreciable	2,451,037	-	2,451,037
Depreciable, Net	112,701,440	307,300	113,008,740
TOTAL ASSETS	156,617,235	2,243,751	158,860,986
LIABILITIES			
Accounts Payable and Accrued Expenses	4,436,519	-	4,436,519
Accrued Interest Payable	347,562	-	347,562
Due to Other Governments	6,077	-	6,077
Unearned Revenue	1,642,327	21,065	1,663,392
Short-Term General Obligation Bond Payable	1,867,000	-	1,867,000
Non-Current Liabilities:			
Due Within One Year	3,149,064	-	3,149,064
Due in More than One Year	79,154,367	-	79,154,367
TOTAL LIABILITIES	90,602,916	21,065	90,623,981
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	49,112,526	307,300	49,419,826
Restricted For:			
Debt Service	2,339,217	-	2,339,217
Capital Projects	3,550,853	-	3,550,853
Special Revenue - Grant Programs	30,817	-	30,817
Unrestricted	10,980,906	1,915,386	12,896,292
TOTAL NET ASSETS	\$ 66,014,319	2,222,686	\$ 68,237,005

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, 2012

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	\$ 32,752,100	8,647	19,083,309	-	(13,660,144)	-	\$ (13,660,144)
Support Services	22,476,911	489,329	7,430,708	279,318	(14,277,556)	-	(14,277,556)
Community Services	5,640	-	-	-	(5,640)	-	(5,640)
Interest and Other Charges	4,123,207	-	-	-	(4,123,207)	-	(4,123,207)
Total Governmental Activities	<u>59,357,858</u>	<u>497,976</u>	<u>26,514,017</u>	<u>279,318</u>	<u>(32,066,547)</u>	<u>-</u>	<u>(32,066,547)</u>
Business-Type Activities:							
Food Services	3,390,796	978,075	2,941,400	-	-	528,679	528,679
Total Business-Type Activities	<u>3,390,796</u>	<u>978,075</u>	<u>2,941,400</u>	<u>-</u>	<u>-</u>	<u>528,679</u>	<u>528,679</u>
TOTAL PRIMARY GOVERNMENT	\$ 62,748,654	1,476,051	29,455,417	279,318	(32,066,547)	528,679	(31,537,868)
GENERAL REVENUES AND TRANSFERS:							
General Revenues:							
Property Taxes Levied for General Purposes					15,414,043	-	15,414,043
Property Taxes Levied for Debt Service					6,454,966	-	6,454,966
State Revenue in Lieu of Taxes					9,058,317	-	9,058,317
Unrestricted Grants and Contributions					28,802	-	28,802
Unrestricted Investment Earnings					402,029	469	402,498
Unrestricted Intergovernmental General Revenue					57,586	-	57,586
Miscellaneous					421,299	-	421,299
Transfers					231,507	(231,507)	-
Total General Revenues and Transfers					<u>32,068,549</u>	<u>(231,038)</u>	<u>31,837,511</u>
CHANGE IN NET ASSETS					2,002	297,641	299,643
NET ASSETS, Beginning of Year					66,012,317	1,925,045	67,937,362
NET ASSETS, End of Year					\$ 66,014,319	2,222,686	\$ 68,237,005

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, 2012

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
ASSETS			
Cash and Cash Equivalents	\$ 507,556	-	-
Cash and Cash Equivalents, Restricted	-	-	-
Investments, Restricted	-	-	-
Cash and Investments Held by County Treasurer	12,297,468	25,750	-
Receivables, Net:			
Taxes	704,952	-	-
Accounts	732	-	-
Other	3,871	1,804	-
Due From:			
State Agencies	567,098	3,604	251,640
Federal Agencies	-	2,563,867	-
Other Funds	2,018,559	-	203,796
Other Governments	143	104,495	-
Prepaid Items	7,459	1,206	-
TOTAL ASSETS	\$ 16,107,838	2,700,726	455,436
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts and Retainage Payable	\$ 1,338,034	-	-
Accrued Salaries, Fringe & Benefits	3,091,220	-	-
Due to State Department of Education	-	4,643	1,434
Due to Other Funds	211,160	1,476,941	-
Deferred/Unearned Revenue	622,223	1,188,325	454,002
Short-Term General Obligation Bond Payable	-	-	-
TOTAL LIABILITIES	5,262,637	2,669,909	455,436
FUND BALANCES:			
Nonspendable	7,459	1,206	-
Restricted for:			
Debt Service	-	-	-
Capital Projects	-	-	-
Special Revenue	-	29,611	-
Assigned for Future Year's Expenditures	640,754	-	-
Unassigned	10,196,988	-	-
TOTAL FUND BALANCES	10,845,201	30,817	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,107,838	2,700,726	455,436

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
-	-	-	-	\$ 507,556
-	969	-	2,259,668	2,260,637
-	7,955,875	-	-	7,955,875
2,446,177	-	10,014,131	-	24,783,526
245,199	-	-	-	950,151
-	-	-	-	732
-	-	-	-	5,675
-	-	220,413	-	1,042,755
-	-	-	-	2,563,867
3,379	-	-	3,985	2,229,719
-	-	-	-	104,638
-	-	-	-	8,665
2,694,755	7,956,844	10,234,544	2,263,653	\$ 42,413,796
-	-	7,265	-	\$ 1,345,299
-	-	-	-	3,091,220
-	-	-	-	6,077
-	7,975	192,866	-	1,888,942
204,475	-	-	-	2,469,025
1,867,000	-	-	-	1,867,000
2,071,475	7,975	200,131	-	10,667,563
-	-	-	-	8,665
623,280	7,948,869	-	-	8,572,149
-	-	10,034,413	2,263,653	12,298,066
-	-	-	-	29,611
-	-	-	-	640,754
-	-	-	-	10,196,988
623,280	7,948,869	10,034,413	2,263,653	31,746,233
2,694,755	7,956,844	10,234,544	2,263,653	\$ 42,413,796

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

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

JUNE 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 31,746,233
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.	826,698
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 364,289.	939,904
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 \$150,151,470, and the accumulated depreciation is \$34,998,993.	115,152,477
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.	(347,562)
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 and Notes Payable	(79,754,902)
Premium on Bonds Payable	(2,062,010)
Compensated Absences	(486,519)
	(82,303,431)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u><u>\$ 66,014,319</u></u>

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

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THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
REVENUES		
Local Sources:		
Taxes	\$ 15,338,588	-
Investment Earnings	21,112	91
Other Local Sources	97,840	742,369
State Sources	25,181,483	848,205
Federal Sources	-	4,761,573
Intergovernmental Revenue	-	37,436
TOTAL REVENUE ALL SOURCES	<u>40,639,023</u>	<u>6,389,674</u>
EXPENDITURES		
Current:		
Instruction	23,971,596	3,254,943
Support Services	16,994,650	2,590,982
Community Services	5,640	-
Intergovernmental	80,564	174,707
Capital Outlay	83,498	263,251
Debt Service:		
Principal Retirement	11,634	-
Interest and Fiscal Charges	-	-
Bond Issuance Costs	-	-
TOTAL EXPENDITURES	<u>41,147,582</u>	<u>6,283,883</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(508,559)</u>	<u>105,791</u>
OTHER FINANCING SOURCES (USES)		
Premium on Bonds Sold	-	-
Issuance of General Obligation Bonds	-	-
Proceeds from Sale of Capital Assets	16,627	-
Transfers In	1,361,806	6,548
Transfers Out	-	(129,277)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,378,433</u>	<u>(122,729)</u>
NET CHANGES IN FUND BALANCES	<u>869,874</u>	<u>(16,938)</u>
FUND BALANCE, Beginning of Year	<u>9,975,327</u>	<u>47,755</u>
FUND BALANCE, End of Year	<u>\$ 10,845,201</u>	<u>30,817</u>

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
-	6,439,131	-	-	-	\$ 21,777,719
-	8,120	347,372	25,036	298	402,029
-	-	-	-	-	840,209
4,440,168	487,400	-	260,841	-	31,218,097
-	-	-	-	-	4,761,573
-	-	-	-	-	37,436
4,440,168	6,934,651	347,372	285,877	298	59,037,063
2,957,494	-	-	-	-	30,184,033
590,989	-	-	638,508	15,680	20,830,809
-	-	-	-	-	5,640
-	-	-	-	-	255,271
104,528	-	-	486,677	19,575	957,529
-	6,200,000	1,500,000	-	-	7,711,634
-	56,130	4,061,825	-	3,938	4,121,893
-	133,989	-	-	-	133,989
3,653,011	6,390,119	5,561,825	1,125,185	39,193	64,200,798
787,157	544,532	(5,214,453)	(839,308)	(38,895)	(5,163,735)
-	63,080	-	-	-	63,080
-	7,620,000	-	-	-	7,620,000
-	-	-	249,025	-	265,652
-	-	5,215,277	9,440,056	-	16,023,687
(787,157)	(13,155,333)	-	(220,413)	(1,500,000)	(15,792,180)
(787,157)	(5,472,253)	5,215,277	9,468,668	(1,500,000)	8,180,239
-	(4,927,721)	824	8,629,360	(1,538,895)	3,016,504
-	5,551,001	7,948,045	1,405,053	3,802,548	28,729,729
-	623,280	7,948,869	10,034,413	2,263,653	\$ 31,746,233

**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, 2012

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,016,504
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.	91,291
Repayment of bond and note principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.	7,711,634
The issuance of debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the government-wide statements.	(7,620,000)
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.	4,528
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.	78,215
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.	(5,952)
In the Statement of Activities the loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets disposed.	(474,079)
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.	(35,456)
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which depreciation expense of \$3,516,837 exceeded capital additions of \$752,154 in the current period.	(2,764,683)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 2,002

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, 2012

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,948,472
Due from Federal Agencies	284,536
Inventories	44,220
Total Current Assets	<u>2,277,228</u>
Non-Current Assets:	
Capital Assets	1,675,995
Less: Accumulated Depreciation	(1,368,695)
Total Non-Current Assets	<u>307,300</u>
TOTAL ASSETS	<u>2,584,528</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	340,777
Deferred Revenue	21,065
Total Current Liabilities	<u>361,842</u>
TOTAL LIABILITIES	<u>361,842</u>
NET ASSETS	
Invested in Capital Assets	307,300
Unrestricted	1,915,386
TOTAL NET ASSETS	<u><u>\$ 2,222,686</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, 2012

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 978,075
Other Revenue	14,866
TOTAL OPERATING REVENUES	<u>992,941</u>
OPERATING EXPENSES	
Salaries	1,368,933
Employee Benefits	174,290
Purchased Services	83,532
Food Costs and Supplies	1,648,010
Equipment - Expendable	42,312
Depreciation	48,435
Other	25,284
TOTAL OPERATING EXPENSES	<u>3,390,796</u>
OPERATING LOSS	<u>(2,397,855)</u>
NON-OPERATING REVENUES	
Commodities Received from USDA	178,061
USDA Reimbursements	2,740,627
Other State and Federal Aid	7,846
Interest	469
TOTAL NON-OPERATING REVENUES	<u>2,927,003</u>
INCOME BEFORE TRANSFERS	529,148
TRANSFERS	
Transfer Out	<u>(231,507)</u>
TOTAL TRANSFERS	<u>(231,507)</u>
CHANGE IN NET ASSETS	297,641
TOTAL NET ASSETS, Beginning of Year	<u>1,925,045</u>
TOTAL NET ASSETS, End of Year	<u>\$ 2,222,686</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, 2012

	<u>ENTERPRISE</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 986,031
Receipts from Other Revenues	14,866
Payments to Employees for Services	(1,543,223)
Payments to Suppliers for Goods and Services	(1,621,079)
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,163,405)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	2,757,141
Other	7,846
Transfers to Other Funds	(166,795)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>2,598,192</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(162,825)
Other	2,919
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(159,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	469
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>469</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	275,350
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,673,122</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 1,948,472</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (2,397,855)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation Expense	48,435
Non-Cash USDA Commodities Used	178,061
Change In:	
Inventories	(2)
Deferred Revenue	7,956
Net Cash Used in Operating Activities	<u><u>\$ (2,163,405)</u></u>
Non-Cash Transactions:	
Commodities Received from the USDA	<u><u>\$ 178,061</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 ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2012

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 639,882
TOTAL ASSETS	<u><u>\$ 639,882</u></u>
LIABILITIES	
Due to Student Organizations	\$ 639,882
TOTAL LIABILITIES	<u><u>\$ 639,882</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, 2012

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, 2012

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, 2012

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.

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** and a budgeted fund, is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The School District has two Special Revenue Funds:

- i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for specific educational programs.
- ii) **The Special Revenue - Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenue from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by EIA..

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The *Capital Projects Fund - District, a major fund* and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for the School District, except for those financed in the Enterprise Fund and the Capital Projects Fund - NICE.

The *Capital Projects Fund - NICE, a major fund* and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for 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, a major fund* and an unbudgeted 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.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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, 2012

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 South Carolina Local Government Investment Pool (the "Pool"). These investments are invested with the South Carolina State Treasurer's Office, which established the Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. 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.
- Open-end mutual funds, primarily money market funds which invest in short term obligations of the United States and related agencies.
- 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

2. Restricted Assets

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

3. Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. These amounts are eliminated in the 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 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, 2012

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

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, 2012

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. If material, 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 accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), the District classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaids) or because of legal or contractual requirements.

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action (either a resolution or an ordinance) made by the Board of Trustees, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed and that such assignments are made before the report issuance date. At this time, the Board of Trustees has not formally granted the right to make assignments of fund balance for the School District to anyone other than itself. The General Fund assignment of fund balance of \$640,754 represents the use of fund balance in the fiscal year 2013 budget that was approved by the Board of Trustees.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

8. Fund Balance (Continued)

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The School District generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance and/or net assets (as applicable) is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the School District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The School District's Board of Trustees has formally adopted a minimum fund balance policy that requires 10% of the next year's General Fund appropriations to be available as unassigned fund balance. The minimum fund balance amount was approximately \$4,358,874 as of June 30, 2012, which represents 10% of the original budget for the General Fund for fiscal year 2013.

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.

12. Reclassifications

Certain amounts in the 2011 statements have been reclassified to conform to the 2012 presentation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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.

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, 2012, none of the School District's bank balances of approximately \$3,333,000, which had a carrying value of approximately \$3,097,000, 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, 2012

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

A. Deposits and Investments (Continued)

Investments

As of June 30, 2012, the School District had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturity
Cash and Investments Held by Newberry County Treasurer	Unrated	\$ 24,783,526	^
Goldman Sachs Government Services Shares Fund	AAA, Aaa	2,259,668	Less than 1 year
Repurchase Agreement - Royal Bank of Canada	Unrated	7,955,875	12/01/2015
Total		\$ 34,999,069	

^ The Newberry County Treasurer invests the monies it holds in trust for governmental entities in a separate account with the South Carolina Local Government Investment Pool (the "Pool"). The weighted average maturity of the Pool's investments is less than 60 days.

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, 2012, the School District's investment in a repurchase agreement was exposed to custodial credit risk as the underlying securities were held by a third-party agent but 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, 2012

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 \$121.6 million at rates of 186.8 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 uncollectible amounts of approximately \$485,000 at June 30, 2012. Allowances for uncollectible amounts were not necessary for the other receivable accounts.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2012, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$	622,223
Delinquent Property Taxes Receivable - Debt Service Fund		204,475
Unearned Revenue from Special Revenue Funds		1,642,327
Total Deferred/Unearned Revenue for Governmental Funds	\$	<u>2,469,025</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

C. Interfund Receivables and Payables

Interfund balances at June 30, 2012 (all of which are expected to be received or paid within one year), consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund	\$ 2,018,559	\$ 211,160
Special Revenue Funds:		
Special Revenue	-	1,476,941
Education Improvement Act	203,796	-
Debt Service Fund - District	3,379	-
Debt Service Fund - NICE	-	7,975
Capital Projects Fund - District	-	192,866
Capital Projects Fund - NICE	3,985	-
Enterprise Fund	-	340,777
	<u>\$ 2,229,719</u>	<u>\$ 2,229,719</u>

The General Fund receivable is a result of Special Revenue owing the General Fund for claims that were filed but not yet received, the General Fund paying for construction expenditures for the District Capital Projects Fund and the General Fund paying for payroll costs for the Food Services Fund. The General Fund payable is a result of various transactions for the Special Revenue EIA Fund and the District Debt Service Fund and the NICE Capital Projects Fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 1,931,726	-	8,226	\$ 1,923,500
Construction in Progress	-	527,537	-	527,537
Total Capital Assets, Non-Depreciable	<u>1,931,726</u>	<u>527,537</u>	<u>8,226</u>	<u>2,451,037</u>
Capital Assets, Depreciable:				
Buildings and Improvements	140,062,841	-	914,787	139,148,054
Improvements Other Than Buildings	4,325,301	4,613	578,922	3,750,992
Vehicles	1,563,120	48,896	142,660	1,469,356
Machinery and Equipment	3,298,448	171,108	248,171	3,221,385
Furniture and Equipment	110,646	-	-	110,646
Total Capital Assets Depreciable	<u>149,360,356</u>	<u>224,617</u>	<u>1,884,540</u>	<u>147,700,433</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	27,265,214	3,125,156	588,529	29,801,841
Improvements Other Than Buildings	2,549,311	138,706	461,795	2,226,222
Vehicles	982,918	79,624	135,528	927,014
Machinery and Equipment	2,015,534	170,550	232,835	1,953,249
Furniture and Equipment	87,866	2,801	-	90,667
Total Accumulated Depreciation	<u>32,900,843</u>	<u>3,516,837</u>	<u>1,418,687</u>	<u>34,998,993</u>
Total Capital Assets, Depreciable, Net	<u>116,459,513</u>	<u>(3,292,220)</u>	<u>465,853</u>	<u>112,701,440</u>
Governmental Activities Capital Assets, Net	<u>\$ 118,391,239</u>	<u>(2,764,683)</u>	<u>474,079</u>	<u>\$ 115,152,477</u>
Business-Type Activities:				
Capital Assets, Depreciable:				
Furniture and Equipment	\$ 1,679,483	162,825	166,313	\$ 1,675,995
Less: Accumulated Depreciation	1,484,620	48,435	164,360	1,368,695
Business-Type Activities Capital Assets, Net	<u>\$ 194,863</u>	<u>114,390</u>	<u>1,953</u>	<u>\$ 307,300</u>

The School District has outstanding commitments related to construction activities totaling approximately \$2,800,000 at June 30, 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows for 2012:

Governmental Activities:	
Instruction	\$ 2,107,842
Support Services	1,408,995
Total Depreciation Expense - Governmental Activities	<u>\$ 3,516,837</u>
 Business-Type Activities:	
Food Services	\$ 48,435
Total Depreciation Expense - Business-Type Activities	<u>\$ 48,435</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 completed its expansion program during 2012, using proceeds from NICE’s debt offering.

Due to favorable market conditions, actual expenditures for the construction projects included in the original list of projects were considerably less than expected, and the School District had a \$3.8 million balance at June 30, 2011. After all projects were closed out during fiscal 2012, the remaining funds were and will be used to pay down the NICE debt. This will increase the amount the School District will have available to borrow for future capital needs in the School District, using the School District’s assessable constitutional debt limit, as less funds will be needed to repay the outstanding NICE debt.

E. Accounts Payable and Accrued Expenses

The significant components of accounts payable and accrued expenses at June 30, 2012, consisted of the following:

Governmental Activities:	
Accounts Payable	\$ 1,338,034
Retainage Payable	7,265
Accrued Salaries	2,158,437
Accrued Fringe and Benefits	932,783
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 4,436,519</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

F. Operating Leases

The School District entered into an operating lease agreement for copier equipment during fiscal year 2011. The lease runs for a period of 60 months ending December 2015, and the payments are on a cost per copy basis. The estimated future minimum payments are approximately \$109,000 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 \$162,000 for the year ended June 30, 2012.

Future payments on all of these agreements are as follows:

2013	\$	161,513
2014		161,513
2015		161,513
2016		106,910
2017		52,308
2018-2019		76,963
Total	\$	<u>720,720</u>

G. Short-Term Obligations

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bond	\$ -	<u>1,867,000</u>	<u>-</u>	\$ <u>1,867,000</u>

In May 2012, the School District issued a \$1,867,000 general obligation bond for the purpose of making payments to NICE for a portion of the installments of purchase price due in fiscal year 2012 under the Facilities Agreement. These bonds, including interest at 0.90%, mature in March 2013. Due to the timing of the issuance and the scheduled maturity being less than one year from the date the bond was issued, the outstanding balance of \$1,867,000 is reflected on the District's balance sheet for its governmental funds at June 30, 2012.

H. Long-Term Obligations

The School District had the following outstanding indebtedness at June 30, 2012:

- NICE Installment Purchase Revenue Bonds, Series 2005 ("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% is 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, 2012 were \$2,030,470 and \$887,408, respectively. The IPR Bonds are not an obligation of the School District; however, as NICE is blended with the operations of the School District, NICE's debt is included with the School District's other obligations as required by GAAP.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

H. Long-Term Obligations (Continued)

- General Obligation Bonds, Series 2011 in the original amount of \$7,620,000. The proceeds were used to fund additional capital outlay and to make a payment to NICE for a portion of the installments of purchase price due in fiscal year 2012 under the Facilities Agreement. The District repaid \$6,200,000 in principal in March 2012, and the remaining principal of \$1,420,000 is due in March 2013; interest at 2% is paid semiannually. In connection with the issuance of this indebtedness, a premium of \$63,080 and bond issuance costs of \$104,993 were recorded and are being amortized over the life of the bonds. The unamortized premium and bond issuance costs at June 30, 2012 were \$31,540 and \$52,496, respectively.
- South Carolina Energy Grant Obligation: The School District received an award from the South Carolina Energy Office (“SCEO”) as part of the ARRA Act of 2009 consisting of a 75% reimbursement grant and a 25% loan. The School District incurred total expenditures of approximately \$186,000, of which \$46,536 is to be repaid. The loan bears zero percent interest and is designed to be repaid from the General Fund with energy savings recognized from the improvements made with the grant award in four equal payments of \$11,634 starting on November 1, 2011 and continuing through November 1, 2014.

The following is a summary of changes in long-term obligations for the year ended June 30, 2012:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
NICE Series 2005 IPR Bonds	\$ 79,800,000	-	1,500,000	78,300,000	\$ 1,670,000
General Obligation Bonds, Series 2011	-	7,620,000	6,200,000	1,420,000	1,420,000
SC Energy Grant Obligation	39,339	7,197	11,634	34,902	11,634
Total Debt	<u>79,839,339</u>	<u>7,627,197</u>	<u>7,711,634</u>	<u>79,754,902</u>	<u>3,101,634</u>
Premiums	2,140,225	63,080	141,295	2,062,010	-
Compensated Absences	458,260	60,345	32,086	486,519	47,430
Total Governmental Activities	<u>\$ 82,437,824</u>	<u>7,750,622</u>	<u>7,885,015</u>	<u>82,303,431</u>	<u>\$ 3,149,064</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, 2012.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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. In addition, as allowed by the bond documents, unspent proceeds are also being used to repay a portion of the outstanding IPR Bonds principal. The total in this account was \$2,259,668 at June 30, 2012.
- 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 \$7,955,875 at June 30, 2012.

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 total indebtedness are as follows:

Years Ending June 30	Principal	Interest	Totals
2013	\$ 3,101,634	4,010,975	\$ 7,112,609
2014	1,866,634	3,892,131	5,758,765
2015	2,066,634	3,789,494	5,856,128
2016	2,265,000	3,676,094	5,941,094
2017	2,490,000	3,551,275	6,041,275
2018-2022	16,325,000	15,432,593	31,757,593
2023-2027	24,370,000	10,146,450	34,516,450
2028-2031	27,270,000	2,876,750	30,146,750
Totals	<u>\$ 79,754,902</u>	<u>47,375,762</u>	<u>\$ 127,130,664</u>

Section 15 of Article X of the South Carolina State Constitution allows School Districts to incur a legal debt limit not to exceed 8 percent of the assessed value of all taxable property in the School District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2012, the School District’s assessed property valuation was approximately \$121.6 million, and the legal debt limit was approximately \$9.7 million, of which \$7.587 million in outstanding debt 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, 2012

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, 2012, consisted of the following:

General Fund			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	\$ 765,749		\$ -
Food Service - Indirect Cost	192,116		-
Special Revenue- Indirect Cost	127,868		-
	<u>\$ 1,085,733</u>		<u>\$ -</u>

Special Revenue Funds			
<u>Special Projects</u>			
Transfers from	Amount	Transfers to	Amount
Special Revenue - EIA	<u>\$ 81,755</u>	General Fund- Indirect Costs	<u>\$ 127,868</u>

<u>EIA</u>			
Transfers from	Amount	Transfers to	Amount
	\$ -	Special Projects	\$ 81,755
	-	General Fund	765,749
	<u>\$ -</u>		<u>\$ 847,504</u>

Debt Service Fund - District			
Transfers from	Amount	Transfers to	Amount
	\$ -	NICE Debt Service	\$ 5,113,639
	-	Capital Projects - District	886,361
	<u>\$ -</u>		<u>\$ 6,000,000</u>

Debt Service Fund - NICE			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	<u>\$ 5,113,639</u>		<u>\$ -</u>

Capital Projects Fund - District			
Transfers from	Amount	Transfers to	Amount
Debt Service - District	\$ 886,361		\$ -
Capital Projects - NICE	376,995		-
	<u>\$ 1,263,356</u>		<u>\$ -</u>

Capital Projects Fund - NICE			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	Capital Projects Fund - District	<u>\$ 376,995</u>

Proprietary Fund			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund- Indirect Costs	<u>\$ 192,116</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

I. Transfers In and (Out) (Continued)

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, 2012, consisted of the following:

General Fund

Transfers from:

Funds were transferred into the General Fund from other funds to cover EIA teacher salaries, indirect costs for federal programs and food service and Barnwell capital project funds.

Special Revenue Funds.

Transfers:

Funds were transferred to / from Special Revenue/EIA funds into other funds to cover indirect cost on federal programs, the EIA teacher salaries and school employer contributions.

Debt Service and Capital Projects Funds.

Transfers:

Funds were transferred into the General Fund, Debt Service – NICE and the Capital Projects – District from the Capital Projects – District, Debt Service – District and Capital Projects - NICE to fund salaries in the General fund, to fund the 2012 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 and Postemployment Benefit Plans

South Carolina Retirement System

Plan Description – The District participates in a retirement plan under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers a majority of the School District's full-time employees. The South Carolina Retirement System (“SCRS”) 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, group life (“GL”) insurance benefits and survivor benefits. Only the South Carolina State Budget and Control Board has the authority to establish and amend benefits. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Benefits vest after five years of service, and vested members who retire at age sixty-five or with twenty eight years of service at any age, receive an annual benefit, payable monthly for life. The benefit is based on the length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Reduced benefits are payable as early as age sixty.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

A. Retirement and Postemployment Benefit Plans (Continued)

South Carolina Retirement System (Continued)

Funding Policy – Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. For the year ended June 30, 2012, employee contributions to the Plan are 6.5% of salary, and employers are required to contribute at the following actuarially determined rates: SCRS State Agencies and Public Schools—9.385%. In addition to the above rates, participating employers of the South Carolina Retirement System contribute 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 for all years presented. Only the South Carolina State Budget and Control Board has the authority to establish and amend funding policy.

Other Retirement Plan

The State of South Carolina also provides an optional retirement plan (“ORP”). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits for certain administrative positions which allows them to participate. As an alternative to the SCRS, employees eligible for the ORP may choose between the two plans.

Employee required contribution rate to the ORP was 6.5% of covered salary for the year ended June 30, 2012. The employer required contribution rate was 9.385% for the year ended June 30, 2012, for which 5.0% of the employer required contribution is remitted to the employees authorized investment providers (“AIP”) with the balance being remitted to the South Carolina Retirement System. Because the contribution rates to the ORP are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the ORP for all years presented.

Postemployment Benefits

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina (“State”) provides health, dental, and long-term disability benefits (“OPEB Plan”) to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program (“EIP”), a part of the South Carolina State Budget and Control Board. Generally, retirees are eligible for the health and dental benefits if they have established 10 years of retirement service credit. For new hires on or after May 2, 2008, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 – 24 years of service for 50% employer funding.

Benefits become effective when the former employee retires under a state retirement system (i.e. SCRS, PORS, etc.). Basic long-term disability benefits are provided to active state, school district and participating local government employees approved for disability. Complete financial statements for the OPEB plans may be obtained by writing to the Employee Insurance Program, South Carolina State Budget and Control Board, 1201 Main Street, Suite 360, Columbia, South Carolina 29201.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

A. Retirement and Postemployment Benefit Plans (Continued)

Postemployment Benefits (Continued)

Plan Funding Policies

Code of Laws of the State, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriation by the General Assembly for active employees to the EIP and participating retirees to the South Carolina State Budget and Control Board except for the portion funded through the pension surcharge who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The School District has no liability beyond the payment of monthly contributions. The actual contribution rate and amount is 100% of the required contribution rate and amount for the OPEB Plan for all years presented.

SCRS, ORP, and OPEB Contribution Summary

The School District's eligible wages, the contribution rates, and the required contribution amounts for the past three years for the retirement and other postemployment benefits plans were as follows:

	SCRS Plan			ORP Plan		
	2012	2011	2010	2012	2011	2010
<u>Employer Rate:</u>						
Retirement - SCRS	9.385%	9.240%	9.240%	4.385%	4.240%	4.240%
Retirement - AIP	0.000%	0.000%	0.000%	5.000%	5.000%	5.000%
Retiree Surcharge - SCRS	4.300%	3.900%	3.500%	4.300%	3.900%	3.500%
GL Ins. Benefit - SCRS	0.150%	0.150%	0.150%	0.150%	0.150%	0.150%
Total	13.835%	13.290%	12.890%	13.835%	13.290%	12.890%
Employee Rate	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
Total Eligible Wages	\$ 31,486,590	31,181,207	32,454,697	1,406,748	1,377,744	\$ 1,390,398
<u>Employer Contributions:</u>						
Retirement - SCRS	\$ 2,955,016	2,881,144	2,998,814	61,686	58,416	\$ 58,953
Retirement - AIP	-	-	-	70,337	68,887	69,520
Retiree Surcharge - SCRS	1,353,923	1,216,067	1,135,914	60,490	53,732	48,664
GL Ins. Benefit - SCRS	47,230	46,772	48,682	2,110	2,067	2,086
Total	\$ 4,356,169	4,143,983	4,183,410	194,623	183,102	\$ 179,223
Employee Contributions	\$ 2,046,628	2,026,778	2,109,555	91,439	89,553	\$ 90,376

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

B. Grants

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

C. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. 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. Litigation

Various claims and lawsuits are pending against the School District. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

E. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("Statement"), was issued by the GASB in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the School District's financial obligations to current and former employees for past services rendered.

In particular, the School District will be required to report a net pension liability for its participation in the SCRS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Assets) and present more extensive note disclosures. In general, it should not have a significant impact on the School District's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the School District's unrestricted net assets. This Statement is required to be implemented by the School District no later than the fiscal year ending June 30, 2015.

F. Subsequent Events

In October 2012, the School District issued its Series 2012B General Obligation Bonds in the amount of \$4,300,000 for the purposes of paying to NICE approximately \$1,839,000 for a portion of the installments of purchase price that are due in fiscal year 2013 under the Facilities Agreement and approximately \$2,420,000 for additional capital outlay needs of the School District, with the balance to be used for paying certain costs of issuance related to the bonds. The bonds, including interest at 0.79%, are due at maturity on March 1, 2013.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

F. Subsequent Events (Continued)

In October 2012, the School District purchased approximately 1.7 acres of land adjacent to the Newberry County Career Center for approximately \$178,000, after the Board gave its approval. The School District plans on using this parcel of land, along with the 2.7 acres already owned at this location, to build a new District Office. The School District is in the planning stage for the new office as of the date of issuance of these financial statements.

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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, 2012

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 15,045,265	15,045,265	15,338,588	\$ 293,323
Investment Earnings	10,000	10,000	21,112	11,112
Other Local Sources	40,000	40,000	97,840	57,840
State Sources	24,164,233	24,164,233	25,181,483	1,017,250
TOTAL REVENUE ALL SOURCES	39,259,498	39,259,498	40,639,023	1,379,525
EXPENDITURES				
Current:				
Instruction	23,789,203	23,789,203	23,971,596	(182,393)
Support Services	17,702,134	17,702,134	16,994,650	707,484
Community Services	10,000	10,000	5,640	4,360
Intergovernmental	48,100	48,100	80,564	(32,464)
Capital Outlay	50,157	50,157	83,498	(33,341)
Debt Service:				
Principal Retirement	-	-	11,634	(11,634)
TOTAL EXPENDITURES	41,599,594	41,599,594	41,147,582	452,012
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(2,340,096)	(2,340,096)	(508,559)	1,831,537
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	16,627	16,627
Transfers In	1,087,283	1,087,283	1,361,806	274,523
TOTAL OTHER FINANCING SOURCES (USES)	1,087,283	1,087,283	1,378,433	291,150
NET CHANGE IN FUND BALANCE	(1,252,813)	(1,252,813)	869,874	2,122,687
FUND BALANCE, Beginning of Year	9,975,327	9,975,327	9,975,327	-
FUND BALANCES, End of Year	\$ 8,722,514	8,722,514	10,845,201	\$ 2,122,687

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.

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 13,148,265	12,942,085	\$ (206,180)
1140 Penalties & Interest on Taxes (Independent)	275,000	730,474	455,474
1200 Revenue from Local Governmental Units Other than LEAs:			
1280 Revenue in Lieu of Taxes (Independent and Dependent)	1,622,000	1,666,029	44,029
1300 Tuition:			
1320 From Other LEAs for Regular Day School	-	8,647	8,647
1350 From Patrons for Summer School	20,000	-	(20,000)
1500 Earnings on Investments:			
1510 Interest on Investments	10,000	21,112	11,112
1900 Other Revenue from Local Sources:			
1910 Rentals	-	5,290	5,290
1950 Refund of Prior Year's Expenditures	-	2,210	2,210
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	59,202	59,202
1999 Revenue from Other Local Sources	20,000	22,491	2,491
Total Revenue from Local Sources	<u>15,095,265</u>	<u>15,457,540</u>	<u>362,275</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	4,058	4,058
3138 Charter Funding			
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	294,395	347,516	53,121
3162 Transportation Workers' Compensation	-	32,495	32,495
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	4,491,390	4,697,902	206,512
3181 Retiree Insurance (No Carryover Provision)	860,603	1,019,564	158,961
3199 Other Restricted State Grants	-	420	420
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	733,546	779,291	45,745
3312 Primary	1,799,069	1,974,624	175,555
3313 Elementary	2,825,581	2,952,699	127,118
3314 High School	671,049	1,009,370	338,321
3315 Trainable Mentally Handicapped	25,835	24,152	(1,683)
3316 Speech Handicapped (Part-Time Program)	821,745	794,747	(26,998)
3317 Homebound	\$ 53,367	57,058	\$ 3,691

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 33,766	29,737	\$ (4,029)
3322 Educable Mentally Handicapped	84,490	70,323	(14,167)
3323 Learning Disabilities	1,051,338	1,110,439	59,101
3324 Hearing Handicapped	7,241	7,607	366
3325 Visually Handicapped	17,378	10,611	(6,767)
3326 Orthopedically Handicapped	14,972	14,521	(451)
3327 Vocational	1,713,616	1,505,033	(208,583)
3330 Other EFA Programs:			
3331 Autism	69,873	90,138	20,265
3375 Education Foundation Supplement	-	78,260	78,260
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	2,148,611	2,148,612	1
3820 Homestead Exemption (Tier 2)	1,200,583	1,200,583	-
3825 Reimbursement for Property Tax Relief (Tier 3)	4,710,785	4,708,801	(1,984)
3830 Merchant's Inventory Tax	120,000	158,280	38,280
3840 Manufacturers Depreciation Reimbursement	230,000	236,892	6,892
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	185,000	117,750	(67,250)
Total Revenue from State Sources	<u>24,164,233</u>	<u>25,181,483</u>	<u>1,017,250</u>
TOTAL REVENUE ALL SOURCES	<u>39,259,498</u>	<u>40,639,023</u>	<u>1,379,525</u>
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,036,936	1,107,509	(70,573)
140 Terminal Leave	-	405	(405)
200 Employee Benefits	364,571	389,526	(24,955)
300 Purchased Services	7,691	7,690	1
400 Supplies and Materials	16,664	15,559	1,105
112 Primary Programs:			
100 Salaries	3,519,313	3,563,846	(44,533)
140 Terminal Leave	-	990	(990)
200 Employee Benefits	1,167,266	1,205,510	(38,244)
300 Purchased Services	27,287	25,580	1,707
400 Supplies and Materials	86,547	81,170	5,377
600 Other Objects	66,092	49,632	16,460
113 Elementary Programs:			
100 Salaries	5,365,220	5,481,303	(116,083)
200 Employee Benefits	1,746,075	1,820,830	(74,755)
300 Purchased Services	40,492	41,496	(1,004)
400 Supplies and Materials	\$ 97,144	97,049	\$ 95

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 4,191,225	4,114,330	\$ 76,895
200 Employee Benefits	1,363,885	1,357,524	6,361
300 Purchased Services	31,167	28,579	2,588
400 Supplies and Materials	89,497	88,048	1,449
115 Career and Technology Education Program:			
100 Salaries	802,798	808,993	(6,195)
200 Employee Benefits	256,664	261,453	(4,789)
300 Purchased Services - Other Than Tuition	3,307	1,981	1,326
400 Supplies and Materials	27,299	8,583	18,716
500 Capital Outlay	-	5,570	(5,570)
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	292,599	398,812	(106,213)
140 Terminal Leave	-	135	(135)
200 Employee Benefits	101,879	129,259	(27,380)
300 Purchased Services	872	512	360
400 Supplies and Materials	10,327	806	9,521
122 Trainable Mentally Handicapped:			
100 Salaries	121,094	114,296	6,798
200 Employee Benefits	40,052	36,162	3,890
300 Purchased Services	36,000	27,716	8,284
400 Supplies and Materials	3,447	1,478	1,969
123 Orthopedically Handicapped:			
100 Salaries	2,273	2,273	-
200 Employee Benefits	501	517	(16)
300 Purchased Services	2,970	519	2,451
400 Supplies and Materials	504	-	504
124 Visually Handicapped:			
100 Salaries	4,547	4,547	-
200 Employee Benefits	6,645	1,033	5,612
300 Purchased Services	12,670	-	12,670
400 Supplies and Materials	324	648	(324)
125 Hearing Handicapped:			
100 Salaries	18,572	-	18,572
200 Employee Benefits	5,871	-	5,871
126 Speech Handicapped:			
100 Salaries	138,669	137,684	985
200 Employee Benefits	43,134	42,418	716
300 Purchased Services	1,000	1,355	(355)
400 Supplies and Materials	\$ 5,625	6,042	\$ (417)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
127 Learning Disabilities:			
100 Salaries	\$ 992,935	930,375	\$ 62,560
140 Terminal Leave	-	165	(165)
200 Employee Benefits	335,224	308,505	26,719
300 Purchased Services	750	1,525	(775)
400 Supplies and Materials	12,954	640	12,314
128 Emotionally Handicapped:			
100 Salaries	80,295	96,280	(15,985)
200 Employee Benefits	42,486	40,264	2,222
400 Supplies and Materials	3,425	454	2,971
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	14,938	15,987	(1,049)
200 Employee Benefits	4,597	6,440	(1,843)
139 Early Childhood Programs:			
100 Salaries	258,267	244,558	13,709
140 Terminal Leave	-	165	(165)
200 Employee Benefits	98,122	87,943	10,179
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	2,693	1,795	898
200 Employee Benefits	20,933	396	20,537
300 Purchased Services	2,160	-	2,160
145 Homebound:			
100 Salaries	30,000	32,625	(2,625)
200 Employee Benefits	6,000	7,233	(1,233)
300 Purchased Services	12,600	9,114	3,486
149 Other Special Programs:			
100 Salaries	-	8,062	(8,062)
200 Employee Benefits	-	1,792	(1,792)
300 Purchased Services	500,000	500,000	-
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	65,340	62,157	3,183
200 Employee Benefits	34,258	25,627	8,631
400 Supplies and Materials	-	724	(724)
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
400 Supplies and Materials	\$ 1,166	1,266	\$ (100)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
185 Vocational Adult Education Programs:			
100 Salaries	\$ 54,816	54,606	\$ 210
200 Employee Benefits	19,038	20,626	(1,588)
188 Parenting/Family Literacy:			
100 Salaries	25,663	37,207	(11,544)
140 Terminal Leave	-	233	(233)
200 Employee Benefits	8,878	11,034	(2,156)
190 Instructional Pupil Activity:			
300 Purchased Services	4,950	-	4,950
Total Instruction	<u>23,789,203</u>	<u>23,977,166</u>	<u>(187,963)</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	260,115	260,669	(554)
200 Employee Benefits	104,621	85,613	19,008
300 Purchased Services	4,220	8,548	(4,328)
400 Supplies and Materials	2,875	3,768	(893)
212 Guidance Services:			
100 Salaries	885,029	823,841	61,188
140 Terminal Leave	-	315	(315)
200 Employee Benefits	267,063	255,214	11,849
213 Health Services:			
100 Salaries	293,982	296,212	(2,230)
140 Terminal Leave	-	3,422	(3,422)
200 Employee Benefits	98,101	93,459	4,642
300 Purchased Services	14,678	10,561	4,117
400 Supplies and Materials	4,130	990	3,140
600 Other Objects	182	-	182
214 Psychological Services:			
100 Salaries	90,472	90,472	-
200 Employee Benefits	29,956	28,208	1,748
300 Purchased Services	1,800	3,769	(1,969)
400 Supplies and Materials	2,657	1,387	1,270
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	326,282	258,830	67,452
140 Terminal Leave	-	420	(420)
200 Employee Benefits	99,533	82,891	16,642
300 Purchased Services	40,196	32,720	7,476
400 Supplies and Materials	6,213	6,609	(396)
600 Other Objects	\$ 5,486	4,882	\$ 604

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
222 Library and Media Services:			
100 Salaries	\$ 732,359	640,284	\$ 92,075
200 Employee Benefits	228,086	208,084	20,002
400 Supplies and Materials	72,049	69,170	2,879
223 Supervision of Special Programs:			
100 Salaries	148,341	145,613	2,728
140 Terminal Leave	-	113	(113)
200 Employee Benefits	53,806	54,285	(479)
300 Purchased Services	-	60	(60)
400 Supplies and Materials	2,187	2,145	42
600 Other Objects	194	-	194
224 Improvement of Instruction-Inservice and Staff Training:			
300 Purchased Services	32,830	34,437	(1,607)
400 Supplies and Materials	-	624	(624)
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	36,900	39,150	(2,250)
200 Employee Benefits	317,566	83,390	234,176
300 Purchased Services	51,245	50,408	837
318 Audit Services	40,468	42,765	(2,297)
400 Supplies and Materials	842	1,747	(905)
600 Other Objects	221,753	223,578	(1,825)
232 Office of Superintendent:			
100 Salaries	227,804	225,224	2,580
140 Terminal Leave	-	20,192	(20,192)
200 Employee Benefits	51,738	58,546	(6,808)
300 Purchased Services	9,151	8,121	1,030
400 Supplies and Materials	5,650	5,820	(170)
600 Other Objects	6,480	9,241	(2,761)
233 School Administration:			
100 Salaries	2,690,355	2,695,879	(5,524)
140 Terminal Leave	-	2,634	(2,634)
200 Employee Benefits	852,891	865,314	(12,423)
300 Purchased Services	25,737	24,865	872
400 Supplies and Materials	51,124	48,112	3,012
252 Fiscal Services:			
100 Salaries	409,038	407,018	2,020
140 Terminal Leave	-	86	(86)
200 Employee Benefits	123,091	125,920	(2,829)
300 Purchased Services	5,524	9,419	(3,895)
400 Supplies and Materials	5,154	4,908	246
600 Other Objects	\$ 648	289	\$ 359

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 587,575	550,264	\$ 37,311
140 Terminal Leave	-	7,968	(7,968)
200 Employee Benefits	164,275	175,503	(11,228)
300 Purchased Services	1,856,901	1,874,754	(17,853)
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	215,000	206,642	8,358
400 Supplies and Materials	292,608	228,356	64,252
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,679,503	1,564,308	115,195
500 Capital Outlay	12,644	40,416	(27,772)
600 Other Objects	69,582	124,092	(54,510)
255 Student Transportation (State Mandated):			
100 Salaries	1,030,174	1,173,058	(142,884)
140 Terminal Leave	-	296	(296)
200 Employee Benefits	303,207	385,951	(82,744)
300 Purchased Services	44,066	11,602	32,464
400 Supplies and Materials	3,780	3,749	31
256 Food Service:			
140 Terminal Leave	-	720	(720)
200 Employee Benefits	390,000	488,597	(98,597)
257 Internal Services:			
200 Employee Benefits	15,000	-	15,000
300 Purchased Services	136,277	76,140	60,137
400 Supplies and Materials	22,800	22,373	427
600 Other Objects	351,838	12,698	339,140
258 Security:			
300 Purchased Services	278,000	271,626	6,374
264 Staff Services:			
100 Salaries	236,975	250,277	(13,302)
200 Employee Benefits	75,016	83,329	(8,313)
300 Purchased Services	38,280	25,905	12,375
400 Supplies and Materials	3,237	4,695	(1,458)
600 Other Objects	5,767	5,032	735
266 Technology and Data Processing Services:			
100 Salaries	271,824	271,892	(68)
200 Employee Benefits	87,469	90,893	(3,424)
300 Purchased Services	79,037	78,698	339
400 Supplies and Materials	7,070	6,503	567
500 Capital Outlay	\$ 37,513	37,512	\$ 1

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

Schedule A-2

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	REVISED BUDGET	ACTUAL	VARIANCE
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	\$ 381,922	355,408	\$ 26,514
200 Employee Benefits (Optional)	53,749	75,287	(21,538)
300 Purchased Services (Optional)	38,000	65,193	(27,193)
660 Pupil Activity	42,600	42,600	-
Total Support Services	<u>17,752,291</u>	<u>17,072,578</u>	<u>679,713</u>
300 Community Services:			
320 Community Recreation Services:			
300 Purchased Services	1,000	-	1,000
390 Other Community Services:			
300 Purchased Services	5,000	3,000	2,000
600 Other Objects	4,000	2,640	1,360
Total Community Services	<u>10,000</u>	<u>5,640</u>	<u>4,360</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
411 Payments to the SDE			
720 Transits	-	50,450	(50,450)
412 Payments to Other Governmental Units			
720 Transits	48,100	30,114	17,986
Total Intergovernmental Expenditures	<u>48,100</u>	<u>80,564</u>	<u>(32,464)</u>
500 Debt Service:			
610 Principal	-	11,634	(11,634)
Total Debt Service	<u>-</u>	<u>11,634</u>	<u>(11,634)</u>
TOTAL EXPENDITURES	<u>41,599,594</u>	<u>41,147,582</u>	<u>452,012</u>
OTHER FINANCING SOURCES (USES)			
5300 Sale of Capital Assets	-	16,627	16,627
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	804,617	780,609	(24,008)
5250 Transfer from Capital Projects Fund	-	220,413	220,413
5280 Transfer from Other Funds Indirect Costs	282,666	360,784	78,118
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,087,283</u>	<u>1,378,433</u>	<u>291,150</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,252,813)	869,874	2,122,687
FUND BALANCE, Beginning of Year	<u>9,975,327</u>	<u>9,975,327</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 8,722,514</u>	<u>10,845,201</u>	<u>\$ 2,122,687</u>

(Continued)

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SPECIAL REVENUE FUNDS

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

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

**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, 2012

	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 9th Grade Awareness	-	-
3117 EEDA 8th Grade Awareness	-	-
3118 EEDA Career Specialist	-	-
3120 General Education:		
3123 Formative Assessment	-	-
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	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
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)	CATE (VA Projects) (207/208)	(FP/FQ Projects) (209/210)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	91	\$ 91
-	-	-	-	-	33,319	33,319
-	-	-	-	-	489,329	489,329
-	-	-	-	-	219,721	219,721
-	-	-	-	-	742,460	742,460
-	-	-	-	-	37,436	37,436
-	-	-	-	-	37,436	37,436
-	-	-	-	37,002	-	37,002
-	-	-	-	2,690	-	2,690
-	-	-	-	167,150	-	167,150
-	-	-	-	63,800	-	63,800
-	-	-	-	44,611	-	44,611
-	-	-	-	2,414	-	2,414
-	-	-	-	244,548	-	244,548
-	-	-	-	2,652	-	2,652
-	-	-	-	16,041	-	16,041
-	-	-	-	264,508	-	264,508
-	-	-	-	2,789	-	2,789
-	-	-	-	848,205	-	\$ 848,205

(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, 2012

	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)	1,582,683	-
4312 Rural and Low-Income School Program, Title VI (Carryover Provision)	-	-
4314 School Improvement Grant	-	-
4315 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,359,136
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4992 U.S. Forest Commission	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,582,683</u>	<u>1,359,136</u>
TOTAL REVENUE ALL SOURCES	<u>1,582,683</u>	<u>1,359,136</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	54,277	-
200 Employee Benefits	15,551	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	126,057	-
200 Employee Benefits	41,192	-
300 Purchased Services	31,860	-
400 Supplies and Materials	\$ 106,191	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	(FP/FQ Projects) (209/210)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	101,654	-	-	-	-	\$ 101,654
-	-	-	-	-	31,509	1,614,192
-	-	-	-	-	161,549	161,549
-	-	-	-	-	784,325	784,325
-	-	-	-	-	5,141	5,141
-	-	-	-	-	64,146	64,146
-	-	-	-	-	308,935	308,935
-	-	-	136,510	-	-	136,510
-	-	-	-	-	-	1,359,136
75,178	-	-	-	-	-	75,178
-	-	-	-	-	11,626	11,626
-	-	-	-	-	139,181	139,181
75,178	101,654	-	136,510	-	1,506,412	4,761,573
75,178	101,654	-	136,510	848,205	2,286,308	6,389,674
-	-	-	-	-	50,517	104,794
-	-	-	-	-	16,712	32,263
-	-	-	-	947	1,633	2,580
-	-	-	-	147,875	140,345	414,277
-	-	-	-	48,600	40,328	130,120
-	-	-	-	-	2,334	34,194
-	-	-	-	657	8,254	\$ 115,102

(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, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
113 Elementary Programs:		
100 Salaries	\$ 189,440	-
200 Employee Benefits	61,594	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	118,622
200 Employee Benefits	-	42,243
300 Purchased Services	-	-
400 Supplies and Materials	-	717
122 Trainable Mentally Handicapped:		
100 Salaries	-	22,173
200 Employee Benefits	-	6,340
300 Purchased Services	-	-
400 Supplies and Materials	-	-
123 Orthopedically Handicapped:		
300 Purchased Services	-	-
400 Supplies and Materials	-	126
500 Capital Outlay	-	-
124 Visually Handicapped:		
300 Purchased Services	-	-
126 Speech Handicapped:		
100 Salaries	-	280,051
200 Employee Benefits	-	92,036
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	563

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	(FP/FQ Projects) (209/210)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	37,018	38,657	\$ 265,115
-	-	-	-	15,197	12,581	89,372
-	-	-	-	1,118	4,486	5,604
-	-	-	-	4,161	8,525	12,686
-	-	-	-	1,081	259,542	260,623
-	-	-	-	253	35,320	35,573
-	-	-	-	14,643	40,646	55,289
-	-	-	-	-	183,656	183,656
-	48,350	-	-	-	-	48,350
-	17,685	-	-	-	-	17,685
-	7,000	-	-	-	-	7,000
-	14,856	-	-	-	17,610	32,466
-	-	-	-	-	10,000	10,000
-	-	-	-	-	6,796	125,418
-	-	-	-	-	1,602	43,845
-	-	-	-	-	1,267	1,267
-	-	-	-	-	354	1,071
-	-	-	-	-	4,022	26,195
-	-	-	-	-	1,724	8,064
-	-	-	-	-	1,737	1,737
-	-	-	-	-	56	56
-	-	-	-	-	126	126
-	-	-	-	-	24	150
-	-	-	-	-	6,417	6,417
-	-	-	-	-	441	441
-	-	-	-	-	6,131	286,182
-	-	-	-	-	1,366	93,402
-	-	-	-	-	591	591
-	-	-	-	-	971	\$ 1,534

(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, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
127 Learning Disabilities:		
100 Salaries	\$ -	309,772
200 Employee Benefits	-	107,987
300 Purchased Services	-	-
400 Supplies and Materials	-	-
128 Emotionally Handicapped:		
100 Salaries	-	2,076
200 Employee Benefits	-	655
130 Pre-School Programs:		
133 Pre-School Handicapped Self-Contained (5-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
135 Pre-School Handicapped Speech (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	146
136 Pre-School Handicapped Itinerant (3 & 4-Yr. Olds):		
100 Salaries	-	-
200 Employee Benefits	-	-
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	14,000
200 Employee Benefits	-	7,000
400 Supplies and Materials	-	150
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	20,329
200 Employee Benefits	-	8,109
170 Summer School Programs:		
172 Elementary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
173 High School Summer School:		
100 Salaries	-	-
200 Employee Benefits	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	(FP/FQ Projects) (209/210)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	24,994	\$ 334,766
-	-	-	-	-	5,671	113,658
-	-	-	-	-	9,819	9,819
-	-	-	-	-	455	455
-	-	-	-	-	1,570	3,646
-	-	-	-	-	370	1,025
-	-	-	-	-	2,044	2,044
-	-	-	-	-	432	432
-	-	-	-	-	7,565	7,565
-	-	-	-	-	1,795	1,795
-	-	-	-	-	-	146
-	-	-	-	-	1,466	1,466
-	-	-	-	-	318	318
9,179	-	-	-	-	3,265	26,444
2,521	-	-	-	-	1,242	10,763
-	-	-	-	-	-	150
42,541	-	-	-	-	4,539	47,080
18,747	-	-	-	-	220	18,967
-	-	-	-	-	555	555
-	-	-	-	-	11,478	31,807
-	-	-	-	-	2,569	10,678
-	-	-	-	4,278	-	4,278
-	-	-	-	941	-	941
-	-	-	-	1,104	-	1,104
-	-	-	-	258	-	\$ 258

(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, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	\$ 62,670	-
200 Employee Benefits	13,755	-
300 Purchased Services	988	-
400 Supplies and Materials	5,840	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	6,955	-
Total Instruction	<u>716,370</u>	<u>1,033,095</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	(FP/FQ Projects) (209/210)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	26,024	\$ 88,694
-	-	-	-	-	5,583	19,338
-	-	-	-	-	-	988
-	-	-	-	-	6,252	12,092
-	-	-	55,985	-	-	55,985
-	-	-	12,348	-	-	12,348
-	-	-	2,000	-	-	2,000
-	-	-	5,074	14,445	4,746	24,265
-	-	-	-	-	12,244	12,244
-	-	-	30,575	-	-	30,575
-	-	-	6,769	-	-	6,769
-	-	-	16,185	-	-	16,185
-	-	-	3,784	-	-	3,784
-	-	-	-	-	3,160	3,160
-	-	-	-	-	56,959	56,959
-	-	-	-	-	19,178	19,178
-	-	-	-	-	2,634	2,634
-	-	-	-	-	9,701	16,656
<u>72,988</u>	<u>87,891</u>	<u>-</u>	<u>132,720</u>	<u>292,576</u>	<u>1,131,619</u>	<u>3,467,259</u>
-	-	-	-	-	36,431	36,431
-	-	-	-	-	11,552	11,552
-	-	-	-	128,737	48,717	177,454
-	-	-	-	38,413	14,401	52,814
-	8,763	-	-	-	-	8,763
-	-	-	-	176,795	71,106	247,901
-	-	-	-	67,752	21,392	89,144
-	-	-	-	-	1,332	1,332
-	-	-	-	-	16,500	\$ 16,500

(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, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
214 Psychological Services:		
100 Salaries	\$ -	77,678
200 Employee Benefits	-	24,405
300 Purchased Services	-	-
400 Supplies and Materials	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	494,152	-
200 Employee Benefits	164,095	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
222 Library and Media:		
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	74,472	142,810
200 Employee Benefits	16,671	37,970
300 Purchased Services	8,039	213
400 Supplies and Materials	15,254	1,448
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	38,818	1,476
400 Supplies and Materials	-	-
230 General Administration Services:		
233 School Administration:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	3,322	-
200 Employee Benefits	764	-
300 Purchased Services	4,755	-
253 Facilities Acquisition and Construction:		
300 Purchased Services	-	-
530 Improvements Other Than Buildings	-	-
540 Equipment	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	(FP/FQ Projects) (209/210)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	240	\$ 77,918
-	-	-	-	-	53	24,458
-	-	-	-	-	299	299
-	-	-	-	-	841	841
-	-	-	-	61,882	69,440	625,474
-	-	-	-	18,950	32,284	215,329
-	-	-	-	63,800	-	63,800
-	-	-	-	238	4,486	4,724
-	-	-	-	-	1,556	1,556
-	-	-	-	-	45,274	262,556
-	-	-	-	-	13,560	68,201
-	-	-	-	-	5,440	13,692
-	-	-	-	-	7,696	24,398
-	-	-	-	2,086	26,085	28,171
-	-	-	-	462	7,139	7,601
-	5,000	-	-	410	188,769	234,473
-	-	-	-	-	1,768	1,768
-	-	-	-	-	70,000	70,000
-	-	-	-	-	20,176	20,176
-	-	-	-	-	183	183
-	-	-	-	-	6,888	10,210
-	-	-	-	-	1,283	2,047
-	-	-	-	-	7,959	12,714
-	-	-	-	-	13,524	13,524
-	-	-	-	-	23,935	23,935
-	-	-	-	-	2,934	2,934
-	-	-	-	-	2,957	2,957
-	-	-	-	-	3,580	\$ 3,580

(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, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
	<u> </u>	<u> </u>
255 Student Transportation (State Mandated):		
300 Purchased Services	\$ -	-
257 Internal Services:		
400 Supplies and Materials	-	-
260 Central Support Services:		
264 Staff Services:		
600 Other Objects	-	-
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
300 Purchased Services (Optional)	-	-
400 Supplies and Materials (Optional)	-	-
Total Support Services	<u>820,342</u>	<u>286,000</u>
410 Intergovernmental Expenditures:		
412 Payments to Other Governmental Units		
720 Transits	-	-
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,536,712</u>	<u>1,319,095</u>

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	(FP/FQ Projects) (209/210)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	1,389	\$ 1,389
-	-	-	-	-	392	392
-	-	-	-	-	6,470	6,470
-	-	-	-	-	39,169	39,169
-	-	-	-	2,652	37,067	39,719
-	-	-	-	-	24,066	24,066
-	-	-	-	-	43,460	43,460
-	-	-	-	-	27,842	27,842
<u>-</u>	<u>13,763</u>	<u>-</u>	<u>-</u>	<u>562,177</u>	<u>959,635</u>	<u>2,641,917</u>
-	-	-	-	-	1,902	1,902
-	-	-	-	-	172,805	172,805
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,707</u>	<u>174,707</u>
<u>72,988</u>	<u>101,654</u>	<u>-</u>	<u>132,720</u>	<u>854,753</u>	<u>2,265,961</u>	<u>\$ 6,283,883</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, 2012

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)
	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
5220 Transfer from Special Revenue Fund (Exclude Indirect Costs)	\$ -	-
5230 Transfer from Special Revenue EIA Fund	-	-
421-710 Transfer to Special Revenue Fund	-	-
431-791 Special Revenue Fund Indirect Costs (Use Only for Transfer of Indirect Costs to General Fund)	(45,971)	(40,041)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(45,971)</u>	<u>(40,041)</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>

Note: Revenue code 4999 includes \$28,789 received from the South Carolina Energy Office. In accordance with the terms of the grant, the District will repay 25% of the grant amount in a zero-interest bearing loan over 4 years.

Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	(FP/FQ Projects) (209/210)	Adult Education (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	13,618	-	\$ 13,618
-	-	-	-	6,548	-	6,548
-	-	-	-	(13,618)	-	(13,618)
(2,190)	-	-	(3,790)	-	(37,285)	(129,277)
<u>(2,190)</u>	<u>-</u>	<u>-</u>	<u>(3,790)</u>	<u>6,548</u>	<u>(37,285)</u>	<u>(122,729)</u>
-	-	-	-	-	(16,938)	(16,938)
-	-	-	-	-	47,755	47,755
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,817</u>	<u>\$ 30,817</u>

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2012

OTHER DESIGNATED RESTRICTED STATE GRANTS

916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
919	Education License Plates
926	EEDA 9th Grade Awareness
927	EEDA 8th Grade 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
960	K-5 Enhancement (Carryover Provision)
967	6-8 Enhancement (Carryover Provision)

OTHER SPECIAL REVENUE PROGRAMS

221	Title I (Neglected and Delinquent)
223	School Improvement (ARRA), Title I
234	School Improvement Grant
237	Title I - School Improvement
246	US Forestry Commission
251	Rural and Low Income School Program, Title VI (Carryover Provision)
255	Medicaid
264	Title III - LEP
267	Improving Teacher Quality (Carryover Provision)
272	JROTC
273	SC Energy Office
800	Carowinds
803	Parenting
804	DHEC Grant
805	DHEC Grant
806	DSS Child Care Grant
807	Donations - Retirements/TOY
808	Activity Buses
809	Teaching American History
810	DHEC Grant
814	NCCC House Account
815	After School Tutoring
817	DHEC Grant
820	Advance SC (NMS/NCCC)
824	Adult Ed - Louis Rich
826	Copiers
850	E-Rate
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, 2012

Subfund	Revenue	Programs	Revenues		Special Revenue		Special Revenue Fund Deferred
					Interfund Transfers In (Out)	Other Fund Transfers Sources (Uses)	
916	3991	ADEPT (Assisting, Developing and Evaluating Professional Teaching) (Carryover Only)	\$ 2,789	2,789	-	-	\$ -
919	3193	Education License Plates	2,652	2,652	-	-	2,059
926	3116	EEDA 9th Grade Awareness	37,002	37,002	-	-	12,322
927	3117	EEDA 8th Grade Awareness	2,690	2,690	-	-	-
928	3118	EEDA Career Specialists	167,150	167,150	-	-	4,362
933	3123	Formative Assessment	63,800	63,800	-	-	9,579
936	3136	Student Health and Fitness - Nurses	244,548	244,548	-	-	9,065
937	3127	Student Health and Fitness - PE Teachers	44,611	51,159	-	6,548	-
938	3128	High Schools That Work	2,414	2,414	-	-	12,516
960	3610	K-5 Enhancement	264,508	278,126	13,618	-	2,525
967	3607	6-8 Enhancement	16,041	2,423	(13,618)	-	1,146
Totals			\$ 848,205	854,753	-	6,548	\$ 53,574

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 7,802
3511 Professional Development	54,585
3525 Career and Technology Education Equipment	58,031
3526 Refurbishment of K-8 Science Kits	37,329
3530 Trainable & Profoundly Mentally Disabled Student Services (Students with Moderate to Severe Intellectual Disabilities)	10,553
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	545,749
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	1,195,625
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	174,952
3542 Preschool Programs for Children with Disabilities	16,442
3544 High Achieving Students	248,844
3550 Teacher Salary Increase (No Carryover Provision)	642,556
3555 School Employer Contributions (No Carryover Provision)	138,053
3556 Adult Education	190,256
3558 Reading	5,625
3568 EAA Technical Assistance (Carryover Only)	2,138
3577 Teacher Supplies (No Carryover Provision)	111,250
3578 High Schools That Work/Making Middle Grades Work	5,771
3585 Aid to Districts-Special Education	312,451
3588 IDEA MOE Special Allocation	491,118
3592 Work-Based Learning	22,256
3597 Aid to Districts	136,118
3599 Other EIA	31,587
Total Revenue from State Sources	<u>4,440,168</u>
TOTAL REVENUE ALL SOURCES	<u>4,440,168</u>

EXPENDITURES

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	97,558
200 Employee Benefits	35,754
400 Supplies and Materials	\$ 4,753

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
112 Primary Programs:	
100 Salaries	\$ 538,677
200 Employee Benefits	168,974
400 Supplies and Materials	15,469
113 Elementary Programs:	
100 Salaries	476,296
140 Terminal Leave	255
200 Employee Benefits	150,256
400 Supplies and Materials	59,183
114 High School Programs:	
100 Salaries	193,835
140 Terminal Pay	180
200 Employee Benefits	49,192
400 Supplies and Materials	36,900
500 Capital Outlay	10,997
115 Career and Technology Education Program:	
500 Capital Outlay	58,031
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	146,519
200 Employee Benefits	52,628
300 Purchased Services	1,211
400 Supplies and Materials	37,360
122 Trainable Mentally Handicapped:	
100 Salaries	97,966
200 Employee Benefits	34,053
300 Purchased Services	2,492
400 Supplies and Materials	4,244
123 Orthopedically Handicapped:	
100 Salaries	1,632
200 Employee Benefits	396
400 Supplies and Materials	133
124 Visually Handicapped:	
300 Purchased Services	2,039
400 Supplies and Materials	24,172
125 Hearing Handicapped:	
300 Purchased Services	13,490
400 Supplies and Materials	1,077
126 Speech Handicapped:	
100 Salaries	44,442
200 Employee Benefits	15,258
300 Purchased Services	2,256
400 Supplies and Materials	\$ 4,689

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
127 Learning Disabilities:	
100 Salaries	\$ 4,707
200 Employee Benefits	1,038
300 Purchased Services	80,337
400 Supplies and Materials	30,870
128 Emotionally Handicapped:	
100 Salaries	120
200 Employee Benefits	10
400 Supplies and Materials	632
130 Pre-School Programs:	
133 Preschool Handicapped Self- Contained (5-Yr. Olds):	
400 Supplies and Materials	1,458
136 Preschool Handicapped Itinerant (3- and 4- Yr. Olds):	
300 Purchased Services	28
400 Supplies and Materials	1,624
137 Preschool Handicapped Self-Contained (3- and 4- Yr. Olds):	
100 Salaries	23,465
200 Employee Benefits	9,324
400 Supplies and Materials	70
139 Early Childhood Programs:	
100 Salaries	129,335
200 Employee Benefits	47,236
400 Supplies and Materials	6,564
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	129,426
140 Terminal Pay	90
200 Employee Benefits	39,408
143 Advanced Placement:	
400 Supplies and Materials	1,246
145 Homebound:	
100 Salaries	38,992
200 Employee Benefits	8,564
148 Gifted and Talented - Artistic:	
100 Salaries	1,667
300 Purchased Services	6,479
400 Supplies and Materials	11,795
500 Capital Outlay	999
160 Other Exceptional Programs:	
161 Autism:	
100 Salaries	32,365
200 Employee Benefits	15,661
400 Supplies and Materials	\$ 396

(Continued)

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

Schedule B-4

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	\$ 971
200 Employee Benefits	360
400 Supplies and Materials	17,727
500 Capital Outlay	6,940
182 Adult Secondary Education Programs:	
100 Salaries	1,517
400 Supplies and Materials	362
183 Adult Education Literacy (ESL):	
300 Purchased Services	310
Total Instruction	<u>3,034,460</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	7,500
200 Employee Benefits	1,641
400 Supplies and Materials	5,000
214 Psychological Services:	
100 Salaries	585
200 Employee Benefits	129
300 Purchased Services	37,613
400 Supplies and Materials	4,434
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	74,589
200 Employee Benefits	21,892
400 Supplies and Materials	2,660
222 Library and Media:	
100 Salaries	27,136
200 Employee Benefits	9,576
400 Supplies and Materials	5,138
223 Supervision of Special Programs:	
100 Salaries	182,720
140 Terminal Pay	5
200 Employee Benefits	70,287
300 Purchased Services	27,181
400 Supplies and Materials	29,557
500 Capital Outlay	\$ 9,085

(Continued)

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

Schedule B-4

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	\$ 19,069
200 Employee Benefits	5,582
300 Purchased Services	49,263
400 Supplies and Materials	6,230
250 Finance and Operations Services:	
251 Student Transportation (Federal/District Mandated):	
300 Purchased Services	3,202
254 Operation and Maintenance of Plant:	
500 Capital Outlay	18,477
Total Support Services	<u>618,551</u>
 TOTAL EXPENDITURES	 <u>3,653,011</u>
 OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	84,082
420-710 Transfer to General Fund (Exclude Indirect Costs)	(780,609)
421-710 Transfer to Special Revenue Fund	(6,548)
422-710 Transfer to EIA Fund	(84,082)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(787,157)</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, 2012

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 7,802	7,802	-	-	\$ -
3511 Professional Development	54,585	54,585	-	-	-
3525 Career and Technology Education Equipment	58,031	58,031	-	-	51,848
3526 Refurbishment of K-8 Science Kits	37,329	15,730	(21,599)	-	769
3530 Trainable & Profoundly Mentally Disabled Student Services (Students with Moderate to Severe Intellectual Disabilities)	10,553	10,553	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	545,749	545,749	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3538 EAA Principal Leader (No Carryover Provision)	1,195,625	1,256,858	61,233	-	-
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	174,952	181,384	6,432	-	1,614
3542 Preschool Programs for Children with Disabilities	16,442	32,859	16,417	-	5,688
3544 High Achieving Students	248,844	192,793	(56,051)	-	2,255
3550 Teacher Salary Increase (No Carryover Provision)	642,556	-	-	(642,556)	-
3555 School Employer Contributions (No Carryover Provision)	138,053	-	-	(138,053)	-
3556 Adult Education	190,256	190,256	-	-	12,265
3558 Reading	5,625	5,625	-	-	30,422
3568 EAA Technical Assistance (Carryover Only)	2,138	2,138	-	-	-
3577 Teacher Supplies (No Carryover Provision)	111,250	111,250	-	-	-
3578 High Schools That Work	5,771	5,771	-	-	1,336
3585 Aid to Districts-Special Education	312,451	312,451	-	-	105,958
3588 IDEA Maintenance of Effort Special Allocation	491,118	491,118	-	-	-
3592 School-to-Work Transition Act	22,256	22,256	-	-	-
3597 Aid to Districts	136,118	136,118	-	-	47,030
3598 Cost Savings Allocations	-	-	-	-	12,748
3599 Other EIA	31,587	18,607	(6,432)	(6,548)	182,069
Totals	\$ 4,440,168	3,653,011	-	(787,157)	\$ 454,002

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

YEAR ENDED JUNE 30, 2012

<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>
National Board Salary Supplement	N/A	3532 / 332	Unexpended Funds	\$ 934	To be paid after year-end
Teacher Supplies	N/A	3577 / 377	Unexpended Funds	500	To be paid after year-end
Improving Teacher Quality	12-TQ064	4351 / 267	Unexpended Funds	4,643	Paid after year-end
			Total Due	<u>\$ 6,077</u>	

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, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 5,635,213
1140 Penalties & Interest on Taxes (Independent)	331,200
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	472,718
1500 Earnings on Investments:	
1510 Interest on Investments	8,120
Total Revenue from Local Sources	<u>6,447,251</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	376,910
3830 Merchant's Inventory Tax	10,355
3840 Manufacturers Depreciation Reimbursement	67,212
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	32,923
Total Revenue from State Sources	<u>487,400</u>
TOTAL REVENUE ALL SOURCES	<u>6,934,651</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	6,200,000
620 Interest	55,880
690 Other Objects (Includes Fees for Servicing Bonds)	134,239
Total Debt Service	<u>6,390,119</u>
TOTAL EXPENDITURES	<u>6,390,119</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	63,080
5120 Proceeds of General Obligation Bonds	7,620,000
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service - NICE Fund	(3,715,277)
424-710 Transfer to Capital Projects Fund - District	(9,440,056)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,472,253)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(4,927,721)
FUND BALANCE, Beginning of Year	<u>5,551,001</u>
FUND BALANCE, End of Year	<u>\$ 623,280</u>

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

Schedule C-2

DEBT SERVICE FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
REVENUES	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 347,372
Total Revenue from Local Sources	<u>347,372</u>
TOTAL REVENUE ALL SOURCES	<u>347,372</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	1,500,000
620 Interest	4,061,825
Total Debt Service	<u>5,561,825</u>
TOTAL EXPENDITURES	<u>5,561,825</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service - District	3,715,277
5250 Transfer from Capital Projects Fund - NICE	1,500,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,215,277</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	824
FUND BALANCE, Beginning of Year	<u>7,948,045</u>
FUND BALANCE, End of Year	<u>\$ 7,948,869</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.

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

Schedule D-1

CAPITAL PROJECTS FUND - DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 25,036
Total Revenue from Local Sources	<u>25,036</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3172 Children's Education Endowment (Barnwell Facilities Fund)	260,841
Total Revenue from State Sources	<u>260,841</u>
TOTAL REVENUE ALL SOURCES	<u>285,877</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	481,561
400 Supplies and Materials	156,946
500 Capital Outlay:	
520 Construction Services	207,580
530 Improvements Other Than Buildings	25,422
540 Equipment	46,022
545 Technology, Equipment and Software	207,654
Total Support Services	<u>1,125,185</u>
TOTAL EXPENDITURES	<u>1,125,185</u>
OTHER FINANCING SOURCES (USES)	
5300 Proceeds from Sale of Capital Assets	249,025
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund - District	9,440,056
420-710 Transfer to General Fund (Exclude Indirect Cost)	(220,413)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,468,668</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	8,629,360
FUND BALANCE, Beginning of Year	<u>1,405,053</u>
FUND BALANCE, End of Year	<u>\$ 10,034,413</u>

CAPITAL PROJECTS FUND - NICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 298
Total Revenue from Local Sources	<u>298</u>
TOTAL REVENUE ALL SOURCES	<u>298</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	1,500
500 Capital Outlay:	
540 Equipment	19,575
600 Other Objects:	
690 Other Objects	14,180
Total Support Services	<u>35,255</u>
500 Debt Service:	
690 Other Objects	3,938
Total Debt Service	<u>3,938</u>
TOTAL EXPENDITURES	<u>39,193</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
423-710 Transfer to Debt Service Fund - NICE	(1,500,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,500,000)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,538,895)
FUND BALANCE, Beginning of Year	<u>3,802,548</u>
FUND BALANCE, End of Year	<u>\$ 2,263,653</u>

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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.

**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, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 469
1600 Food Service:	
1610 Lunch Sales to Pupils	477,454
1620 Breakfast Sales to Pupils	16
1630 Special Sales to Pupils	391,685
1640 Lunch Sales to Adults	84,071
1650 Breakfast Sales to Adults	1,338
1660 Special Sales to Adults	23,511
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	14,866
Total Revenue from Local Sources	<u>993,410</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	7,846
Total Revenue from State Sources	<u>7,846</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,675,948
4830 School Breakfast Program	989,549
4860 Fresh Fruit and Vegetable Program (FFVP) (Carryover Provision)	54,686
4870 School Food Service (Equipment)	15,000
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	178,061
4999 Revenue from Other Federal Sources	5,444
Total Revenue from Federal Sources	<u>2,918,688</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 3,919,944</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, 2012

	<u>ACTUAL</u>
EXPENSES	
256 Food Service:	
100 Salaries	\$ 1,368,933
200 Employee Benefits	174,290
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	83,532
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,648,010
500 Capital Outlay	90,747
600 Other Objects	25,284
Total Food Service Expenses	<u>3,390,796</u>
TOTAL EXPENSES	<u>3,390,796</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(231,507)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(231,507)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	297,641
FUND NET ASSETS, Beginning of Year	<u>1,925,045</u>
FUND NET ASSETS, End of Year	<u>\$ 2,222,686</u>

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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.

PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 5,005
1700 Pupil Activities:	
1710 Admissions	267,867
1720 Bookstore Sales	29,700
1730 Pupil Organization Membership Dues and Fees	4,163
1740 Student Fees	197,415
1790 Other	423,500
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	69,716
1999 Revenue from Other Local Sources	1,407,140
Total Receipts from Local Sources	<u>2,404,506</u>
TOTAL RECEIPTS ALL SOURCES	<u>2,404,506</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
500 Capital Outlay (Optional)	538
600 Other Objects (Optional)	666,613
Total Instruction	<u>667,151</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
500 Capital Outlay (Optional)	17,336
660 Pupil Activity	1,782,706
Total Pupil Activity Expenditures	<u>1,800,042</u>
TOTAL DISBURSEMENTS	<u>2,467,193</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(62,687)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>702,569</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 639,882</u>

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2012

	<u>BALANCE - BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE - END OF YEAR</u>
ASSETS				
Cash and Cash Equivalents	\$ 702,569	-	62,687	\$ 639,882
TOTAL ASSETS	<u><u>\$ 702,569</u></u>	<u><u>-</u></u>	<u><u>62,687</u></u>	<u><u>\$ 639,882</u></u>
LIABILITIES				
Due to Student Organizations	\$ 702,569	-	62,687	\$ 639,882
TOTAL LIABILITIES	<u><u>\$ 702,569</u></u>	<u><u>-</u></u>	<u><u>62,687</u></u>	<u><u>\$ 639,882</u></u>

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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 School District 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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THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 1

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	50,510,672	\$ 49,112,526
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	5,437,810	5,920,887
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	10,063,835	10,980,906
Total Governmental Activities Net Assets	\$ 49,112,840	\$ 59,712,662	\$ 61,958,257	\$ 63,182,571	\$ 65,271,297	\$ 67,871,248	\$ 66,110,054	\$ 65,956,332	\$ 66,012,317	\$ 66,014,319
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	194,863	\$ 307,300
Unrestricted	810,411	749,439	666,489	838,525	1,007,140	853,362	686,182	1,196,488	1,730,182	1,915,386
Total Business-Type Activities Net assets	\$ 1,442,663	\$ 1,387,484	\$ 1,235,784	\$ 1,343,414	\$ 1,430,478	\$ 1,197,518	\$ 962,016	\$ 1,431,687	\$ 1,925,045	\$ 2,222,686
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	50,705,535	\$ 49,419,826
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	5,437,810	5,920,887
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	11,794,017	12,896,292
Total Primary Government Net Assets	\$ 50,555,503	\$ 61,100,146	\$ 63,194,041	\$ 64,525,985	\$ 66,701,775	\$ 69,068,766	\$ 67,072,070	\$ 67,388,019	\$ 67,937,362	\$ 68,237,005

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 2

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
Instruction	\$ 26,632,864	28,324,484	25,712,628	31,472,381	32,875,292	34,134,897	35,091,390	33,666,768	32,517,676	\$ 32,752,100
Support Services	17,633,564	15,803,037	22,179,632	19,596,627	23,212,646	24,142,360	25,320,641	23,223,088	22,325,225	22,476,911
Community Services	2,045	4,594	6,151	11,127	4,409	12,530	4,920	5,456	7,017	5,640
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	4,128,344	4,123,207
Total Governmental Activities Expenses	44,400,345	44,225,244	48,004,952	54,390,132	60,500,744	62,640,972	64,697,458	61,105,896	58,978,262	59,357,858
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	3,074,166	3,390,796
Total Business-Type Activities Expenses	2,402,198	2,521,675	2,714,804	2,630,693	2,806,342	3,431,718	3,623,951	3,032,458	3,074,166	3,390,796
Total Primary Government Expenses	\$ 46,802,543	46,746,919	50,719,756	57,020,825	63,307,086	66,072,690	68,321,409	64,138,354	62,052,428	\$ 62,748,654
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 1,483	23,011	28,436	26,757	21,939	10,881	33,317	23,320	23,906	\$ 8,647
Support	-	138,308	242,985	510,262	554,201	583,601	487,192	368,830	478,358	489,329
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	26,825,355	26,514,017
Capital Grants and Contributions	-	6,445,937	279,658	-	22,022	16,724	-	7,700	344,024	279,318
Total Governmental Activities Program Revenue:	26,695,272	31,979,197	27,450,458	29,149,230	30,845,451	33,008,648	30,872,852	29,342,621	27,671,643	27,291,311
Business-Type Activities:										
Charges for Services:										
Food Service	817,151	834,427	890,604	946,906	934,671	919,860	933,033	955,776	927,399	978,075
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	2,800,684	2,941,400
Total Business-Type Activities Program Revenue	2,445,369	2,590,831	2,699,889	2,862,358	3,015,577	3,338,566	3,570,996	3,693,250	3,728,083	3,919,475
Total Primary Government Program Revenues	\$ 29,140,641	34,570,028	30,150,347	32,011,588	33,861,028	36,347,214	34,443,848	33,035,871	31,399,726	\$ 31,210,786
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)	(31,306,619)	\$(32,066,547)
Business-Type Activities	43,171	69,156	(14,915)	231,665	209,235	(93,152)	(52,955)	660,792	653,917	528,679
Total Primary Government Net (Expense)/Revenue	\$ (17,661,902)	(12,176,891)	(20,569,409)	(25,009,237)	(29,446,058)	(29,725,476)	(33,877,561)	(31,102,483)	(30,652,702)	\$(31,537,868)

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 2

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	14,925,763	\$ 15,414,043
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	6,318,080	6,454,966
Other Taxes	-	4,083,343	4,259,364	4,268,163	4,333,737	8,668,929	8,628,135	8,884,782	8,889,593	9,058,317
Unrestricted Grants and Contributions	94,701	38,702	24,687	20,553	36,682	38,094	94,706	47,777	18,758	28,802
Intergovernmental Revenue	395,323	33,819	53,336	52,296	51,800	51,800	50,147	43,563	36,129	57,586
Unrestricted Investment Earnings	260,760	313,940	316,366	2,673,316	3,542,107	2,740,205	1,492,433	790,917	481,930	402,029
Miscellaneous	181,482	332,915	391,463	375,883	376,924	624,134	551,938	498,613	500,235	421,299
Transfers	146,871	140,888	147,992	147,550	162,098	164,138	185,424	193,068	192,116	231,507
Total Governmental Activities	21,481,656	24,066,989	22,800,089	26,465,216	31,744,019	32,232,275	32,063,412	31,609,553	31,362,604	32,068,549
Business-Type activities:										
Unrestricted Investment Earnings	-	267	6,882	19,207	35,647	20,121	2,877	1,947	1,557	469
Miscellaneous	33,828	16,286	4,325	4,308	4,280	4,209	-	-	30,000	-
Transfers	(146,871)	(140,888)	(147,992)	(147,550)	(162,098)	(164,138)	(185,424)	(193,068)	(192,116)	(231,507)
Total Business-Type Activities	(113,043)	(124,335)	(136,785)	(124,035)	(122,171)	(139,808)	(182,547)	(191,121)	(160,559)	(231,038)
Total Primary Government	\$ 21,368,613	23,942,654	22,663,304	26,341,181	31,621,848	32,092,467	31,880,865	31,418,432	31,202,045	\$ 31,837,511
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)	55,985	\$ 2,002
Business-Type Activities	(69,872)	(55,179)	(151,700)	107,630	87,064	(232,960)	(235,502)	469,671	493,358	297,641
Total Primary Government	\$ 3,706,711	11,765,763	2,093,895	1,331,944	2,175,790	2,366,991	(1,996,696)	315,949	549,343	\$ 299,643

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	2003	2004	2005	2006 (2)	2007 (3)	2008 (3)	2009 (3)	2010 (3)	2011	2012
General Fund										
Pre-GASB 54 (1)										
Reserved	\$ 4,914	6,419	3,612	3,070	8,644	15,795	9,330	17,226	-	-
Unreserved	4,641,857	6,409,703	5,580,081	4,182,371	6,179,175	8,579,992	8,005,618	9,003,457	-	-
Post-GASB 54 (1)										
Nonspendable	-	-	-	-	-	-	-	-	1,850	7,459
Assigned	-	-	-	-	-	-	-	-	1,252,813	640,754
Unassigned	-	-	-	-	-	-	-	-	8,720,664	10,196,988
Total General Fund	\$ 4,646,771	6,416,122	5,583,693	4,185,441	6,187,819	8,595,787	8,014,948	9,020,683	9,975,327	\$ 10,845,201
All Other Governmental Funds										
Pre-GASB 54 (1)										
Reserved	\$ 13,261,102	10,325,194	7,409,128	80,402,709	65,854,313	41,364,130	23,420,754	18,270,882	-	-
Post-GASB 54 (1)										
Nonspendable	-	-	-	-	-	-	-	-	7,011	1,206
Restricted	-	-	-	-	-	-	-	-	18,747,391	20,899,826
Total all other governmental funds	\$ 13,261,102	10,325,194	7,409,128	80,402,709	65,854,313	41,364,130	23,420,754	18,270,882	18,754,402	\$ 20,901,032

Note: (1) The District implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54") in 2011. GASB 54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The District has elected to apply GASB 54 prospectively and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

(2) Increase due to issuance of N.I.C.E. revenue bonds.

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

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 12,597,945	13,287,796	13,860,667	14,554,824	17,276,645	14,376,104	15,127,985	15,090,893	14,909,724	\$ 15,338,588
Property Tax - Debt Service	4,583,513	4,414,984	3,748,285	4,559,900	5,647,748	5,721,221	5,918,948	5,938,187	6,313,674	6,439,131
Investment Earnings	260,761	313,940	316,366	2,673,317	3,542,107	2,740,204	1,492,432	790,921	481,929	402,029
Other Local Sources	859,324	272,923	472,797	734,045	775,136	1,051,422	973,123	785,904	738,449	840,209
State Sources	26,976,900	31,660,336	26,773,215	28,352,455	29,775,000	36,092,732	33,303,873	29,824,231	29,247,792	31,218,097
Federal Sources	3,173,876	4,518,522	4,559,875	4,728,379	5,042,655	5,195,660	5,510,758	7,853,529	7,093,991	4,761,573
Intergovernmental Revenue	394,855	33,819	53,336	51,246	51,800	51,800	50,147	43,563	36,129	37,436
Total Revenues	\$ 48,847,174	54,502,520	49,784,541	55,654,166	62,111,091	65,229,143	62,377,266	60,327,228	58,821,688	\$ 59,037,063
Expenditures										
Current:										
Instruction	\$ 25,956,402	27,059,740	28,806,207	30,104,008	31,228,890	32,497,487	32,946,557	31,269,795	30,159,073	\$ 30,184,033
Support Services	15,435,594	15,854,536	17,576,998	22,513,151	21,979,069	23,494,578	25,603,742	21,389,897	20,414,413	20,830,809
Community Services	2,045	4,594	6,151	11,127	4,409	12,530	4,920	5,456	7,017	5,640
Intergovernmental	24,472	60,391	23,497	172,211	204,441	202,955	244,468	376,487	248,873	255,271
Capital Outlay	6,824,959	12,027,310	6,619,866	9,906,157	15,087,578	25,146,967	16,902,065	6,163,290	1,253,089	957,529
Debt Service:										
Principal	4,850,000	4,400,000	4,500,000	4,760,000	1,830,000	1,720,000	1,045,000	1,185,000	1,335,000	7,711,634
Interest and Fiscal Charges	137,852	117,770	97,260	2,998,136	4,484,820	4,420,979	4,345,778	4,277,309	4,163,375	4,121,893
Bond Issuance Costs	-	-	-	1,210,665	-	-	-	-	-	133,989
Total Expenditures	53,231,324	59,524,341	57,629,979	71,675,455	74,819,207	87,495,496	81,092,530	64,667,234	57,580,840	64,200,798
Excess of Revenues Over (Under) Expenditures	(4,384,150)	(5,021,821)	(7,845,438)	(16,021,289)	(12,708,116)	(22,266,353)	(18,715,264)	(4,340,006)	1,240,848	(5,163,735)
Other Financing Sources (Uses)										
Transfers In	2,379,733	3,879,925	2,862,755	12,324,569	5,852,901	6,604,530	7,147,800	6,844,598	7,544,483	16,023,687
Transfers Out	(2,281,862)	(3,739,037)	(2,714,763)	(12,177,019)	(5,690,803)	(6,440,392)	(6,962,376)	(6,651,530)	(7,352,367)	(15,792,180)
Premium on Bonds Sold	6,410	2,306	-	2,743,878	-	-	-	-	-	63,080
Issuance of General Obligation Bonds	5,000,000	4,200,000	4,500,000	-	-	-	-	-	-	7,620,000
Issuance of NICE Bonds	-	-	-	84,725,000	-	-	-	-	-	-
Sale of Capital Assets	-	17,745	59,000	100	-	20,000	5,625	2,801	5,200	265,652
Medicaid Reimbursements	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	5,104,281	4,360,939	4,706,992	87,616,528	162,098	184,138	191,049	195,869	197,316	8,180,239
Net Change in Fund Balances	\$ 720,131	(660,882)	(3,138,446)	71,595,239	(12,546,018)	(22,082,215)	(18,524,215)	(4,144,137)	1,438,164	\$ 3,016,504
Capital Asset Expenditures	\$ 6,252,171	13,434,755	24,758,333	12,783,427	14,811,542	25,556,587	18,990,734	5,883,322	982,789	\$ 752,154
Debt Service as a Percentage of Noncapital Expenditures	10.6%	9.8%	14.0%	13.2%	10.5%	9.9%	8.7%	9.3%	9.7%	18.7%

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Total Real Property	Assessed Motor Vehicles		Total Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other		Motor Vehicles	Other					
2003	(A)	(A)	16,388,100	26,294,450	52,345,610	16,388,100	26,294,450	37,370,920	89,716,530	226.1	\$ 1,445,910,764	6.2%
2004	(A)	(A)	16,127,175	24,920,835	54,387,210	16,127,175	24,920,835	41,048,010	91,831,190	230.1	1,483,277,121	6.2%
2005	\$ 50,783,180	3,604,030	15,384,580	21,079,380	54,387,210	15,384,580	21,079,380	36,463,960	87,247,140	227.2	1,514,624,342	5.8%
2006	51,402,180	4,542,485	15,041,390	26,127,989	55,944,665	15,041,390	26,127,989	41,169,379	96,390,989	245.3	1,539,518,583	6.3%
2007	72,459,690	4,312,890	13,879,900	20,342,990	76,772,580	13,879,900	20,342,990	34,222,890	110,995,470	235.1	2,004,997,600	5.5%
2008	38,600,160	38,383,280	13,500,440	19,002,360	76,983,440	13,500,440	19,002,360	32,502,800	109,486,240	243.0	1,991,943,866	5.5%
2009	41,662,250	42,005,830	12,640,570	22,861,063	83,668,080	12,640,570	22,861,063	35,501,633	119,169,713	247.0	2,170,053,993	5.5%
2010	42,631,220	38,195,240	11,143,241	20,405,330	80,826,460	11,143,241	20,405,330	31,548,571	112,375,031	247.0	2,082,424,992	5.4%
2011	47,017,330	36,932,130	10,565,706	24,668,845	83,949,460	10,565,706	24,668,845	35,234,551	119,184,011	237.8	2,203,283,862	5.4%
2012	\$ 47,735,950	37,147,240	11,591,810	25,116,101	84,883,190	11,591,810	25,116,101	36,707,911	121,591,101	237.8	\$ 2,246,315,454	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 Newberry County				Total Direct and Overlapping Rates
	Operating Millage	Debt		Operating Millage	Debt		Other Governments	
		Service Millage	Total Millage		Service Millage	Total Millage		
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
2011	184.8	53.0	237.8	136.3	6.6	142.9	90.2	470.9
2012	186.8	53.0	239.8	131.2	7.8	139.0	92.6	471.4

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	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
Kraft Foods Corp.	\$ 4,728,630	1	3.9%	\$ 2,941,269	1	3.3%
Newberry Electric Coop., Inc.	3,049,550	2	2.5%	1,640,960	5	1.8%
Georgia Pacific Wood Products LLC	2,098,070	3	1.7%	911,780	8	1.0%
F. G. Wilson USA LLC	2,034,743	4	1.7%	1,085,910	7	1.2%
South Carolina Electric & Gas Co.	1,774,200	5	1.5%	1,814,660	2	2.0%
Duke Energy Corporation	1,687,470	6	1.4%	1,711,700	4	1.9%
BellSouth Telecomm, Inc	1,076,400	7	0.9%	1,739,050	3	1.9%
Pioneer Frozen Foods SC, Inc	989,002	8	0.8%	-		0.0%
CSX Transportation, Inc.	870,380	9	0.7%	-		0.0%
Federal Paper Board Co., Inc.	846,680	10	0.7%	1,162,750	6	1.3%
Shakespeare Company				890,970	9	1.0%
Renfro				884,400	10	1.0%
Totals	<u>\$ 19,155,125</u>		<u>15.8%</u>	<u>\$ 14,783,449</u>		<u>16.5%</u>

Source: Newberry County Auditor

- (1) Total assessed valuation for 2012 is \$121,591,101
- (2) Total assessed valuation for 2003 is \$89,716,530

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
2003	\$ 21,174,223	N/A	21,174,223	20,094,161	94.9%	1,079,198	\$ 21,173,359	100.0%
2004	22,816,874	N/A	22,816,874	20,778,569	91.1%	2,037,447	22,816,016	100.0%
2005	22,921,526	N/A	22,921,526	20,924,117	91.3%	1,995,229	22,919,346	100.0%
2006	20,744,068	1,940,622	22,684,690	21,699,508	95.7%	984,092	22,683,600	100.0%
2007	21,974,557	2,044,374	24,018,931	23,198,347	96.6%	818,321	24,016,668	100.0%
2008	25,726,029	2,101,297	27,827,326	27,096,074	97.4%	704,142	27,800,216	99.9%
2009	30,322,516	1,458,868	31,781,384	31,321,511	98.5%	111,620	31,433,131	98.9%
2010	31,377,705	2,526,665	33,904,370	32,805,047	96.7%	327,871	33,132,918	97.7%
2011	27,037,457	1,478,193	28,515,650	27,443,004	96.2%	1,110,374	28,553,378	100.1%
2012	\$ 29,393,870	2,168,293	31,562,163	29,631,846	94.0%	-	\$ 30,742,220	97.4%

Sources: Newberry County Treasurer and Auditor

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Bonds	Other			
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	9.0%	2,302
2007	800,000	84,285,000	-	85,085,000	8.3%	2,267
2008	-	83,365,000	-	83,365,000	7.7%	2,217
2009	-	82,320,000	-	82,320,000	7.6%	2,190
2010	-	81,135,000	-	81,135,000	7.4%	2,093
2011	-	79,800,000	39,339	79,839,339	7.3%	2,129
2012	\$ 3,287,000	78,300,000	34,902	81,621,902	7.4%	\$ 2,164

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
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	-	N/A	N/A
2007	800,000	800,000	-	N/A	N/A
2008	-	-	-	N/A	N/A
2009	-	-	-	N/A	N/A
2010	-	-	-	N/A	N/A
2011	-	-	-	N/A	N/A
2012	\$ 3,287,000	-	\$ 3,287,000	0.1%	\$ 87

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, 2012

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
2007 County General Obligation Bond	\$ 465,000	100.0%	\$ 465,000
2007A County General Obligation Bond	545,782	100.0%	545,782
2010A County General Obligation Bond	905,000	100.0%	905,000
2010B County General Obligation Bond	268,900	100.0%	268,900
2010C County General Obligation Bond	\$ 462,073	100.0%	462,073
Subtotal, Overlapping Debt			2,646,755
School District of Newberry County - Direct Debt			3,287,000
School District of Newberry County - N.I.C.E. Installment Purchase Revenue Bonds			<u>79,800,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 85,733,755</u></u>

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

Table 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 7,177,322	7,345,253	7,346,495	7,769,124	8,758,609	8,760,000	9,533,577	8,990,002	9,534,721	\$ 9,727,288
Total Net Debt Applicable to Debt Limit	7,150,000	6,950,000	6,950,000	2,600,000	800,000	-	-	-	-	3,287,000
Legal Debt Margin	\$ 27,322	395,253	396,495	5,169,124	7,958,609	8,760,000	9,533,577	8,990,002	9,534,721	\$ 6,440,288
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	99.6%	94.6%	94.6%	33.5%	9.1%	0.0%	0.0%	0.0%	0.0%	33.8%

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 121,591,101
Debt Limit (8% of Total Assessed Value)	9,727,288
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	3,287,000
Less: Debt Service Fund Balance	-
Less: Debt Issued Through Referendum	-
Total Amount of Debt Applicable to Debt Limit	3,287,000
Legal Debt Margin	\$ 6,440,288

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

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(1) Personal Income	(2) Per Capita Personal Income	(3) Median Age	(4) Education Level in Years of Formal Schooling	(5) School Enrollment	(6) Unemployment Rate
2003	37,076	\$ 814,875,000	\$ 21,867	37.1	12.6	5,657	7.5%
2004	37,205	878,194,000	22,445	37.1	12.6	5,664	6.9%
2005	37,250	909,304,000	23,091	37.1	12.6	5,678	6.5%
2006	37,762	968,011,000	22,778	37.1	12.6	5,743	7.3%
2007	37,540	1,024,492,000	23,954	37.1	12.6	5,733	6.1%
2008	37,595	1,079,026,000	23,968	37.1	12.6	5,766	7.3%
2009	38,763	1,102,691,061	28,447	38.4	12.6	5,736	13.0%
2010	37,508	1,092,082,928	29,116	38.5	12.6	5,695	10.8%
2011	37,721	1,097,681,100	29,100	39.9	12.9	5,595	10.5%
2012	37,744	\$ 1,105,899,200	\$ 29,300	39.9	12.9	5,621	9.6%

Data Sources:

- (1) South Carolina Budget and Control Board Office of Research and Statistics. 2003 through 2009 are actual figures 2010 figure was taken from 2009 American Community Survey. 2011 and 2012 are an estimate by The School District of Newberry County.
- (2) Computed by dividing Personal Income by Population
- (3) Fiscal years 2003 through 2009 figure taken from 2000 Census. 2010 figure taken from 2009 American Community Survey. 2011 and 2012 figures are an estimate by The School District of Newberry County.
- (4) Estimates by Newberry County Development Board based on 2000 Census for fiscal years 2003 through 2009. 2010 figure taken from 2009 American Community Survey. 2011 and 2012 figures are an estimate by The School District of Newberry County.
- (5) School District of Newberry County - 135 Day Membership Report
- (6) South Carolina Employment Security Commission

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2012			2003		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Kraft Foods Corp.	2,700	1	7.20%	1,236	1	3.42%
School District of Newberry County	1,093	2	2.91%	1,102	2	3.05%
Georgia Pacific Corporation	356	3	0.95%	387	4	1.07%
Newberry College	320	4	0.85%			
Newberry County Memorial Hospital	314	5	0.84%			
Caterpillar, Inc.	300	6	0.80%			
Walmart	250	7	0.67%			
Shakespear Composite	200	8	0.53%			
Springfield Place/JF Hawkins	200	9	0.53%			
County of Newberry	180	10	0.48%			
Renfro				560	3	1.55%
Sea-Pro Boats Inc.				300	5	0.83%
Thomas and Howard				250	6	0.69%
International Paper				178	7	0.49%
McKechnie Vehicle Components				171	8	0.47%
American Fiber and Finishing				150	9	0.42%
ISE Newberry Inc.				150	10	0.42%
Totals	<u>5,913</u>		<u>15.76%</u>	<u>4,484</u>		<u>12.42%</u>

Source: District Compiled Information

FULL-TIME EQUIVALENT SCHOOL DISTRICT OR DISTRICT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction	681	664	697	692	701	699	709	683	623	626
Support Services	468	480	500	505	512	528	509	464	456	467
Total	1,149	1,144	1,197	1,197	1,213	1,227	1,218	1,147	1,079	1,093

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
2003	5,657	\$ 41,418,513	7,322	1.9%	44,268,473	\$ 7,825	8.9%	460	12	52.0%
2004	5,664	42,979,261	7,588	3.6%	44,132,115	7,792	-0.4%	441	13	52.0%
2005	5,678	46,412,853	8,174	7.7%	47,898,411	8,436	8.3%	467	12	52.0%
2006	5,743	52,800,497	9,194	12.5%	51,080,135	8,894	5.4%	482	12	54.0%
2007	5,733	53,416,809	9,317	1.3%	56,092,347	9,784	10.0%	492	12	62.0%
2008	5,766	56,207,550	9,748	4.6%	58,289,787	10,109	3.3%	497	12	71.0%
2009	5,736	58,799,687	10,251	5.2%	60,416,951	10,533	4.2%	495	12	62.0%
2010	5,695	53,041,635	9,314	-9.1%	56,895,312	9,990	-5.2%	489	12	66.0%
2011	5,595	50,829,376	9,085	-2.5%	54,849,918	9,803	-1.9%	474	12	65.0%
2012	5,621	\$ 51,275,753	9,122	0.4%	55,234,651	\$ 9,826	0.2%	480	12	66.0%

Sources: District compiled information

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

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary										
Boundary Street										
Square Feet	42,000	42,000	42,000	77,574	77,574	77,574	77,574	77,574	77,574	77,574
Capacity	380	380	380	558	558	558	558	558	558	558
Enrollment	421	417	396	402	409	417	400	386	389	376
Gallman Elementary (1)										
Square Feet	51,605	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000	68,000
Capacity	395	509	509	509	509	509	509	509	509	509
Enrollment	402	385	346	357	394	424	428	438	425	432
Little Mountain (12)										
Square Feet	38,341	38,341	38,341	38,341	38,341	38,341	38,341	38,341	69,121	69,121
Capacity	301	301	301	301	301	301	301	301	500	500
Enrollment	269	286	271	271	257	247	245	264	372	401
Newberry Elementary (2)										
Square Feet	-	87,317	87,317	87,317	87,317	87,317	87,317	87,317	87,317	87,317
Capacity	-	468	468	468	468	468	468	468	468	468
Enrollment	-	364	405	432	402	414	400	385	357	379
Pomaria-Garmany (10)										
Square Feet	35,423	35,423	35,423	35,423	35,423	35,423	35,423	70,881	70,881	70,881
Capacity	232	232	232	232	232	232	232	500	500	500
Enrollment	345	341	347	362	387	382	382	388	369	361
Prosperity-Rikard (11)										
Square Feet	39,990	39,990	39,990	39,990	39,990	39,990	39,990	39,990	43,232	43,232
Capacity	400	400	400	400	400	400	400	400	500	500
Enrollment	462	471	487	505	525	504	510	469	363	332
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	192	184	174	192	176	182	189	172	167	144

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY, NEWBERRY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary (Continued)										
Speers Street (3)	27,200	27,200	27,200	27,200	27,200	27,200	27,200	27,200	27,200	27,200
Square Feet	230	230	230	230	230	230	230	230	230	230
Capacity	342	-	-	-	-	-	-	-	-	-
Enrollment										
Whitmire Elementary (4)										
Square Feet	45,326	-	-	-	-	-	-	-	-	-
Capacity	240	-	-	-	-	-	-	-	-	-
Enrollment	301	-	-	-	-	-	-	-	-	-
Middle										
Mid-Carolina Middle (9)										
Square Feet	73,898	73,898	73,898	73,898	73,898	73,898	146,957	146,957	146,957	146,957
Capacity	413	413	413	413	413	413	915	915	915	915
Enrollment	557	552	580	584	554	573	570	603	589	591
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	702	713	732	671	636	618	622	666	652	688
High										
Mid-Carolina High (9)										
Square Feet	73,059	73,059	73,059	73,059	73,059	73,059	161,695	161,695	161,695	161,695
Capacity	502	502	502	502	502	502	1,165	1,165	1,165	1,165
Enrollment	571	589	594	620	667	688	718	714	721	711
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	878	863	845	827	820	818	767	721	724	742
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	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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other										
Gallman Education Center (6)										
Square Feet	-	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605	51,605
Capacity	-	114	114	114	114	114	114	114	114	114
Enrollment	-	71	72	70	95	92	92	92	92	90
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	567	667	597	659	715	705	755	697	668	681
Whitmire Community School (8)										
Square Feet	-	55,326	55,326	55,326	55,326	102,966	102,966	102,966	102,966	102,966
Capacity	-	347	347	347	347	567	567	567	567	567
Enrollment	-	499	501	501	506	499	505	489	467	464

Sources: Various School District of Newberry County departments.

Note:

1. In 2004 Gallman Elementary moved into a new facility and became a K-5 school. The former facility became Gallman Education Center which now houses our Alternative School, Adult Education Center, and Technology Department.
2. In 2004 Speers Street Elementary moved into a renovated facility and became Newberry Elementary. The Speers Street facility continues to be vacant.
3. See Note 2.
4. In 2004 a new addition to Whitmire Elementary allowed the move of Whitmire High students to that location. Whitmire Elementary became Whitmire Community School.
5. See Note 4. This facility has remained vacant due to the aforementioned move.
6. See Note 1. This student count is included in the student's home school enrollment figure therefore should not be included in total enrollment.
7. This student count is included in the student's home school enrollment figure therefore should not be included in total enrollment.
8. See Note 4. A 47,640 square foot addition was completed in 2008 increasing capacity to 567 and allowing the discontinuance of portable classroom usage.
9. In 2009 a new Mid-Carolina High School was completed. The previous MCHS building became additional space for Mid-Carolina Middle School.
10. In August 2009 a new Pomaria-Garmany School was completed increasing capacity to 500 and allowing the discontinuance of portable classroom usage.
11. In October 2010 an addition of four classrooms, a music room, and a flex space was completed increasing capacity to 500 and allowing the discontinuance of portables.
12. In August 2010 a 30,780 square foot addition was completed increasing capacity to 500 and allowing the discontinuance of portables.

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

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	\$ 178,061
600	National School Breakfast Program	10.553	N/A	989,549
600	National School Lunch Program	10.555	N/A	1,675,948
600	Fresh Fruits and Vegetables Program	10.582	N/A	54,686
600	National School Lunch Program Equipment Assistance Grant	10.579	N/A	15,000
Total Passed Through State Department of Education				<u>2,913,244</u>
Direct Program:				
246	Schools and Roads - Grants to Counties	10.666	N/A	11,626
TOTAL US DEPARTMENT OF AGRICULTURE				<u>2,924,870</u>
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	12-BA064	1,582,683
221	Title I - Neglected & Delinquent	84.010	12-BG064	10,267
237	Title I - School Improvement	84.010	11-BB064	21,241
Total 84.010				<u>1,614,191</u>
222	ARRA - Title I	84.389	09-SA064	5,141
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	12-CA064	1,359,136
205	Special Education - Preschool Grants	84.173	12-CG064	75,178
207	Occupational Education	84.048	12-VA064	101,654
234	School Improvement Grant	84.377A	11-BH064	784,325
243	Adult Education - State - Administered Basic Grant Program	84.002	12-EA064	136,510
251	Rural and Low Income, Title VI	84.358	12-BS064	161,549
264	ESOL - Title III	84.365A	12-BP064	64,146
267	Title II - Improving Teacher Quality	84.367A	12-TQ064	308,935
TOTAL US DEPARTMENT OF EDUCATION				<u>4,610,765</u>
US DEPARTMENT OF DEFENSE				
Direct Programs:				
272	JROTC	12.000	N/A	110,393
TOTAL US DEPARTMENT OF DEFENSE				<u>\$ 110,393</u>

(Continued)

THE SCHOOL DISTRICT OF NEWBERRY COUNTY
 NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-through State Department of Education:				
600	Farm to School Grant	93.520	N/A	\$ 5,444
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>5,444</u>
<u>US DEPARTMENT OF ENERGY</u>				
Pass-through SC Energy Office:				
273	ARRA - SCEO Energy Stimulus	81.041	S09-0068	28,789
TOTAL US DEPARTMENT OF ENERGY				<u>28,789</u>
TOTAL FEDERAL ASSISTANCE EXPENDED				<u>\$ 7,680,261</u>

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

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

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, 2012. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the School District’s basic financial statements.

C – Relationship to Basic Financial Statements

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

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The School District of Newberry County, South Carolina (the "School District"), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 16, 2012. 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

Management of the School District is responsible for establishing and maintaining effective 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 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 previously.

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 a matter that we reported to management of the School District in a separate letter dated November 16, 2012.

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
Mauldin, South Carolina
November 16, 2012

**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, 2012. 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, 2012.

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.

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 16, 2012

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2012

There were no federal award-related findings in the prior year.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs

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

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

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555 84.377A	National School Breakfast and Lunch Programs Cluster School Improvement Grant

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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Section II - Findings - 2012 Financial Statements Audit

No matters to report.

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

No matters to report.